

Marinette-Oconto (MAR-OCO) Joint Landfill
Marinette and Oconto Counties, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



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Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

DECEMBER 31, 2019

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Independent auditors' report

To the MAR-OCO Landfill Committee
Marinette-Oconto Joint Landfill
Marinette and Oconto Counties, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Marinette-Oconto (MAR-OCO) Joint Landfill, Marinette and Oconto Counties, Wisconsin ("MAR-OCO") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise MAR-OCO'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 auditors consider internal control relevant to MAR-OCO'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 MAR-OCO'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, the financial statements referred to above present fairly, in all material respects, the financial position of MAR-OCO as of December 31, 2019, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1, the financial statements present only the Marinette-Oconto Joint Landfill and do not purport to, and do not present fairly the financial position of Marinette County, Wisconsin or Oconto County, Wisconsin as of December 31, 2019 and the changes in its financial position or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is 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 schedules relating to pensions and other postemployment benefits on pages 23 - 25 be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Prior Year Summarized Financial information

We have previously audited the 2018 financial statements, and our report dated July 22, 2019, expressed unmodified opinions on those respective financial statements from which the prior year summarized financial information was derived. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived

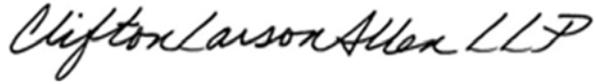
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MAR-OCO's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020, on our consideration of MAR-OCO'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 solely 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 the effectiveness of MAR-OCO's 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 MAR-OCO's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wausau, Wisconsin

April 30, 2020

FINANCIAL STATEMENTS

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

STATEMENT OF NET POSITION DECEMBER 31, 2019 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and investments	\$ 1,805,476	\$ 1,523,956
Receivables		
Customer accounts	60,910	95,101
Interest	1,750	2,779
Inventories and prepaid items	1,200	-
Total current assets	<u>1,869,336</u>	<u>1,621,836</u>
Noncurrent assets		
Restricted assets		
Cash and investments	1,653,007	1,562,242
Other assets		
Net pension asset	-	24,369
Capital assets		
Nondepreciable	375,028	375,028
Depreciable	1,771,798	2,052,944
Total capital assets	<u>2,146,826</u>	<u>2,427,972</u>
Total assets	<u>5,669,169</u>	<u>5,636,419</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	<u>76,769</u>	<u>44,073</u>
LIABILITIES		
Current liabilities		
Accounts payable	68,048	38,188
Accrued and other current liabilities	10,127	8,712
Total current liabilities	<u>78,175</u>	<u>46,900</u>
Long-term obligations		
Landfill closure care	783,820	689,395
Landfill postclosure care	3,264,615	3,167,544
Net pension liability	28,113	-
Other postemployment benefits liability	-	10,235
Total long-term liabilities	<u>4,076,548</u>	<u>3,867,174</u>
Total liabilities	<u>4,154,723</u>	<u>3,914,074</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	<u>38,718</u>	<u>47,989</u>
NET POSITION		
Net investment in capital assets	2,146,826	2,427,972
Unrestricted	(594,329)	(709,543)
Total net position	<u>\$ 1,552,497</u>	<u>\$ 1,718,429</u>

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

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services		
General public and private firms	\$ 903,632	\$ 899,425
Local governments	165,999	172,348
	<u>1,069,631</u>	<u>1,071,773</u>
OPERATING EXPENSES		
Administration	68,755	64,336
Landfill operations	755,979	562,623
Landfill closure and postclosure care	191,496	214,139
Pension adjustments	10,515	3,319
Depreciation	281,146	305,291
	<u>1,307,891</u>	<u>1,149,708</u>
Total operating expenses		
Operating loss	<u>(238,260)</u>	<u>(77,935)</u>
NONOPERATING REVENUES		
Interest income	<u>72,328</u>	<u>43,587</u>
Loss before contributions and transfers	(165,932)	(34,348)
Net position - January 1	<u>1,718,429</u>	<u>1,752,777</u>
Net position - December 31	<u>\$ 1,552,497</u>	<u>\$ 1,718,429</u>

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

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 1,103,822	\$ 1,034,007
Cash paid for employee wages and benefits	(225,362)	(200,657)
Cash paid to suppliers	(579,532)	(439,214)
Net cash provided by operating activities	<u>298,928</u>	<u>394,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>73,357</u>	<u>42,876</u>
Change in cash and cash equivalents	372,285	437,012
Cash and cash equivalents - January 1	<u>3,086,198</u>	<u>2,649,186</u>
Cash and cash equivalents - December 31	<u>\$ 3,458,483</u>	<u>\$ 3,086,198</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (238,260)	\$ (77,935)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	281,146	305,291
Increase in postclosure care cost estimates	191,496	214,139
Change in liability (asset) and deferred outflows and inflows of resources		
Net pension asset	24,369	(24,369)
Deferred outflows- Pension Related	(32,696)	9,487
Deferred inflows- Pension related	(9,271)	25,387
Net pension liability	28,113	(7,186)
Other postemployment benefits	(10,235)	(10,166)
Change in operating assets and liabilities		
Accounts receivables	34,191	(37,766)
Inventories and prepaid items	(1,200)	-
Accounts payable	29,860	(3,916)
Accrued liabilities	1,415	1,170
Net cash provided by operating activities	<u>\$ 298,928</u>	<u>\$ 394,136</u>
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents in current assets	\$ 1,805,476	\$ 1,523,956
Cash and cash equivalents in restricted assets	<u>1,653,007</u>	<u>1,562,242</u>
Total cash and cash equivalents	<u>\$ 3,458,483</u>	<u>\$ 3,086,198</u>
Noncash capital and related financing activities		
None		

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

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Marinette-Oconto (MAR-OCO) Joint Landfill, Marinette and Oconto Counties, Wisconsin (the "MAR-OCO"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the MAR-OCO are described below:

A. REPORTING ENTITY

MAR-OCO is a solid waste landfill operation owned 50% by Marinette County and 50% by Oconto County. MAR-OCO was created June 1, 1990, when Oconto County purchased for \$1,060,924 a 50% undivided interest in all properties comprising Marinette County's Mid-County Landfill located in the Town of Stephenson in Marinette County. MAR-OCO is under the direct control and supervision of a joint solid waste committee of six members. The joint solid waste committee consists of three members from the Marinette County Board of Supervisors and three members from the Oconto County Board of Supervisors. MAR-OCO is considered a joint operation for Marinette and Oconto Counties. Therefore each County reports 50% of MAR-OCO's enterprise fund transactions in a separate enterprise fund on their financial statements. The MAR-OCO has not identified any component units that are required to be included in the financial statements in accordance with standards established in GASB Statement No. 61.

B. ENTERPRISE FUNDS

The accounts of MAR-OCO are accounted for in an enterprise fund as required by GAAP. Enterprise funds are used to account for government operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

MAR-OCO's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of MAR-OCO are charges to customers for services. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION

1. Cash and Investments

Operating cash for MAR-OCO is held by the Marinette County Treasurer in a pooled account until disbursed. MAR-OCO earns interest on the pooled cash based on the average annual interest rate for Marinette County deposits held in the Wisconsin Local Government Investment Pool. Cash equivalents also include certificates of deposit at local financial institutions. Information regarding insurance coverage and relative risk of investments is included in Marinette County's annual report. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Accounts Receivable

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

3. Capital Assets

Capital assets, which include property, plant and equipment assets, are reported in the financial statements. Capital assets are defined by the MAR-OCO as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the MAR-OCO are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	7 - 15
Improvements other than buildings	5 - 10
Machinery and equipment	4 - 20

4. Closure and Postclosure Care

Estimated closure and postclosure care costs for the landfill have been determined and are recorded as annual operating expenses in accordance with the percentage of annual landfill capacity used compared to total landfill capacity available. The estimated liability at year end for closure and postclosure care costs is recorded in accordance with Governmental Accounting Standards Board Statement No. 18.

5. Employee Compensation and Fringe Benefits

Employees of the joint landfill are considered employees of Marinette County and are compensated in accordance with salary and fringe benefit guidelines established by the Marinette County Board of Supervisors. Salaries and fringe benefits of Marinette County administrative employees applicable to MAR-OCO are allocated to the joint landfill in accordance with pre-determined ratios agreed to by the owner counties.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

6. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

7. Other Postemployment Benefits (OPEB)

Qualified employees are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the County. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, MAR-OCO has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

8. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Net Position

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the financial statements to provide an understanding of changes in the MAR-OCO's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

G. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position or changes in net position.

NOTE 2: DETAILED NOTES ON ALL FUNDS

A. RESTRICTED ASSETS

MAR-OCO is required by federal and state regulations to make annual contributions to a long-term care account to finance postclosure care. The contributions are held in separate investment accounts as required by the Wisconsin Department of Natural Resources. MAR-OCO is in compliance with the foregoing federal and state requirements. Restricted postclosure care deposits totaled \$1,653,007 on December 31, 2019.

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, nondepreciable:				
Land	\$ 375,028	\$ -	\$ -	\$ 375,028
Capital assets, depreciable:				
Buildings	34,936	-	-	34,936
Improvements other than buildings				
Entire site	1,780,526	-	-	1,780,526
Phase I				
Increment A	478,500	-	-	478,500
Increment B	551,851	-	-	551,851
Increment C	810,280	-	-	810,280
Phase II				
Increment A	857,086	-	-	857,086
Increment B	770,293	-	-	770,293
Phase III				
Increment A	1,238,124	-	-	1,238,124
Clay stockpile - future phases	92,212	-	-	92,212
Machinery and equipment	896,611	-	-	896,611
Subtotals	<u>7,510,419</u>	<u>-</u>	<u>-</u>	<u>7,510,419</u>
Less accumulated depreciation for:				
Buildings	34,936	-	-	34,936
Improvements other than buildings				
Entire site	1,150,333	35,235	-	1,185,568
Phase I				
Increment A	478,500	-	-	478,500
Increment B	551,851	-	-	551,851
Increment C	810,280	-	-	810,280
Phase II				
Increment A	857,086	-	-	857,086
Increment B	572,018	25,446	-	597,464
Phase III				
Increment A	474,449	151,727	-	626,176
Machinery and equipment	528,022	68,738	-	596,760
Subtotals	<u>5,457,475</u>	<u>281,146</u>	<u>-</u>	<u>5,738,621</u>
Total capital assets, depreciable, net	<u>2,052,944</u>	<u>(281,146)</u>	<u>-</u>	<u>1,771,798</u>
Capital assets, net	<u>\$ 2,427,972</u>	<u>\$ (281,146)</u>	<u>\$ -</u>	<u>\$ 2,146,826</u>

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

C. LANDFILL CAPACITY

Presented below is an analysis of the available estimated capacity of the landfill, including the usage of each construction phase:

	Tonnage						
	Total Landfill	Phase I			Phase II		Phase III
		Applicable to Increment A	Applicable to Increment B	Applicable to Increment C	Applicable to Increment A	Applicable to Increment B	Applicable to Increment A
Total estimated capacity	902,021	45,000	121,743	111,124	163,800	133,200	110,000
Less: solid waste processed							
By Marinette County							
1988 - 5/31/90	16,485	16,485	-	-	-	-	-
By MAR-OCO							
6/1/90 - 12/31/91	34,299	28,515	5,784	-	-	-	-
1992 - 1996	132,240	-	85,048	47,192	-	-	-
1997 - 2001	94,843	-	30,911	63,932	-	-	-
2002 - 2006	78,684	-	-	-	78,684	-	-
2007	20,119	-	-	-	20,119	-	-
2008	18,136	-	-	-	18,136	-	-
2009	17,510	-	-	-	17,510	-	-
2010	19,165	-	-	-	-	19,165	-
2011	17,326	-	-	-	17,326	-	-
2012	18,485	-	-	-	12,025	6,460	-
2013	17,519	-	-	-	-	17,519	-
2014	20,101	-	-	-	-	20,101	-
2015	20,669	-	-	-	-	20,669	-
2016	20,941	-	-	-	-	-	20,941
2017	16,262	-	-	-	-	10,000	6,262
2018	19,949	-	-	-	-	5,000	14,949
2019	17,880	-	-	-	-	4,400	13,480
Total solid waste processed	600,613	45,000	121,743	111,124	163,800	103,314	55,632
Available estimated capacity at 12/31/2019	301,408	-	-	-	-	29,886	54,368

The available estimated capacity of 301,408 tons on December 31, 2019 is allocated to the following:

Phase II Construction	
Increment B	29,886
Phase III	54,368
Future Construction - Phase III	217,154
	<u>301,408</u>

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

D. CLOSURE AND POSTCLOSURE CARE COSTS

Federal and state laws and regulations require the MAR-OCO landfill to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (postclosure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and postclosure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, the MAR-OCO annually records an estimate of these closure and postclosure care costs as an operating expense during the life of the landfill based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses is reduced each year for actual payments made. The costs of closure and postclosure care are estimates and subject to changes resulting from inflation/deflation, technology, or changes in applicable laws or regulations. An analysis of the estimated liabilities for closure and postclosure care costs on December 31, 2019 and the recording of these costs as operating expenses follows:

	Closure					Postclosure Care
	Phase I		Phase II		Phase III	
	Increment B	Increment C	Increment A	Increment B	Increment A	
Total estimated costs	\$ 498,882	\$ 342,892	\$ 326,591	\$ 398,810	\$ 604,800	\$ 4,902,560
2006 adjustment to estimate	(20,370)	(20,370)	-	-	-	-
2011 adjustment to estimate	-	-	94,917	217,452	-	-
2012 adjustment to estimate	-	-	88,051	-	-	-
2013 adjustment to estimate	-	-	46,856	-	-	-
Subtotal	478,512	322,522	556,415	616,262	604,800	4,902,560
Percentage of storage capacity used as of 12/31/19	x 100.00%	x 100.00%	x 100.00%	x 77.56%	x 50.57%	x 66.59%
Total estimated liabilities for cost as of 12/31/19	478,512	322,522	556,415	477,973	305,847	3,264,615
Less closure costs paid:						
1993	(108,360)	-	-	-	-	-
1996	(45,856)	-	-	-	-	-
1997	(1,774)	-	-	-	-	-
2001	(39,687)	(39,687)	-	-	-	-
2003	(241,013)	(241,013)	-	-	-	-
2004	(41,822)	(41,822)	-	-	-	-
2011	-	-	(14,037)	-	-	-
2012	-	-	(495,522)	-	-	-
2013	-	-	(46,856)	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
Liabilities as of 31-Dec-19	\$ -	\$ -	\$ -	\$ 477,973	\$ 305,847	\$ 3,264,615

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

The above total estimated liabilities for costs as of December 31, 2019 were recorded as operating expenses for the following periods:

	<u>Total</u>	<u>Phase I</u>		<u>Phase II</u>		<u>Phase III</u>	<u>Postclosure</u>
		<u>Increment B</u>	<u>Increment C</u>	<u>Increment A</u>	<u>Increment B</u>	<u>Increment A</u>	<u>Care</u>
1988 - 2007	\$ 3,045,114	\$ 478,512	\$ 322,522	\$ 196,771	\$ -	\$ -	\$ 2,047,309
2008	134,630	-	-	36,088	-	-	98,542
2009	130,316	-	-	35,207	-	-	95,109
2010	166,226	-	-	-	57,389	-	108,837
2011	243,511	-	-	122,503	31,291	-	89,717
2012	249,381	-	-	118,990	29,889	-	100,502
2013	223,004	-	-	46,856	81,038	-	95,110
2014	202,321	-	-	-	92,994	-	109,327
2015	207,913	-	-	-	95,644	-	112,269
2016	228,893	-	-	-	-	115,154	113,739
2017	168,940	-	-	-	46,281	34,413	88,246
2018	214,139	-	-	-	23,110	82,192	108,837
2019	191,496	-	-	-	20,337	74,088	97,071
	<u>\$ 5,405,884</u>	<u>\$ 478,512</u>	<u>\$ 322,522</u>	<u>\$ 556,415</u>	<u>\$ 477,973</u>	<u>\$ 305,847</u>	<u>\$ 3,264,615</u>

E. PENSION PLAN

All employees involved with the joint landfill are considered Marinette County employees, per the joint operations agreement. Marinette County provides its eligible employees with a retirement plan funded by Marinette County contributions to the Wisconsin Retirement System (WRS). Marinette County's retirement contributions applicable to MAR-OCO employee are charged directly to MAR-OCO accounts.

The contribution rate paid by Marinette County on participating wages to the WRS is determined annually by independent consulting actuaries in accordance with Wisconsin Statutes. Other information on the employee retirement plan appears in Marinette County's annual financial report.

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled a retirement benefit, based on a formula factor, their final average earnings, and years of creditable service.

Final average earnings is the average of the participant’s three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and make contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee’s contributions plus matching employer’s contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at, or after age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees 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.

During the reporting period ending December 31, 2019, the WRS recognized \$9,015 in contributions from the MAR-OCO.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the MAR-OCO reported a liability of \$28,113 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Landfill’s proportion of the net pension asset was based on the Landfill’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Landfill’s proportion was 0.00079019%, which was a decrease of 0.00003056% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the MAR-OCO recognized pension expense of \$10,515.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

At December 31, 2019, the MAR-OCO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,895	\$ 38,704
Net differences between projected and actual earnings on pension plan investments	41,057	-
Changes in assumptions	4,739	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	63	14
Employer contributions subsequent to the measurement date	9,015	-
Total	<u>\$ 76,769</u>	<u>\$ 38,718</u>

\$9,015 reported as deferred outflows related to pension resulting from the MAR-OCO's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2020	\$ 10,516
2021	2,699
2022	4,602
2023	11,249
Total	<u>\$ 29,066</u>

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability (asset):	December 31, 2018
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Market Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9%	6.5%	3.9%
Private Equity/Debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.6%	5.0%
International Equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Sensitivity of MAR-OCO’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents MAR-OCO’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what MAR-OCO’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
MAR-OCO's proportionate share of the net pension liability (asset)	\$ 112,722	\$ 28,113	\$ (34,058)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

6. Payables to the Pension Plan

At December 31, 2019, MAR-OCO reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

F. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

1. Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of Marinette County, including MAR-OCO. Eligible retired employees have access to group medical coverage through the County’s group plan. County paid medical benefits are paid for as indicated below. All employees of the County are eligible for the Plan if they meet the following age and service requirements below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

2. Benefits Provided

For employees who were hired before January 1, 2012, and retire from the County after attaining age 55 and 20 years of service, the employee is eligible to remain on the County’s medical insurance plan for eight years.

For employees who were hired before January 1, 2012, and retire from the County after attaining age 62 and 15 years of service, the employee is eligible to remain on the County’s medical insurance plan for eight years.

3. At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments -

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

4. Total OPEB Liability

MAR-OCO's total OPEB liability was measured as of January 1, 2020 with roll forward to December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	3.5%
Salary Increases:	2.75%
Discount rate:	2.75%
Healthcare cost trend rates:	6.5% decreasing by 0.50% every two years down to 5.0%, and level thereafter

Mortality rates are a blend of the of the Death - in-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2012 - 2014 Experience Study" with the MP-2015 generational improvement scale (multiplied by 50%).

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of the Wisconsin Retirement System's Three-Year Experience Study for the period 2015 through 2017

Discount rate. The discount rate used to measure the total OPEB liability was 2.75%. This rate is a blend of expected earnings on County funds with the current yield for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that MAR-OCO contributions will be made at rates equal to the actuarially determined contribution rates.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. Changes in the Total OPEB Liability

	Increase (Decrease) in Total OPEB Liability
Balance at January 1, 2019	<u>\$ 10,235</u>
Changes for the year:	
Interest	488
Differences between expected and actual experience	(3,242)
Contributions - employer	-
Net investment income	-
Benefit payments	(7,481)
Administrative expense	-
Net changes	<u>(10,235)</u>
Balance at December 31, 2019	<u><u>\$ -</u></u>

For the year ended December 31, 2019, MAR-OCO recognized OPEB expense of \$488. At December 31, 2019, MAR-OCO did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

The last MAR-OCO OPEB eligible retiree came off the plan during the year and therefore the OPEB liability is retired.

NOTE 4: OTHER INFORMATION

A. RISK MANAGEMENT

MAR-OCO is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The MAR-OCO completes an annual review of its insurance coverage to ensure adequate coverage.

B. CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ -	\$ -
Interest	488	714
Benefit payments	(7,481)	(10,880)
Changes of benefit terms	-	-
Differences between expected and actual experience	(3,242)	-
Changes of assumptions	-	-
Net change in total OPEB liability	<u>(10,235)</u>	<u>(10,166)</u>
Total OPEB liability - beginning	<u>10,235</u>	<u>20,401</u>
Total OPEB liability - ending	<u><u>\$ -</u></u>	<u><u>\$ 10,235</u></u>
Covered-employee payroll	\$ -	\$ -
Landfill's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

The notes to the required supplementary information are an integral part of this schedule.

See notes to required supplementary information.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

SCHEDULE OF EMPLOYER CONTRIBUTIONS OTHER POSTEMPLOYMENT BENEFIT PLAN FOR THE YEAR ENDED DECEMBER 31, 2019

	2018
Actuarially determined contribution (ADC)	\$ -
Contributions in relation to the ADC	-
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	N/A

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	21 Year Level Dollar
Discount rate	2.75%
Inflation	3.50%

* The amounts presented for each fiscal year were determined as of the current fiscal year end.
Amounts for prior years were not available.

The notes to the required supplementary information are an integral part of this schedule.

See notes to required supplementary information.

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00086873%	\$ 14,117	\$ 125,924	11.21%	98.20%
12/31/16	0.00087190%	7,187	108,559	6.62%	99.12%
12/31/17	0.00082075%	(24,369)	122,284	19.93%	102.93%
12/31/18	0.00079019%	28,113	112,301	25.03%	96.45%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 8,311	\$ 8,311	\$ -	\$ 125,924	6.60%
12/31/17	7,382	7,382	-	108,559	6.80%
12/31/18	8,193	8,193	-	122,284	6.70%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1: WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year.

Information for prior years is not available.

SUPPLEMENTARY INFORMATION

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
OPERATING EXPENSES		
Administration		
Salaries and wages	\$ 32,212	\$ 30,920
Employee fringe benefits	12,616	12,040
Accounting and auditing	4,500	4,125
Data processing	3,061	3,068
Telephone	305	336
Postage	264	398
Printing	353	211
Dues, registration and travel	4,240	3,840
Advertising	107	227
Software	2,990	1,475
Insurance	5,707	5,296
Provided financial administration	2,400	2,400
Total administration	<u>68,755</u>	<u>64,336</u>
Landfill operations		
Salaries and wages	107,582	93,001
Employee fringe benefits	64,132	55,700
Telephone	2,600	2,099
Office supplies and expense	1,358	1,007
Dues, registration and travel	435	248
Clothing and uniforms	-	200
Gas, oil and fluids	27,223	34,972
Utilities	4,213	4,331
Purchase of services	471,818	330,011
Maintenance of property	68,292	32,424
Other expense	8,326	7,710
Equipment and materials acquisition	-	920
Total landfill operations	<u>755,979</u>	<u>562,623</u>
Landfill closure and postclosure care		
Increment closure care	94,425	105,302
Landfill postclosure care	97,071	108,837
Total landfill closure and postclosure care	<u>191,496</u>	<u>214,139</u>
Depreciation		
Improvements other than buildings	212,408	244,492
Machinery and equipment	68,738	60,799
Total depreciation	<u>281,146</u>	<u>305,291</u>
Pension adjustments	<u>10,515</u>	<u>3,319</u>
Total operating expenses	<u>\$ 1,307,891</u>	<u>\$ 1,149,708</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR FINANCIAL STATEMENTS



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the MAR-OCO Landfill Committee
Marinette-Oconto Joint Landfill
Marinette and Oconto Counties, Wisconsin

We have audited, in accordance with the 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, the financial statements of the Marinette-Oconto (MAR-OCO) Joint Landfill, Marinette and Oconto Counties, Wisconsin ("MAR-OCO") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise MAR-OCO's financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated April 30, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Landfill's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Landfill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Landfill's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Landfill's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

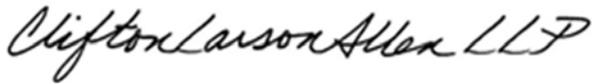
As part of obtaining reasonable assurance about whether MAR-OCO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MAR-OCO, WISCONSIN'S RESPONSE TO FINDINGS

The Landfill's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Landfill's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MAR-OCO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MAR-OCO's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Wausau, Wisconsin
April 30, 2020

Marinette-Oconto (MAR-OCO) Joint Landfill

Marinette and Oconto Counties, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES
 DECEMBER 31, 2019

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<p>Preparation of Annual Financial Report Repeat of Finding 2018-001</p>
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	<p>Current Landfill staff maintains accounting records which reflect the Landfill’s financial transactions; however, preparing the Landfill’s annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Landfill contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.</p>
Context:	<p>While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.</p>
Criteria:	<p>The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.</p>
Cause:	<p>Landfill management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.</p>
Effect:	<p>Without our involvement, the Landfill may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.</p>
Recommendation:	<p>We recommend the Landfill continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Landfill is necessary to obtain a complete and adequate understanding of the Landfill’s annual financial report.</p>
Management Response:	<p>Management believes that the cost of hiring additional staff to prepare year-end adjusting and closing entries and to prepare financial reports outweigh the benefits to be received. Management will continue to review financial statements and information prior to issuance.</p>

Marinette-Oconto (MAR-OCO) Joint Landfill Marinette and Oconto Counties, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019

FINDING NO.	CONTROL DEFICIENCIES
2019-002	Adjustments to the Landfill's Financial Records
	Repeat of Finding 2018-002
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the Landfill's financial statements.
Context:	While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Landfill staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Landfill may contain material misstatements.
Recommendation:	We recommend the Landfill continue to review the adjusting and closing entries. We are available to assist the individual in obtaining the understanding of these entries.
Management Response:	The Landfill Facilities Manager and the Marinette County Finance Director will continue to review adjusting and closing entries.

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