

OCONTO COUNTY, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2006

OCONTO COUNTY, WISCONSIN
December 31, 2006

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**INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE**

To the County Board
Oconto County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconto County, Wisconsin ("the County") as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oconto County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the County's 2005 financial statements and, in our report dated May 4, 2006, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and human services and county roads and bridges special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2007 on our consideration of the County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplemental information, and the accompanying schedule of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Green Bay, Wisconsin
June 14, 2007

OCONTO COUNTY, WISCONSIN

2006

MANAGEMENT DISCUSSION & ANALYSIS

Prepared by
Oconto County Finance Department

Oconto County, Wisconsin
Management's Discussion and Analysis
December 31, 2006

As management of Oconto County, we offer the readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2006. Oconto County adopted the provisions of the Governmental Accounting Standards Board (GASB) Statements No. 34 and 37 *Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments* and No. 38 *Certain Financial Statement Disclosures* as of January 1, 2003.

Financial Highlights

- The assets of the County exceeded its liabilities as of December 31, 2006 by \$123,448,274 (*net assets*). Of this amount, \$18,273,273 (*unrestricted net assets*) (p10) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1,803,256. An increase in cash & investments and capital assets contributed to this increase.
- As of December 31, 2006, the County's governmental funds reported combined ending fund balances of \$14,544,818 (p13), an increase of \$968,114 from the prior year. Approximately 86% of the fund balance, \$12,586,580, is *available for spending* at the County's discretion (*unreserved fund balance*).
- As of December 31, 2006, unreserved fund balance for the general fund was \$10,748,004, (p13) or approximately 62% of the total general fund expenditures of \$17,241,454 (p15).
- The County's total outstanding general obligation debt increased by \$2,014,607 during the year due to a communications upgrade project.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The 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 the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the 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 the County include general government, public safety, public works, health and human services, culture and recreation, and development. The business-type activities of the County include highway, recycling, and landfill operations.

The government-wide financial statements include not only Oconto County itself (known as the *primary government*), but also a legally separate commission on aging for which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-12 of this report.

Oconto County, Wisconsin
Management's Discussion and Analysis
December 31, 2006

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. Oconto County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: government funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in 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 the County'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 County'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*.

Oconto County maintains sixteen 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, human services fund and county roads and bridges fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-19 of this report.

Proprietary funds. Oconto County maintains a single type proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its recycling, highway and landfill operations.

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 the recycling and highway operations, both of which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Oconto County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 23 of this report.

Notes to the basic 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 basic financial statements can be found beginning on page 24 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 41-44 of this report.

Oconto County, Wisconsin
Management's Discussion and Analysis
December 31, 2006

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$123,448,274 at the close of the year.

	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	2006	2005
	2006	2005	2006	2005		
Current and other assets	\$ 34,817,703	\$ 33,070,734	\$ 5,231,390	\$ 5,327,785	\$ 40,049,093	\$ 38,398,519
Capital assets	100,766,196	97,521,529	9,126,359	9,507,922	\$ 109,892,555	\$ 107,029,451
Total assets	135,583,899	130,592,263	14,357,749	14,835,707	149,941,648	145,427,970
Long-term liabilities outstanding	4,583,313	3,949,226	1,141,546	1,040,841	\$ 5,724,859	\$ 4,990,067
Other liabilities	20,274,832	18,151,170	493,683	641,715	\$ 20,768,515	\$ 18,792,885
Total liabilities	24,858,145	22,100,396	1,635,229	1,682,556	26,493,374	23,782,952
Net assets:						
Invested in capital assets, net of debt	95,966,196	94,946,529	9,126,359	9,507,922	\$ 105,092,555	\$ 104,454,451
Restricted	82,446	100,555	-	-	82,446	100,555
Unrestricted	14,677,112	13,444,783	3,596,161	3,645,229	18,273,273	17,090,012
Total net assets	\$ 110,725,754	\$ 108,491,867	\$ 12,722,520	\$ 13,153,151	\$ 123,448,274	\$ 121,645,018

By far the largest portion of the County's net assets (85%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$18,273,273) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Oconto County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Oconto County, Wisconsin
Management's Discussion and Analysis
December 31, 2006

Oconto County's Change In Net Assets						
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	2006	2005
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services, fees, fines, costs	\$ 4,520,515	\$ 4,422,887	\$ 10,884,198	\$ 8,958,059	\$ 15,404,713	\$ 13,380,946
Operating grants and contributions	13,326,403	12,284,609	283,247	255,092	13,609,650	12,539,701
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	16,003,969	15,605,255	-	-	16,003,969	15,605,255
Other taxes	2,026,718	1,818,928	-	-	2,026,718	1,818,928
Grants and contributions not restricted to specific programs	781,459	776,098	-	-	781,459	776,098
Interest and investment earnings	1,035,711	542,641	90,334	20,657	1,126,045	563,298
Other	215,326	285,692	-	-	215,326	285,692
Total revenues	37,910,101	35,736,110	11,257,779	9,233,808	49,167,880	44,969,918
Expenses:						
General government	5,335,825	4,833,341	-	-	5,335,825	4,833,341
Public safety	6,904,658	5,804,699	-	-	6,904,658	5,804,699
Public works	4,056,201	5,642,768	-	-	4,056,201	5,642,768
Health and human services	16,820,391	16,218,339	-	-	16,820,391	16,218,339
Culture and recreation	1,375,406	1,346,046	-	-	1,375,406	1,346,046
Development	1,279,142	1,353,712	-	-	1,279,142	1,353,712
Capital outlay	-	-	-	-	-	-
Interest on long-term debt	229,721	167,010	-	-	229,721	167,010
Highway	-	-	10,347,916	8,261,871	10,347,916	8,261,871
MAR-OCO landfill	-	-	442,548	321,435	442,548	321,435
Recycling	-	-	572,816	530,340	572,816	530,340
Total expenses	36,001,344	35,365,915	11,363,280	9,113,646	47,364,624	44,479,561
Increase in net assets before transfers	1,908,757	370,195	(105,501)	120,162	1,803,256	490,357
Transfers	325,130	178,181	(325,130)	(178,181)	-	-
Increase in net assets	2,233,887	548,376	(430,631)	(58,019)	1,803,256	490,357
Net assets - January 1	108,491,867	107,943,491	13,153,151	13,211,170	121,645,018	121,154,661
Net assets - December 31	\$ 110,725,754	\$ 108,491,867	\$ 12,722,520	\$ 13,153,151	\$ 123,448,274	\$ 121,645,018

Change in net assets. Governmental activities increased the County's net assets by \$2,233,887 during the year, thereby accounting for all of the total growth in net assets of the County.

Key elements of the above mentioned increase are as follows:

- Property taxes increased by \$398,700 from the prior year. Much of this increase was directed toward the following principal areas: wage, fringe benefit and health insurance increases.
- County sales tax collections were basically the same as last year.
- Interest on investments increased \$493,000 from the previous year.
- Public works expenditures decreased \$1,586,000 from 2005.

OCONTO COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2006

Business-type activities: Business-type activities decreased Oconto County's net assets by \$430,631. The following items played a role in this decrease.

- Highway business-type operations for the year resulted in a gain of \$190, but \$325,130 was transferred out to the highway road & bridge fund, resulting in a net decrease of \$324,940.
- The recycling operations of the county resulted in a \$142,365 net loss.
- The MAR-OCO Landfill operations showed a gain in net assets of \$36,674.

Financial Analysis of the Government Funds

As earlier noted, Oconto County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2006, the County's governmental funds reported combined ending fund balance of \$14,544,818 (p13), an increase of \$968,114 from the prior year. Of that combined ending fund balance, \$12,586,580 (86%) constitutes *unreserved fund balance* that is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for the following: non-liquid delinquent taxes (\$1,837,901), retirement of long-term debt (\$82,446), long-term advances (\$34,556), current year purchases of inventory and prepayments that benefit periods beyond the current year (\$3,335).

The General fund is the chief operating fund of the County. At the end of the year, unreserved fund balance of the general fund was \$10,748,004, while total fund balance reached \$12,623,796 (p13). As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 62% of total general fund expenditures, while total fund balance represents 73% of that same amount.

The fund balance of the county's general fund increased by \$952,319 during the year. Key factors in this growth are as follows:

- Operating revenues exceeded operating expenditures by \$1,185,097.
- Net capital outlay costs amounted to \$252,258

The Human Services fund has a total fund deficit of \$78,641 (p13). This fund decreased \$415,319. This was due to expenditures exceeding revenues by \$415,319 (p15). A general fund transfer was made in 2007 to cover the deficit.

The County Roads and Bridges fund has a fund balance of \$473,272 (p13). The County Roads and Bridges fund had an operating profit of \$96,925, and received a transfer of \$325,130 from the highway internal service fund. The road and bridge fund is used to pay for maintenance, repair and construction costs of county roads and bridges.

Proprietary funds. The County's proprietary funds provide the same type of information found in the County's government-wide financial statements but in more detail.

Unrestricted net assets of the highway operations, MAR-OCO landfill and the recycling program at year's end were \$2,092,376, \$560,163 and \$943,622 respectively. The total growth (reduction) in net assets for those funds was \$(324,940), \$36,674 and (\$142,365) respectively.

OCONTO COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2006

General Fund Budgetary Highlights

- Differences between the original budget and the final amended budget amounted to \$894,145 increase in appropriations, which was mainly the result of adjustments due to capital projects (upgraded communications system project).

For the year, actual revenues exceeded final budgeted revenues by \$453,277.

For the year, actual expenditures were less than final budget expenditures by \$1,420,346. This occurred as follows: General government \$801,492, public safety \$27,372, public works \$4,084, health and human services \$64,387, culture and recreation \$57,609, development \$125,924 and capital projects \$239,478.

Capital Asset and Debt Administration

Capital Assets: The County's investment in capital assets for its governmental and business-type activities at the end of the year amounted to \$109,892,555 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The net increase in the County's investment in capital assets for the current year was \$2,863,104 (net depreciation).

Oconto County's Capital Assets						
(net of accumulated depreciation)						
Asset	Governmental activities		Business-type activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$ 11,430,568	\$ 11,430,568	\$ 123,716	\$ 123,716	\$ 11,554,284	\$ 11,554,284
Buildings	9,303,921	9,670,244	3,067,086	3,278,087	12,371,007	12,948,331
Improvements other than buildings	1,059,159	1,123,491	871,093	960,239	1,930,252	2,083,730
Machinery and equipment	3,297,650	1,184,092	4,950,878	5,030,487	8,248,528	6,214,579
Infrastructure	75,674,898	74,113,134	-	-	75,674,898	74,113,134
Construction in progress	-	-	98,574	98,574	98,574	98,574
Other	-	-	15,012	16,819	15,012	16,819
Total	\$ 100,766,196	\$ 97,521,529	\$ 9,126,359	\$ 9,507,922	\$ 109,892,555	\$ 107,029,451

Additional information on the County's capital assets can be found in Note C (5) on pages 34-35 of this report.

Long-term Debt: At the end of the year, Oconto County had total debt outstanding of \$5,370,000. All of this debt is backed by the full faith and credit of the County.

General Obligation Debt						
Item	Governmental activities		Business-type activities		Totals	
	2006	2005	2006	2005	2006	2005
General obligation debt:						
Bonds	\$ 1,925,000	\$ 2,575,000	\$ -	\$ -	\$ 1,925,000	\$ 2,575,000
Notes	3,445,000	750,000	-	-	3,445,000	750,000
Total general obligation debt	\$ 5,370,000	\$ 3,325,000	\$ -	\$ -	\$ 5,370,000	\$ 3,325,000

The County's total general obligation debt increased \$2,045,000 during the year. In 2006, new debt of \$2,875,000 was issued to fund a radio communications upgrade project.

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized value. The current debt limitation for the County is calculated at \$168,890,235. With the actual County debt outstanding amount of \$5,370,000, the County is well under its limitation.

Additional information on Oconto County's long-term debt can be found in Note C (8) on pages 36 and 37 of this report.

OCONTO COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2006

Economic factors and next year's budgets and rates

- The economic condition and outlook of the County remains fairly stable based on a mix of manufacturing, tourism, service industry, and farming activities which support our tax base.
- The unemployment rate for Oconto County as of January 2007 (not seasonally adjusted) was 7.2% (last year 6.9%), which compares with the state rate of 5.5 % and the national rate of 5.0 %. Figures are provided by Wi DWD, Bureau of Workforce Information.

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute established specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids.

An additional limit was placed on county budgets by the state for 2006 and 2007, which is a limit on the amount of the tax levy, rather than the mill rate. The increase in the amount is limited to the percentage increase of net new construction, or a minimum of 2%, whichever is greater. In 2006, the percentage was 2.555%, which resulted in the availability of an additional \$398,700 of tax levy funds. In 2007, that percentage is 2.9. While it appears that a similar levy limit will be in effect for 2008-2009, the State has not yet completed its budget which will set the specifics of the counties tax levy limits.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of Oconto County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Finance Director, Oconto County Finance Dept, 301 Washington St., Oconto, WI 54153 or via the County's website at www.co.oconto.wi.us.

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BASIC FINANCIAL STATEMENTS

OCONTO COUNTY, WISCONSIN

Statement of Net Assets

December 31, 2006

(With summarized financial information for December 31, 2005)

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Total	2005	Commission on Aging
			2006		
ASSETS					
Cash and investments	\$ 13,206,360	\$ 2,910,097	\$ 16,116,457	\$ 15,463,209	\$ 35,426
Receivables					
Taxes	19,276,816	-	19,276,816	18,440,102	-
Accounts	998,940	31,841	1,030,781	670,934	35,026
Loans	532,071	-	532,071	566,844	-
Internal balances	24,556	(24,556)	-	-	-
Due from other governments	743,802	734,896	1,478,698	1,782,536	-
Inventories and prepaid items	35,158	950,627	985,785	890,569	-
Restricted cash and investments	-	628,485	628,485	584,325	-
Capital assets					
Land	11,430,568	123,716	11,554,284	11,554,284	-
Improvements other than buildings	1,476,319	2,524,104	4,000,423	4,000,423	-
Buildings	15,691,928	4,840,989	20,532,917	20,492,448	-
Machinery and equipment	5,349,447	12,958,195	18,307,642	15,146,194	-
Other capital assets	-	63,262	63,262	63,262	-
Construction in progress	-	98,574	98,574	98,574	-
Infrastructure	120,160,259	-	120,160,259	115,174,255	-
Less: Accumulated depreciation	(53,342,325)	(11,482,481)	(64,824,806)	(59,499,989)	-
TOTAL ASSETS	135,583,899	14,357,749	149,941,648	145,427,970	70,452
LIABILITIES					
Accounts payable	1,709,166	358,866	2,068,032	2,050,293	30,623
Accrued payroll liabilities	597,856	63,519	661,375	524,005	-
Accrued interest payable	46,185	-	46,185	11,589	-
Due to other governments	213,541	-	213,541	304,320	-
Unearned revenues	16,468,084	71,298	16,539,382	16,070,198	-
Long-term obligations					
Due within one year	1,240,000	-	1,240,000	830,000	-
Due in more than one year	4,583,313	94,206	4,677,519	3,009,551	-
Closure and post-closure care costs	-	1,047,340	1,047,340	982,996	-
TOTAL LIABILITIES	24,858,145	1,635,229	26,493,374	23,782,952	30,623
NET ASSETS					
Invested in capital assets, net of related debt	95,966,196	9,126,359	105,092,555	104,454,451	-
Restricted for					
Debt service	82,446	-	82,446	100,555	-
Unrestricted	14,677,112	3,596,161	18,273,273	17,090,012	39,829
TOTAL NET ASSETS	\$ 110,725,754	\$ 12,722,520	\$ 123,448,274	\$ 121,645,018	\$ 39,829

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

OCONTO COUNTY, WISCONSIN
Statement of Activities
Year Ended December 31, 2006
(With summarized financial information for the year ended December 31, 2005)

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities				
General government	\$ 5,335,825	\$ 874,499	\$ 205,307	\$ -
Public safety	6,904,658	684,331	226,277	-
Public works	4,056,201	-	2,712,759	-
Health and human services	16,820,391	2,431,302	9,485,808	-
Culture and recreation	1,375,406	218,832	310,027	-
Development	1,279,142	311,551	386,225	-
Interest on debt	229,721	-	-	-
Total Governmental Activities	36,001,344	4,520,515	13,326,403	-
Business-type Activities				
Highway	10,347,916	10,348,106	-	-
MAR-OCO Landfill	442,548	360,696	28,192	-
Recycling	572,816	175,396	255,055	-
Total Business-type Activities	11,363,280	10,884,198	283,247	-
Total primary government	\$ 47,364,624	\$ 15,404,713	\$ 13,609,650	\$ -
Component unit				
Commission on aging	\$ 638,810	\$ 132,383	\$ 496,527	\$ -

	Primary Government			Total	2005	Component Unit Commission on Aging
	Governmental Activities	Business-type Activities	Revenue			
\$	(4,256,019)	\$ -	\$ (4,256,019)	\$ (3,732,459)	\$ -	-
	(5,994,050)	-	(5,994,050)	(4,876,172)	-	-
	(1,343,442)	-	(1,343,442)	(3,989,383)	-	-
	(4,903,281)	-	(4,903,281)	(4,956,245)	-	-
	(846,547)	-	(846,547)	(699,631)	-	-
	(581,366)	-	(581,366)	(237,519)	-	-
	(229,721)	-	(229,721)	(167,010)	-	-
	(18,154,426)	-	(18,154,426)	(18,658,419)	-	-
	-	190	190	224,377	-	-
	-	(53,660)	(53,660)	(39,840)	-	-
	-	(142,365)	(142,365)	(85,032)	-	-
	-	(195,835)	(195,835)	99,505	-	-
	(18,154,426)	(195,835)	(18,350,261)	(18,558,914)	-	-

General revenues	16,003,969	-	16,003,969	15,605,255	-	-
Property taxes, levied for general purposes	2,026,718	-	2,026,718	1,818,928	-	-
Other taxes	-	-	-	-	-	-
State and federal aids not restricted to specific functions	781,459	-	781,459	776,098	-	-
Interest and investment earnings	1,035,711	90,334	1,126,045	563,298	1,129	-
Gain on sale of capital assets	-	-	-	46,825	-	-
Miscellaneous	215,326	-	215,326	238,867	668	-
Transfers	325,130	(325,130)	-	-	-	-
Total general revenues and transfers	20,388,313	(234,796)	20,153,517	19,049,271	1,797	-
Change in net assets	2,233,887	(430,631)	1,803,256	490,357	(8,103)	-
Net assets - January 1	108,491,867	13,153,151	121,645,018	121,154,661	47,932	-
Net assets - December 31	\$ 110,725,754	\$ 12,722,520	\$ 123,448,274	\$ 121,645,018	\$ 39,829	-

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

OCONTO COUNTY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2006

(With summarized financial information for December 31, 2005)

	General	Human Services	County Roads and Bridges	Other Governmental Funds	Total Governmental Funds	
					2006	2005
ASSETS						
Cash and investments	\$ 10,879,578	\$ 89,788	\$ 473,272	\$ 1,763,722	\$ 13,206,360	\$ 12,616,274
Receivables						
Taxes	10,786,835	4,786,892	2,983,118	132,202	18,689,047	17,949,860
Accounts	773,991	165,686	-	-	939,677	482,574
Notes	-	-	-	532,071	532,071	566,844
Due from other funds	861	-	-	-	861	-
Advance to other funds	34,556	-	-	-	34,556	47,889
Due from other governments	-	715,539	-	-	715,539	840,071
Inventories and prepaid items	3,335	31,823	-	-	35,158	2,544
TOTAL ASSETS	\$ 22,479,156	\$ 5,789,728	\$ 3,456,390	\$ 2,427,995	\$ 34,153,269	\$ 32,506,056
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 546,761	\$ 936,990	\$ -	\$ 225,415	\$ 1,709,166	\$ 1,548,145
Accrued payroll liabilities	516,721	81,057	-	78	597,856	450,667
Advance from other funds	-	-	-	10,000	10,000	10,000
Due to other funds	-	-	-	861	861	-
Due to other governments	193,760	18,804	-	977	213,541	304,320
Deferred revenues	8,598,118	4,831,518	2,983,118	664,273	17,077,027	16,616,220
Total Liabilities	9,855,360	5,868,369	2,983,118	901,604	19,608,451	18,929,352
Fund Balances						
Reserved for						
Delinquent property taxes	1,837,901	-	-	-	1,837,901	1,577,230
Long-term advances	34,556	-	-	-	34,556	47,889
Inventories and prepaid items	3,335	-	-	-	3,335	2,544
Retirement of long-term debt	-	-	-	82,446	82,446	100,555
Unreserved						
Designated						
General fund	4,396,973	-	-	-	4,396,973	3,872,422
Special revenue funds	-	(78,641)	473,272	1,443,945	1,838,576	1,804,672
Undesignated, reported in						
General fund	6,351,031	-	-	-	6,351,031	6,171,392
Total Fund Balances	12,623,796	(78,641)	473,272	1,526,391	14,544,818	13,576,704
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,479,156	\$ 5,789,728	\$ 3,456,390	\$ 2,427,995	\$ 34,153,269	\$ 32,506,056

(Continued)

OCONTO COUNTY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2006

(With summarized financial information for December 31, 2005)

	2006	2005
<u>Reconciliation to the Statement of Net Assets</u>		
Total Fund Balances from previous page	\$ 14,544,818	\$ 13,576,704
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	100,766,196	97,521,529
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$ (5,370,000)	
Compensated absences	(453,313)	
Accrued interest on long-term obligations	(46,185)	(3,793,295)
Some revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	1,284,238	1,186,929
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 11)	\$ 110,725,754	\$ 108,491,867

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

OCONTO COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2006
(With summarized financial information for the year ended December 31, 2005)

	General	Human Services	County Roads and Bridges	Other Governmental Funds	Total Governmental Funds	
					2006	2005
Revenues						
Taxes	\$ 9,059,529	\$ 4,349,902	\$ 2,840,606	\$ 1,683,123	\$ 17,933,160	\$ 17,450,550
Intergovernmental	2,345,776	8,960,100	2,712,759	253,062	14,271,697	13,385,784
Licenses and permits	293,553	-	-	17,551	311,104	319,757
Fines and forfeits	205,694	-	-	-	205,694	165,375
Public charges for services	1,211,300	2,297,733	-	122,531	3,631,564	3,428,130
Intergovernmental charges for services	326,360	-	-	3,778	330,138	288,471
Miscellaneous	1,156,302	2,360	-	116,579	1,275,241	862,379
Total Revenues	14,598,514	15,610,095	5,553,365	2,196,624	37,958,598	35,900,446
Expenditures						
Current						
General government	4,553,537	-	-	-	4,553,537	4,294,570
Public safety	5,653,365	-	-	50,898	5,704,263	5,523,238
Public works	161,525	-	5,456,440	-	5,617,965	4,595,862
Health and human services	732,911	16,025,414	-	27,146	16,785,471	15,921,134
Culture and recreation	1,097,440	-	-	172,989	1,270,429	1,305,679
Development	1,214,639	-	-	210,628	1,425,267	1,327,833
Debt service						
Principal	-	-	-	830,000	830,000	780,000
Interest and fiscal charges	-	-	-	195,125	195,125	169,550
Capital outlay	3,828,037	-	-	-	3,828,037	1,297,716
Total Expenditures	17,241,454	16,025,414	5,456,440	1,486,786	40,210,094	35,215,582
Excess of Revenues Over (Under) Expenditures	(2,642,940)	(415,319)	96,925	709,838	(2,251,496)	684,864
Other Financing Sources (Uses)						
Sale of capital assets	19,480	-	-	-	19,480	16,225
Long-term debt issued	2,875,000	-	-	-	2,875,000	-
Transfers in	700,779	-	325,130	808,650	1,834,559	2,383,121
Transfers out	-	-	-	(1,509,429)	(1,509,429)	(2,204,940)
Total Other Financing Sources (Uses)	3,595,259	-	325,130	(700,779)	3,219,610	194,406
Net Change in Fund Balances	952,319	(415,319)	422,055	9,059	968,114	879,270
Fund Balances - January 1	11,671,477	336,678	51,217	1,517,332	13,576,704	12,697,434
Fund Balances (Deficit) - December 31	\$ 12,623,796	\$ (78,641)	\$ 473,272	\$ 1,526,391	\$ 14,544,818	\$ 13,576,704

OCONTO COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended December 31, 2006
(With summarized financial information for the year ended December 31, 2005)

	2006	2005
<u>Reconciliation to the Statement of Activities</u>		
Net Change in Fund Balances from previous page	\$ 968,114	\$ 879,270
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets which meet capitalization criteria is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital assets reported as expenditures in governmental fund statements	\$ 7,965,085	
Depreciation expense reported in the statement of activities	<u>(4,687,072)</u>	
Amount by which capital outlays are greater (less than) depreciation in current period	3,278,013	(876,313)
<p>In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.</p>		
Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	\$ (19,480)	
Loss on disposition reported on the statement of activities	<u>(13,866)</u>	
Cost of assets disposed of	(33,346)	30,600
<p>Because some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues (increased) decreased by:</p>		
	97,309	(211,161)
<p>Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits (increased) decreased by:</p>		
	3,393	(56,560)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:</p>		
	830,000	780,000
<p>Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net assets, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:</p>		
	(2,875,000)	-
<p>Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.</p>		
	<u>(34,596)</u>	<u>2,540</u>
Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see pages 11 and 12)	<u>\$ 2,233,887</u>	<u>\$ 548,376</u>

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

OCONTO COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 9,056,837	\$ 9,056,837	\$ 9,059,529	\$ 2,692
Intergovernmental	2,293,732	2,182,775	2,345,776	163,001
Licenses and permits	291,709	291,709	293,553	1,844
Fines and forfeits	221,000	221,000	205,694	(15,306)
Public charges for services	1,350,816	1,381,207	1,211,300	(169,907)
Intergovernmental charges for services	317,636	317,636	326,360	8,724
Miscellaneous	669,592	694,073	1,156,302	462,229
Total Revenues	14,201,322	14,145,237	14,598,514	453,277
Expenditures				
Current				
General government	5,277,980	5,355,029	4,553,537	801,492
Public safety	5,651,031	5,680,737	5,653,365	27,372
Public works	165,609	165,609	161,525	4,084
Health and human services	705,074	797,298	732,911	64,387
Culture and recreation	1,162,209	1,255,049	1,097,440	157,609
Development	1,290,581	1,340,563	1,214,639	125,924
Capital outlay	617,700	4,067,515	3,828,037	239,478
Total Expenditures	14,870,184	18,661,800	17,241,454	1,420,346
Excess of Revenues Over (Under) Expenditures	(668,862)	(4,516,563)	(2,642,940)	1,873,623
Other Financing Sources (Uses):				
Sale of capital assets	18,000	18,000	19,480	1,480
Long-term debt issued	-	2,875,000	2,875,000	-
Transfers in	617,700	762,580	700,779	(61,801)
Total Other Financing Sources (Uses)	635,700	3,655,580	3,595,259	(60,321)
Net Change in Fund Balance	(33,162)	(860,983)	952,319	1,813,302
Fund Balance - January 1	11,671,477	11,671,477	11,671,477	-
Fund Balance - December 31	\$ 11,638,315	\$ 10,810,494	\$ 12,623,796	\$ 1,813,302

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

OCONTO COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Human Services
Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,349,902	\$ 4,349,902	\$ 4,349,902	\$ -
Intergovernmental	8,715,310	8,947,093	8,960,100	13,007
Public charges for services	1,406,393	2,221,823	2,297,733	75,910
Miscellaneous	300	2,360	2,360	-
Total Revenues	<u>14,471,905</u>	<u>15,521,178</u>	<u>15,610,095</u>	<u>88,917</u>
Expenditures				
Current				
Health and human services	<u>14,745,157</u>	<u>15,870,862</u>	<u>16,025,414</u>	<u>(154,552)</u>
Net Change in Fund Balance	(273,252)	(349,684)	(415,319)	(65,635)
Fund Balance - January 1	<u>336,678</u>	<u>336,678</u>	<u>336,678</u>	<u>-</u>
Fund Balance (Deficit) - December 31	<u>\$ 63,426</u>	<u>\$ (13,006)</u>	<u>\$ (78,641)</u>	<u>\$ (65,635)</u>

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

OCONTO COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Roads and Bridges
Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,840,606	\$ 2,840,606	\$ 2,840,606	\$ -
Intergovernmental	4,195,811	4,195,811	2,712,759	(1,483,052)
Total Revenues	<u>7,036,417</u>	<u>7,036,417</u>	<u>5,553,365</u>	<u>(1,483,052)</u>
Expenditures				
Current				
Public works	<u>7,361,547</u>	<u>7,361,547</u>	<u>5,456,440</u>	<u>1,905,107</u>
Excess of Revenues Over (Under) Expenditures	(325,130)	(325,130)	96,925	422,055
Other Financing Sources				
Transfers in	<u>325,130</u>	<u>325,130</u>	<u>325,130</u>	<u>-</u>
Net Change in Fund Balance	-	-	422,055	422,055
Fund Balance - January 1	<u>51,217</u>	<u>51,217</u>	<u>51,217</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 51,217</u>	<u>\$ 51,217</u>	<u>\$ 473,272</u>	<u>\$ 422,055</u>

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

OCONTO COUNTY, WISCONSIN

Statement of Net Assets

Proprietary Funds

December 31, 2006

(With summarized financial information for December 31, 2005)

	Major Funds		Nonmajor Fund	Total	
	Highway	MAR-OCO Landfill	Recycling	2006	2005
ASSETS					
Current Assets					
Cash and investments	\$ 866,334	\$ 978,124	\$ 1,065,639	\$ 2,910,097	\$ 2,846,935
Accounts receivable	2,341	29,500	-	31,841	129,121
Due from other governments	734,896	-	-	734,896	917,268
Inventories and prepaid items	950,627	-	-	950,627	888,025
Total Current Assets	2,554,198	1,007,624	1,065,639	4,627,461	4,781,349
Noncurrent Assets					
Restricted cash and investments	-	628,485	-	628,485	584,325
Land	52,202	62,514	9,000	123,716	123,716
Improvements other than buildings	262,578	2,239,122	22,404	2,524,104	2,524,104
Buildings	4,351,775	17,468	471,746	4,840,989	4,840,989
Machinery and equipment	11,961,211	249,418	747,566	12,958,195	12,596,825
Other capital assets	63,262	-	-	63,262	63,262
Construction in progress	-	98,574	-	98,574	98,574
Less accumulated depreciation	(8,957,857)	(1,624,846)	(899,778)	(11,482,481)	(10,739,548)
Total Noncurrent Assets	7,733,171	1,670,735	350,938	9,754,844	10,092,247
TOTAL ASSETS	10,287,369	2,678,359	1,416,577	14,382,305	14,873,596
LIABILITIES					
Current Liabilities					
Advance from other funds	-	-	24,556	24,556	37,889
Accounts payable	238,123	26,429	94,314	358,866	502,148
Accrued payroll liabilities	58,195	2,177	3,147	63,519	73,338
Unearned revenue	71,298	-	-	71,298	66,229
Total Current Liabilities	367,616	28,606	122,017	518,239	679,604
Noncurrent Liabilities					
Compensated absences payable	94,206	-	-	94,206	57,845
Landfill closure care costs	-	78,349	-	78,349	76,022
Landfill post closure care costs	-	968,991	-	968,991	906,974
Total Noncurrent Liabilities	94,206	1,047,340	-	1,141,546	1,040,841
TOTAL LIABILITIES	461,822	1,075,946	122,017	1,659,785	1,720,445
NET ASSETS					
Invested in capital assets, net of related debt	7,733,171	1,042,250	350,938	9,126,359	9,507,922
Unrestricted	2,092,376	560,163	943,622	3,596,161	3,645,229
TOTAL NET ASSETS	\$ 9,825,547	\$ 1,602,413	\$ 1,294,560	\$ 12,722,520	\$ 13,153,151

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

OCONTO COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2006
(With summarized financial information for the year ended December 31, 2005)

	Major Funds		Nonmajor Fund	Total	
	Highway	MAR-OCO Landfill	Recycling	2006	2005
Operating Revenues					
Intergovernmental charges for services	\$ 10,326,897	\$ 107,663	\$ 891	\$ 10,435,451	\$ 8,577,454
Public charges for services	7,799	253,033	120	260,952	180,313
Sale of recyclable materials	-	-	174,385	174,385	188,852
Other	13,410	-	-	13,410	11,440
Total Operating Revenues	10,348,106	360,696	175,396	10,884,198	8,958,059
Operating Expenses					
Operation and maintenance	9,539,584	341,822	489,822	10,371,228	8,204,971
Depreciation	808,332	100,726	82,994	992,052	908,675
Total Operating Expenses	10,347,916	442,548	572,816	11,363,280	9,113,646
Operating Income (Loss)	190	(81,852)	(397,420)	(479,082)	(155,587)
Nonoperating Revenues					
State aid	-	28,192	255,055	283,247	255,092
Interest income	-	90,334	-	90,334	20,657
Total Nonoperating Revenues	-	118,526	255,055	373,581	275,749
Net Income (Loss) Before Transfers	190	36,674	(142,365)	(105,501)	120,162
Transfers	(325,130)	-	-	(325,130)	(178,181)
Change in Net Assets	(324,940)	36,674	(142,365)	(430,631)	(58,019)
Net Assets - January 1	10,150,487	1,565,739	1,436,925	13,153,151	13,211,170
Net Assets - December 31	\$ 9,825,547	\$ 1,602,413	\$ 1,294,560	\$ 12,722,520	\$ 13,153,151

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

OCONTO COUNTY, WISCONSIN

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2006

(With summarized financial information for the year ended December 31, 2005)

	Major Funds		Nonmajor Fund	Total	
	Highway	MAR-OCO Landfill	Recycling	2006	2005
Cash Flows from Operating Activities					
Cash received from user charges	\$ 19,288	\$ 352,234	\$ 174,505	\$ 546,027	\$ 395,918
Cash received from other government payments	10,514,338	107,663	891	10,622,892	8,154,048
Cash payments to employees	(3,694,603)	(84,015)	(152,407)	(3,931,025)	(3,044,391)
Cash payments to suppliers	(6,019,735)	(177,225)	(358,241)	(6,555,201)	(4,727,797)
Net Cash Provided (Used) by Operating Activities	819,288	198,657	(335,252)	682,693	777,778
Cash Flows from Noncapital Financing Activities					
Transfers	(325,130)	-	-	(325,130)	(178,181)
State aid	-	28,192	255,055	283,247	255,092
Net Cash Provided (Used) by Noncapital Financing Activities	(325,130)	28,192	255,055	(41,883)	76,911
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(605,879)	(4,610)	-	(610,489)	(739,743)
Payment of long-term advance	-	-	(13,333)	(13,333)	(13,333)
Net Cash Used in Capital and Related Financing Activities	(605,879)	(4,610)	(13,333)	(623,822)	(753,076)
Cash Flows from Investing Activities					
Interest income	-	90,334	-	90,334	20,657
Net Increase (Decrease) in Cash and Cash Equivalents	(111,721)	312,573	(93,530)	107,322	122,270
Cash and Cash Equivalents - January 1	978,055	1,294,036	1,159,169	3,431,260	3,308,990
Cash and Cash Equivalents - December 31	\$ 866,334	\$ 1,606,609	\$ 1,065,639	\$ 3,538,582	\$ 3,431,260
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 190	\$ (81,852)	\$ (397,420)	\$ (479,082)	\$ (155,587)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	808,332	100,726	82,994	992,052	908,675
Changes in assets and liabilities					
Accounts receivable	(1,921)	99,201	-	97,280	8,667
Due from other governments	182,372	-	-	182,372	(487,069)
Inventories and prepaid items	(62,602)	-	-	(62,602)	22,576
Deferred charges	-	-	-	-	33,456
Accounts payable	(137,768)	15,858	(21,372)	(143,282)	284,119
Accrued payroll liabilities	(10,745)	380	546	(9,819)	70,349
Unearned revenues	5,069	-	-	5,069	36,853
Landfill closure care	-	64,344	-	64,344	70,624
Compensated absences payable	36,361	-	-	36,361	(14,885)
Net Cash Provided (Used) by Operating Activities	\$ 819,288	\$ 198,657	\$ (335,252)	\$ 682,693	\$ 777,778
Noncash Investing, Capital and Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -

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

OCONTO COUNTY, WISCONSIN

Statement of Net Assets

Fiduciary Funds

December 31, 2006

(With summarized financial information for December 31, 2005)

ASSETS

Cash and cash equivalents

LIABILITIES

Due to county departments

Agency Funds	
2006	2005
\$ 314,361	\$ 282,686
\$ 314,361	\$ 282,686

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

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Oconto County ("the County"), Oconto, Wisconsin, 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 County are described below:

1. Reporting Entity

Oconto County is a municipal corporation governed by an elected 31-member board. Included in the County's operations (the primary government) is the MAR-OCO Joint Landfill and Oconto County Commission on Aging, each managed by a separate committee and board, respectively, appointed by the County Board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The component units discussed below are included in the County's reporting entity because of the significance of its operational and/or financial relationship with the County.

2. Individual Component Unit Disclosures

BLENDING COMPONENT UNIT

The MAR-OCO Joint Landfill is operated in equal ownership shares by Oconto and Marinette counties. MAR-OCO is managed by a separate committee of six members consisting of three members of each County's Board of Supervisors. Accordingly, 50% of MAR-OCO's financial activity is reported by each County to reflect the landfill activities of the primary government.

DISCRETELY PRESENTED COMPONENT UNIT

The Oconto County Commission on Aging is governed by an 11-member board appointed by the County Board. It is reported in a separate column to emphasize that the entity is legally separate from the County. The Oconto County Commission on Aging is a not-for-profit corporation that provides services primarily in connection with the "Older Americans Program" for the elderly of Oconto County. The County annually provides operating subsidies to the Oconto County Commission on Aging. Audited financial statements for the Oconto County Commission on Aging can be obtained from their administration office in Oconto, Wisconsin.

3. Related Organization

The County's officials are also responsible for appointing the members of the board of the Oconto County Library Board, but the County's accountability for this organization does not extend beyond making the appointments. Therefore this organization is not included in the County's reporting entity.

4. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue and debt service funds. Proprietary funds include enterprise funds. The County has no internal service funds. 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

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

HUMAN SERVICES FUND

This fund accounts for the County's many comprehensive and integrated programs which deal with the physical, social, mental, emotional, economic, vocational and nutritional needs of individuals and families.

COUNTY ROADS AND BRIDGES FUND

This fund accounts for the County's use of tax dollars and state aid to construct and maintain the County highway and bridge system.

The County reports the following major enterprise funds:

HIGHWAY FUND

This fund accounts for the activities associated with the maintenance and/or construction of roadways located within the County, including state, county and local roads.

MAR-OCO LANDFILL FUND

This fund accounts for the financial resources of the County's landfill.

Additionally, the government reports the following fund types:

The County accounts for assets held for individuals by various departments and funds held for other governmental agencies in an *agency fund*.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, county ordinance forfeitures, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 highway, landfill and recycling functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost 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 the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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.

b. Accounts Receivable

Accounts receivable are recorded at gross amount 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 basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 County are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
Improvements other than buildings	25 - 40	3 - 25
Buildings	25 - 40	25 - 50
Machinery and equipment	3 - 5	3 - 25
Infrastructure	30 - 50	-

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY STATEMENTS

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

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are 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 assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

7. 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.

8. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During September, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year, except for authorized debt and the related project costs, were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each functional area of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.
- e. Encumbrance accounting is not used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2006.

2. Deficit Fund Equity

The following funds had deficit fund equity as of December 31, 2006:

Fund	Deficit Fund Equity
Family Mediation	\$ 939
Human Services	78,641

The County anticipates funding the above deficits from future revenues and tax levies of the funds.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$17,059,303 on December 31, 2006 as summarized below:

Petty cash funds	\$ 1,175
Deposits with financial institutions	7,592,484
Deposit with Marinette County for landfill	1,606,609
Investments	
Wisconsin local government investment pool	7,859,035
	\$ 17,059,303

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 16,116,457
Restricted cash and investments	628,485
Fiduciary funds	
Agency fund	314,361
	\$ 17,059,303

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2006, \$6,170,805 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name).

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have an additional custodial credit policy.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Investments

The County has investments in the Wisconsin local government investment pool of \$7,859,035 at year-end. 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, 2006, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool is not rated. Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2006 for collection in 2007 are for the following:

County apportionment	<u>\$16,468,084</u>
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The above County apportionment of \$16,468,084 is for financing 2007 operations and will be transferred in 2007 from deferred revenue to current revenues of the County's governmental funds.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2006, the County's general fund showed an investment of \$2,067,744 in delinquent taxes as follows:

Tax certificates	\$ 2,033,786
Tax deeds	33,958
Total	\$ 2,067,744

An aging of the total delinquent taxes of \$2,067,744 on December 31, 2006 follows:

<u>Year Acquired</u>	Tax Certificates
Prior to 2002	\$ 4,254
2002	71,167
2003	311,451
2004	541,703
2005	1,105,211
	2,033,786
Tax Deeds	33,958
Total	\$ 2,067,744

Of the total of \$2,067,744 for delinquent taxes, \$229,843 was collected by the County within 60 days after December 31, 2006. The remaining unpaid balance of \$1,837,901 is recorded as reserved fund balance for the general fund.

4. Restricted Assets

Restricted assets on December 31, 2006 totaled \$628,485 consisting of cash and investments held for the following purposes:

Enterprise Funds	
MAR-OCO Joint Landfill	
Long-term care deposits	\$ 628,485

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,430,568	\$ -	\$ -	\$ 11,430,568
Capital assets, being depreciated:				
Improvements other than buildings	1,476,319	-	-	1,476,319
Buildings	15,651,459	40,469	-	15,691,928
Machinery and equipment	2,549,369	2,938,612	138,534	5,349,447
Infrastructure	115,174,255	4,986,004	-	120,160,259
Subtotals	134,851,402	7,965,085	138,534	142,677,953
Less accumulated depreciation for:				
Improvements other than buildings	352,828	64,332	-	417,160
Buildings	5,981,215	406,792	-	6,388,007
Machinery and equipment	1,365,277	791,708	105,188	2,051,797
Infrastructure	41,061,121	3,424,240	-	44,485,361
Subtotals	48,760,441	4,687,072	105,188	53,342,325
Total capital assets, being depreciated, net	86,090,961	3,278,013	33,346	89,335,628
Governmental activities capital assets, net	\$ 97,521,529	\$ 3,278,013	\$ 33,346	100,766,196
Less related long-term debt outstanding				4,800,000
Investment in capital assets, net of related debt				<u>\$ 95,966,196</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 123,716	\$ -	\$ -	\$ 123,716
Construction in progress	98,574	-	-	98,574
Total capital assets, not being depreciated	222,290	-	-	222,290
Capital assets, being depreciated:				
Improvements other than buildings	2,524,104	-	-	2,524,104
Buildings	4,840,989	-	-	4,840,989
Machinery and equipment	12,596,825	653,252	291,882	12,958,195
Other capital assets	63,262	-	-	63,262
Subtotals	20,025,180	653,252	291,882	20,386,550
Less accumulated depreciation for:				
Improvements other than buildings	1,563,865	89,146	-	1,653,011
Buildings	1,562,902	211,001	-	1,773,903
Machinery and equipment	7,566,338	690,098	249,119	8,007,317
Other capital assets	46,443	1,807	-	48,250
Subtotals	10,739,548	992,052	249,119	11,482,481
Total capital assets, being depreciated, net	9,285,632	(338,800)	42,763	8,904,069
Business-type activities capital assets, net	\$ 9,507,922	\$ (338,800)	\$ 42,763	9,126,359
Less related long-term debt outstanding				-
Investment in capital assets, net of related debt				<u>\$ 9,126,359</u>

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions of the County as follows:

Governmental activities		
General government	\$	393,201
Public safety		751,456
Public works		3,424,240
Health and human services		36,133
Culture and recreation		82,042
Total depreciation expense - governmental activities	<u>\$</u>	<u>4,687,072</u>
Business-type activities		
Highway	\$	808,332
MAR-OCO landfill		100,726
Recycling		82,994
Total depreciation expense - business-type activities	<u>\$</u>	<u>992,052</u>

6. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2006 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating		
Cash Deficits of Other Funds		
General Fund	\$ 861	\$ -
Special Revenue Funds		
Family Mediation	-	861
Long-term Advances		
General Fund	34,556	-
Special Revenue Funds		
Section 125 Plan	-	10,000
Enterprise Funds		
Recycling	-	24,556
Totals	<u>\$ 35,417</u>	<u>\$ 35,417</u>

Interfund transfers for the year ended December 31, 2006 were as follows:

	2001 Bonds	2006 Notes	General Fund	County Roads and Bridges
Transfers from:				
County sales tax	\$ 752,588	\$ 56,062	\$ 699,721	\$ -
Highway	-	-	-	325,130
Tourism	-	-	1,058	-
	<u>\$ 752,588</u>	<u>\$ 56,062</u>	<u>\$ 700,779</u>	<u>\$ 325,130</u>

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and 2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

7. Deferred Revenues

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

	Unavailable	Unearned
Subsequent year tax levy receivable		
General fund	\$ -	\$ 8,565,872
Special revenue funds		
County roads and bridges	-	2,983,118
Human services	-	4,786,892
Family mediation	-	14,560
Tourism	-	117,642
Advance from state		
General fund	32,246	-
Special revenue funds		
Human services	44,626	-
Development loans receivable		
Special revenue funds		
State grant loan	471,265	-
Tri-County loan	60,806	-
Totals	\$ 608,943	\$ 16,468,084

The development loans receivable of \$532,071 represents various loans to local industries that were originally financed from the County and economic development grants received by the County from the Wisconsin Department of Development. Repayment of principal and interest on the loans is recorded as revenue in the grant loan special revenue funds and is used to finance additional development loans.

8. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2006:

	Outstanding 1/1/06	Issued	Retired	Outstanding 12/31/06	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 2,575,000	\$ -	\$ 650,000	\$ 1,925,000	\$ 675,000
Notes	750,000	2,875,000	180,000	3,445,000	565,000
Total General Obligation Debt	3,325,000	2,875,000	830,000	5,370,000	1,240,000
Compensated absences	456,706	-	3,393	453,313	-
Governmental activities Long-term obligations	\$ 3,781,706	\$ 2,875,000	\$ 833,393	\$ 5,823,313	\$ 1,240,000
Business-type activities:					
Compensated absences	\$ 57,845	\$ 36,361	\$ -	\$ 94,206	\$ -

Total interest paid during the year on long-term debt totaled \$195,125.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$4,905,000 issued 10/1/01; \$550,000 to \$700,000 due annually through 2009;
interest 3.50% to 4.13% \$ 1,925,000

Notes

\$1,410,000 issued 1/10/01; \$175,000 to \$205,000 due annually through 2009;
interest 4.75% to 4.90% 570,000

\$2,875,000 issued 3/1/06; \$375,000 to \$450,000 due annually through 2013;
interest 3.75% to 4.00% 2,875,000

Total Outstanding General Obligation Debt \$ 5,370,000

Annual principal and interest maturities of the outstanding general obligation debt of \$5,370,000 on December 31, 2006 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2007	\$ 1,240,000	\$ 210,816	\$ 1,450,816
2008	1,280,000	161,214	1,441,214
2009	1,125,000	107,763	1,232,763
2010	400,000	61,000	461,000
2011	425,000	44,500	469,500
2012-2013	900,000	36,000	936,000
	<u>\$ 5,370,000</u>	<u>\$ 621,293</u>	<u>\$ 5,991,293</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2006 was \$163,602,681 as follows:

Equalized valuation of the County	\$3,377,804,700
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	168,890,235
Total outstanding general obligation debt applicable to debt limitation	\$ 5,370,000
Less: Amounts available for financing general obligation debt Debt service fund	<u>82,446</u>
Net outstanding general obligation debt applicable to debt limitation	5,287,554
Legal Margin for New Debt	<u><u>\$ 163,602,681</u></u>

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

9. Closure and Postclosure Care Costs

The Marinette-Oconto (MAR-OCO) Joint Landfill is a solid waste landfill operation owned 50% by Oconto County and 50% by Marinette County. Oconto County records its 50% share of MAR-OCO's financial transactions in an enterprise fund on its financial statements. Federal and state laws and regulations require MAR-OCO 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, 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. An analysis of Oconto County's share of the estimated liabilities for closure and postclosure care costs on December 31, 2006 follows:

	Landfill Closure Care	Landfill Postclosure Care
Total estimated costs	\$ 563,813	\$ 2,451,280
Percentage of liability incurred as of December 31, 2006	84.9335%	39.53%
Total estimated liability for costs as of December 31, 2006	478,866	968,991
Less closure costs paid	400,517	-
Liabilities as of December 31, 2006	<u>\$ 78,349</u>	<u>\$ 968,991</u>

The above total costs of \$78,349 and \$968,991 for closure and postclosure care are estimates and subject to changes resulting from inflation/deflation, technology, or changes in applicable laws or regulations.

A portion of the post-closure care costs of \$968,991 are being met through annual deposits into a separate cash and investment account for the enterprise fund. The balance in the account on December 31, 2006 was \$628,485.

10. Fund Equity

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2006, fund balance was reserved as follows:

General Fund	
Reserved for delinquent property taxes	\$ 1,837,901
Reserved for long-term advances	34,556
Reserved for inventories and prepaid items	3,335
	<u>\$ 1,875,792</u>
Debt Service Fund	
Reserved for retirement of long-term debt	<u>\$ 82,446</u>

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Also in the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2006, fund balance was designated as follows:

General Fund	
Designated for working capital	\$ 3,525,093
Designated for subsequent year's expenditures	680,324
Designated for subsequent year's budget	191,556
	<u>\$ 4,396,973</u>
Special Revenue Funds	
Designated for subsequent year's expenditures	<u>\$ 1,838,576</u>

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer public employee retirement system. All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.9% of their salary (2.9% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the System for the year ended December 31, 2006 was \$11,038,297; the employer's total payroll was \$11,336,934. The total required contribution for the year ended December 31, 2006 was \$1,190,443, which consisted of \$558,876, or 5.1% of covered payroll from the employer and \$631,567, or 5.7% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2006 was financed by the County. Total contributions for the years ending December 31, 2005 and 2004 were \$1,113,296 and \$1,067,086 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment 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 or after April 24, 1998 are immediately vested.

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

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2006

NOTE D - OTHER INFORMATION (Continued)

2. Risk Management

The County 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 County completes an annual review of its insurance coverage to ensure adequate coverage. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the County.

3. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. From time to time, the County 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 Corporate Counsel 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.

SUPPLEMENTAL INFORMATION

OCONTO COUNTY, WISCONSIN
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2006

(With summarized financial information for December 31, 2005)

	Jail- Assessment	Family Mediation	County Sales Tax	Tourism	State Grant Loan Fund
ASSETS					
Cash and investments	\$ 132,148	\$ -	\$ 854,273	\$ 22,562	\$ 399,987
Receivables	-	14,560	-	117,642	-
Taxes	-	-	-	-	471,265
Notes	-	-	-	-	-
TOTAL ASSETS	\$ 132,148	\$ 14,560	\$ 854,273	\$ 140,204	\$ 871,252

LIABILITIES AND FUND BALANCES

Liabilities					
Accounts payable	\$ 958	\$ -	\$ -	\$ 1,756	\$ 142
Accrued payroll liabilities	-	78	-	-	-
Advance from other funds	-	-	-	-	-
Due to other funds	-	861	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenues	-	14,560	-	117,642	471,265
Total Liabilities	958	15,499	-	119,398	471,407

Fund Balances

Reserved for Retirement of long-term debt	-	-	-	-	-
Unreserved	-	-	-	-	-
Designated	131,190	(939)	854,273	20,806	399,845
Special revenue funds	131,190	(939)	854,273	20,806	399,845
Total Fund Balances	131,190	(939)	854,273	20,806	399,845

TOTAL LIABILITIES AND FUND BALANCES

\$ 132,148	\$ 14,560	\$ 854,273	\$ 140,204	\$ 871,252
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Tri-County Loan Fund	Section 125 Plan	Dog Licenses	Commission on Aging Transportation	2001 Note	Total Nonmajor Governmental Funds	
					2006	2005
\$ 7,285	\$ 243,287	\$ 18,521	\$ 3,213	\$ 82,446	\$ 1,763,722	\$ 1,630,685
-	-	-	-	-	132,202	107,244
60,806	-	-	-	-	532,071	566,844
\$ 68,091	\$ 243,287	\$ 18,521	\$ 3,213	\$ 82,446	\$ 2,427,995	\$ 2,304,773

\$ 100	\$ 222,459	\$ -	\$ -	\$ -	\$ 225,415	\$ 102,040
-	-	-	-	-	78	368
-	10,000	-	-	-	10,000	10,000
-	-	-	-	-	861	-
-	-	977	-	-	977	945
60,806	-	-	-	-	664,273	674,088
60,906	232,459	977	-	-	901,604	787,441

-	-	-	-	82,446	82,446	100,555
7,185	10,828	17,544	3,213	-	1,443,945	1,416,777
7,185	10,828	17,544	3,213	82,446	1,526,391	1,517,332

\$ 68,091	\$ 243,287	\$ 18,521	\$ 3,213	\$ 82,446	\$ 2,427,995	\$ 2,304,773
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OCONTO COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2006
(With summarized financial information for the year ended December 31, 2005)

	Little River Watershed	Jail Assessment	Family Mediation	County Sales Tax	Tourism	State Grant-Loan Fund
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,575,879	\$ 107,244	\$ -
Intergovernmental	54,696	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Public charges for services	-	59,075	15,602	-	46,544	610
Intergovernmental charges for services	-	-	-	-	3,778	-
Miscellaneous	-	-	-	6,019	-	103,002
Total Revenues	54,696	59,075	15,602	1,581,898	157,566	103,612
Expenditures						
Current						
Public safety	-	33,766	-	-	-	-
Health and human services	-	-	19,579	-	-	-
Culture and recreation	-	-	-	-	172,989	-
Development	54,696	-	-	-	-	91,013
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	54,696	33,766	19,579	-	172,989	91,013
Excess of Revenues Over (Under) Expenditures	-	25,309	(3,977)	1,581,898	(15,423)	12,599
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,508,371)	(1,058)	-
Total Other Financing Sources (Uses)	-	-	-	(1,508,371)	(1,058)	-
Net Change in Fund Balances	-	25,309	(3,977)	73,527	(16,481)	12,599
Fund Balances - January 1	-	105,881	3,038	780,746	37,287	387,246
Fund Balances (Deficit) - December 31	\$ -	\$ 131,190	\$ (939)	\$ 854,273	\$ 20,806	\$ 399,845

	Itt-County Loan Fund	Section 125 Plan	Dog Licenses	Commission on Aging Transportation	2001 Note	2001 Bonds	2006 Notes	Total Nonmajor Governmental Funds
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,683,123
	-	-	-	-	198,366	-	-	248,883
	-	-	17,551	-	-	-	-	253,062
	700	-	-	-	-	-	-	16,962
	-	-	-	-	-	-	-	122,531
	-	-	-	-	-	-	-	129,856
	3,283	2,436	-	1,839	-	-	-	3,778
	3,983	2,436	17,551	1,839	198,366	-	-	116,579
	-	-	-	-	-	-	-	126,277
	-	-	-	-	-	-	-	2,196,624
	-	-	17,132	-	-	-	-	1,683,123
	-	-	-	7,567	-	-	-	248,883
	64,919	-	-	-	-	-	-	253,062
	-	-	-	-	-	-	-	17,551
	-	-	-	-	-	-	-	122,531
	64,919	-	17,132	7,567	216,475	752,588	56,062	1,683,123
	-	-	-	-	180,000	650,000	-	830,000
	-	-	-	-	36,475	102,588	56,062	195,125
	-	-	-	-	-	-	-	169,550
	(60,936)	2,436	419	(5,728)	(18,109)	(752,588)	(56,062)	796,512
	-	-	-	-	-	-	-	808,660
	-	-	-	-	-	-	-	(1,509,429)
	(60,936)	2,436	419	(5,728)	(18,109)	-	-	9,059
	68,121	8,392	17,125	8,941	100,555	-	-	1,517,332
	\$ 7,185	\$ 10,828	\$ 17,544	\$ 3,213	\$ 82,446	\$ -	\$ -	\$ 1,526,391
								\$ 1,517,332

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

**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 County Board
Oconto County, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconto County, Wisconsin, as of and for the year ended December 31, 2006, which collectively comprise Oconto County, Wisconsin's basic financial statements and have issued our report thereon dated June 14, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oconto County, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Oconto County, Wisconsin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oconto County, Wisconsin's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oconto County, Wisconsin's financial statements are free of 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

basic 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*.

We noted certain matters that we reported to management of Oconto County, Wisconsin in a separate letter dated June 14, 2007.

This report is intended solely for the information and use of the County Board, management, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Green Bay, Wisconsin
June 14, 2007

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the County Board
Oconto County, Wisconsin

Compliance

We have audited the compliance of Oconto County, Wisconsin, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that are applicable to its major federal and state programs for the year ended December 31, 2006. Oconto County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Oconto County, Wisconsin's management. Our responsibility is to express an opinion on Oconto County, Wisconsin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, guidelines and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Oconto County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oconto County, Wisconsin's compliance with those requirements.

In our opinion, Oconto County, Wisconsin, complied, in all material respects, with the requirements referred to above that are applicable to its major federal and state programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as item 2006-1.

Internal Control Over Compliance

The management of Oconto County, Wisconsin, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Oconto County, Wisconsin's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oconto County, Wisconsin's internal control over compliance.



A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal and state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal and state program that is more than inconsequential will not be prevented or detected by Oconto County, Wisconsin's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Oconto County, Wisconsin's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Oconto County, Wisconsin's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Board, management, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Green Bay, Wisconsin
June 14, 2007

OCONTO COUNTY, WISCONSIN
Schedule of Federal Awards
Year Ended December 31, 2006

Grantor Agency/Pass Through Agency/ Grant Title/Project Grant	Federal CFDA Number	Revenues				Total Expenditures
		(Accrued) Deferred Revenue 1/1/06	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/06	Total Revenues	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed through the Wisconsin Department of Health and Family Services						
Special Supplement Food Program for Women, Infants and Children	10.557	\$ (13,978)	\$ 86,704	\$ 21,380	\$ 94,106	\$ 94,106
WIC Farmers' Market Nutrition Program	10.572	68	40	-	108	108
Passed through the Wisconsin Department of Workforce Development						
State Administrative Matching Grants for Food Stamp Program	10.561	(8,042)	133,837	23,992	149,787	149,787
Total U.S. Department of Agriculture		(21,952)	220,581	45,372	244,001	244,001
<u>U.S. DEPARTMENT OF COMMERCE</u>						
Passed through the Wisconsin Department of Commerce						
Economic Adjustment Assistance	11.307	-	72,204	-	72,204	72,204
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Passed through the Wisconsin Department of Justice						
Victim Witness Effort	16.579	-	2,257	-	2,257	2,257
CEASE	N/A	-	500	-	500	500
Total U.S. Department of Justice		-	2,757	-	2,757	2,757
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
Passed through the Wisconsin Department of Transportation						
State and Community Highway Safety	20.600	-	3,722	-	3,722	3,722
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Passed through the Wisconsin Department of Natural Resources						
Nonpoint Source - Priority Watershed	66.460	-	54,696	-	54,696	54,696
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed through the Wisconsin Department of Health and Family Services						
Grants for Infants and Toddlers with Disabilities	84.181	-	27,147	-	27,147	27,147
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed through the Bay Area Agency on Aging, Inc.						
Special Programs for the Aging						
Preventive Health (Title III-D)	93.043	-	3,510	-	3,510	3,510
Grants for Supportive Services and Senior Centers (Title III-B)	93.044	(1,621)	39,249	6,614	44,242	44,242
Nutrition Services (Title III-C)	93.045					
Congregate Meal Program (Title III-C-1)		-	66,190	-	66,190	66,190
Home Delivered Meals (Title III-C-2)		-	22,934	-	22,934	22,934
National Family Caregiver Support (Title III-E)	93.052	(582)	12,972	7,494	19,884	19,884
Nutrition Services Incentive Program (NSIP)	93.053					
Congregate Meal Program (Title III-C-1)		-	12,866	-	12,866	12,866
Home Delivered Meals (Title III-C-2)		-	23,114	-	23,114	23,114
Medical Modernization Act (Part D)	93.786	-	11,839	-	11,839	11,839

(Continued)

OCONTO COUNTY, WISCONSIN
 Schedule of Federal Awards (Continued)
 Year Ended December 31, 2006

Grantor Agency/Pass Through Agency/ Grant Title/Project Grant	Federal CFDA Number	Revenues				Total Revenues	Total Expenditures
		(Accrued) Deferred Revenue 1/1/06	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/06			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
Passed through the Wisconsin Department of Health and Family Services							
Immunization Grants	93.268	-	19,617	-	19,617	19,617	
CDC Investigations and Technical Assistance	93.283	-	41,142	-	41,142	41,142	
Family Preservation and Support Services	93.556	-	46,336	982	47,318	47,318	
Block Grants for Temporary Assistance for Needy Families (TANF)	93.558	5,278	70,898	-	76,176	76,176	
Passed through the Wisconsin Department of Health and Family Services							
Chafee Education and Training Vouchers	93.599	(1,293)	4,458	198	3,363	3,363	
Child Welfare Services	93.645	1,356	18,239	-	19,595	19,595	
Foster Care (Title IV-E)	93.658	10,966	149,469	5,018	165,453	165,453	
Social Services Block Grant	93.667	10,549	141,682	(246)	151,985	151,985	
Child Abuse and Neglect Grant	93.669	-	14	-	14	14	
Youth Independent Living	93.674	(1,332)	21,067	1,958	21,693	21,693	
State Children's Insurance Program	93.767	(4,635)	26,847	4,170	26,382	26,382	
Medical Assistance Program	93.778	(563,814)	4,271,963	543,366	4,251,515	4,251,515	
Block Grants for Community Mental Health Services	93.958	(312)	10,000	3,665	13,353	13,353	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	48,966	-	48,966	48,966	
Preventive Health and Social Services Block Grant	93.991	-	6,697	-	6,697	6,697	
Maternal and Child Health Services Block Grant to the States	93.994	-	15,273	-	15,273	15,273	
Passed through the Wisconsin Department of Administration							
Low Income Energy Assistance	93.568						
2005 - 06		(17,116)	85,478	-	68,362	68,362	
2006 - 07		-	8,263	11,879	20,142	20,142	
Passed through the Wisconsin Department of Justice							
Children's Justice Act	93.643	-	8,558	-	8,558	8,558	
Passed through the Wisconsin Department of Corrections							
Child Welfare Services	93.645	(296)	5,797	-	5,501	5,501	
Foster Care (Title IV-E)	93.658	(296)	5,797	-	5,501	5,501	
Passed through the Wisconsin Department of Workforce Development							
Block Grants for Temporary Assistance for Needy Families (TANF)	93.558	(24,569)	90,652	9,661	75,744	75,744	
AFDC Collections	93.560	81	(81)	-	-	-	
Child Support Enforcement (Title IV-D)	93.563	(21,911)	391,374	55,471	424,934	424,934	
Child Care Development Fund	93.596	3,498	49,887	215	53,600	53,600	
Medical Assistance Program	93.778	(4,790)	4,790	-	-	-	
Total U.S. Department of Health and Human Services		(610,839)	5,735,857	650,445	5,775,463	5,775,463	

(Continued)

OCONTO COUNTY, WISCONSIN
 Schedule of Federal Awards (Continued)
 Year Ended December 31, 2006

Grantor Agency/Pass Through Agency/ Grant Title/Project Grant	Federal CFDA Number	Revenues			Total Revenues	Total Expenditures
		(Accrued) Deferred Revenue 1/1/06	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/06		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Passed through the Wisconsin Department of Military Affairs						
Emergency Management Performance Grant	97.042	-	6,517	7,043	13,560	13,560
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ (632,791)</u>	<u>\$ 6,123,481</u>	<u>\$ 702,860</u>	<u>\$ 6,193,550</u>	<u>\$ 6,193,550</u>

The notes to the schedule of federal awards are an integral part of this schedule.

OCONTO COUNTY, WISCONSIN
Schedule of State Financial Assistance
Year Ended December 31, 2006

State Grantor/Grant Title/Project Grant	State I.D. Number	Revenues				Total Expenditures
		(Accrued) Deferred Revenue 1/1/06	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/06	Total Revenues	
<u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u>						
Soil and Water Resource Management Program						
Basic Annual Staffing Grants	115.15	\$ (12,439)	\$ 99,341	\$ 10,858	\$ 97,760	\$ 97,760
LWRM Plan Implementation	115.40	-	43,478	-	43,478	43,478
Total Department of Agriculture, Trade and Consumer Protection		(12,439)	142,819	10,858	141,238	141,238
<u>DEPARTMENT OF COMMERCE</u>						
Private Sewage System Replacement and Rehabilitation Program						
	143.110	-	32,276	-	32,276	32,276
<u>DEPARTMENT OF NATURAL RESOURCES</u>						
Wildlife Damage Abatement and Claims	370.553	(6,902)	13,835	-	6,933	6,933
County Forest Loans	370.568	(20,000)	20,000	-	-	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.575					
S - 3063		(42,478)	42,478	-	-	-
S - 3201		-	53,313	139,602	192,915	192,915
S - 3333		-	53,313	-	53,313	53,313
All-Terrain Vehicle (ATV) Program	370.576 & 370.577					
ATV 1320		(6,875)	6,875	-	-	-
ATV 1414		-	13,400	-	13,400	13,400
ATV 1544		-	13,500	-	13,500	13,500
ATV 1578		-	21,450	-	21,450	21,450
ATV 1597		-	4,950	-	4,950	4,950
ATV 1603		-	4,500	-	4,500	4,500
ATV 1610		-	5,100	-	5,100	5,100
ATV 1611		-	900	-	900	900
Total Department of Natural Resources		(76,255)	253,614	139,602	316,961	316,961
<u>DEPARTMENT OF TRANSPORTATION</u>						
Elderly and Handicapped Transportation Aids						
	395.101	-	76,676	-	76,676	76,676
<u>DEPARTMENT OF CORRECTIONS</u>						
Community Youth and Family Aids						
	410.313	(19,171)	374,871	-	355,700	355,700
<u>DEPARTMENT OF HEALTH AND FAMILY SERVICES</u>						
Medicaid Personal Care Program (See Note D)						
	435.104					
Community Services Deficit Reduction Program (See Note D)						

Case Management Agency Providers (See Note D)						
	435.153					
State Funded-W-2 and Non W-D Funeral and Cemetery						
	435.105	1,744	19,319	(156)	20,907	20,907

(Continued)

OCONTO COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
Year Ended December 31, 2006

State Grantor/Grant Title/Project Grant	State I.D. Number	Revenues			Total Revenues	Total Expenditures
		(Accrued) Deferred Revenue 1/1/06	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/06		
DEPARTMENT OF HEALTH AND FAMILY SERVICES (Continued)						
Children and Families Incentive	435.342	(32,101)	154,722	10,391	133,012	133,012
Community Options Program	435.367	(7,325)	349,217	13,531	355,423	355,423
State Funded-Kinship Care Base Benefit	435.377	(5,991)	86,467	1,006	81,482	81,482
State Funded-Kinship Care Assessments	435.380	(3,233)	5,241	3,436	5,444	5,444
Community Service and Mental Health	435.381	(3,159)	12,714	3,522	13,077	13,077
Medical Assistance Program Benefits						
Medicaid Transportation	435.131	(333)	25,476	1,590	26,733	26,733
Medicaid Transportation Administration	435.132	(828)	1,999	1,090	2,261	2,261
IM Available Allocation-State	435.283	(924)	145,486	-	144,562	144,562
IM Available Allocation-Federal	435.284	(912)	3,994	579	3,661	3,661
COP W Program	435.338	(11,113)	191,138	-	180,025	180,025
CIP II Program	435.348	-	52,034	9,614	61,648	61,648
CIP II Community Relocation	435.369	-	3,302	5,564	8,866	8,866
CIP II Diversions	435.375	-	4,411	1,900	6,311	6,311
Temporary Family Care COP W	435.392	(14,124)	21,592	(2,617)	4,851	4,851
CLTS	435.450	(37,816)	160,579	18,212	140,975	140,975
CLTS MH	435.451	-	2,737	(806)	1,931	1,931
CLTS DD	435.460	-	-	2,024	2,024	2,024
Brain Injury Waiver Program	435.506	-	111,874	-	111,874	111,874
CIP 1B Program	435.564	-	138,919	-	138,919	138,919
CIP 1A Program	435.580	-	229,031	-	229,031	229,031
Grants for Infants and Toddlers with Disabilities	435.550	-	31,638	-	31,638	31,638
State Funded-Basic County Allocation	435.561	47,581	768,922	-	816,503	816,503
Family Support Program	435.577	(8,436)	42,325	7,837	41,726	41,726
State Funded-State/County Match	435.681	-	139,640	-	139,640	139,640
State Admin Matching Grants for Food Stamp Program						
Fraud-Contract Cont	435.95	-	7,645	538	8,183	8,183
Program Integrity	435.750	(37)	1,412	(95)	1,280	1,280
Healthcheck/Oth Srvs	435.967	(5,987)	5,987	-	-	-
WIC Farmers' Market Nutrition Program	435.154720	72	881	-	953	953
Conc Cntrct-WWWP CDC B & C	435.155056	-	4,372	-	4,372	4,372
Conc Cntrct-WWWP Srvs Coor	435.157004	-	9,674	-	9,674	9,674
Lead Poisoning	435.157720	-	3,787	-	3,787	3,787
TPCP-WI WINS Enforcement	435.158116	-	792	-	792	792
TPCP-WI Wins Initiative	435.158117	-	3,000	-	3,000	3,000
TPCP-WI Wins	435.158127	-	8,910	-	8,910	8,910
TPCP-Youth Consortium	435.158129	-	10,000	-	10,000	10,000
Maternal & Child Health Svc. Block Grant	435.159320	-	1,115	-	1,115	1,115
Passed through the Bay Area Agency on Aging, Inc.						
Elderly Benefit Specialist Program	435.560320	(2,354)	23,513	7,056	28,215	28,215
State Senior Community Services	435.560330	(694)	6,762	2,021	8,089	8,089
Home Delivered Meals (Title III-C-1)	435.560350	-	63,468	-	63,468	63,468
Home Delivered Meals (Title III-C-2)	435.560360	-	3,469	-	3,469	3,469
Elder Abuse	435.560490	(2,378)	16,804	5,365	19,791	19,791
Total Department of Health and Family Services		(88,348)	2,874,368	91,602	2,877,622	2,877,622

(Continued)

OCONTO COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
Year Ended December 31, 2006

State Grantor/Grant Title/Project Grant	State I.D. Number	Revenues			Total Revenues	Total Expenditures
		(Accrued) Deferred Revenue 1/1/06	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/06		
DEPARTMENT OF WORKFORCE DEVELOPMENT						
Wisconsin Works (W-2) Agencies	445.315	(24,419)	90,502	9,511	75,594	75,594
AFDC Collections	445.338	64	(64)	-	-	-
Child Day Care Program (See Federal Program CFDA # 93.596)	445.347	-	-	-	-	-
Food Stamp Program	445.367	9,030	25,853	4,254	39,137	39,137
W-2 Emergency Assistance	445.375	(150)	150	150	150	150
Total Department of Workforce Development		(15,475)	116,441	13,915	114,881	114,881
DEPARTMENT OF JUSTICE						
County Law Enforcement Services	455.226	-	61,046	(32,246)	28,800	28,800
Reimbursement for Victim and Witness Services	455.532	-	31,215	-	31,215	31,215
Total Department of Justice		-	92,261	(32,246)	60,015	60,015
DEPARTMENT OF MILITARY AFFAIRS						
Emergency Planning Grant Program 2005-06	465.337	-	5,069	5,068	10,137	10,137
DEPARTMENT OF ADMINISTRATION						
Public Benefits 2005-06	505.371	(7,054)	17,893	-	10,839	10,839
2006-07		-	2,784	2,271	5,055	5,055
Land - Comprehensive Planning Grant	505.110	-	22,412	-	22,412	22,412
Land Information Grants 2006	505.118	-	300	-	300	300
Total Department of Administration		(7,054)	43,389	2,271	38,606	38,606
TOTAL STATE PROGRAMS		\$ (218,742)	\$ 4,011,784	\$ 231,070	\$ 4,024,112	\$ 4,024,112

The notes to the schedule of state financial assistance are an integral part of this schedule.

OCONTO COUNTY, WISCONSIN

Notes to the Schedule of Federal Awards and the Schedule of State Financial Assistance
December 31, 2006

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards and Schedule of State Financial Assistance for Oconto County, Wisconsin are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2006 basic financial statements. In certain instances, expenditures in the schedules include both the federal, state and local share when applicable, since it is not always practical to allocate individual program expenditures to a specific funding source when more than one funding source is available. Accrued revenue at year-end consists of program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for programs that exceed recorded County expenditures.

The programs included in the Schedule of Federal Awards and the Schedule of State Financial Assistance are classified into major and non-major categories. Additional information on each category is presented below:

Federal Programs: Oconto County qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% of total federal awards that also were deemed major programs based on the auditors' risk assessment. All other federal programs are considered non-major programs.

State Programs: Oconto County, Wisconsin, qualified as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 25% of total state financial assistance that also were deemed major programs based on the auditors' risk assessment. In addition, certain state financial assistance programs were designated state major by the state granting agency and therefore considered state major. All other state financial assistance programs are considered non-major programs.

NOTE C - OVERSIGHT AGENCIES

The federal and state oversight agencies for the County are as follows:

Federal - U.S. Department of Health and Human Services
State - Wisconsin Department of Health and Family Services

NOTE D - DEPARTMENT OF COMMERCE

The County commenced reporting of revolving loan fund lending activity related to E.D.A. Project No. 06-19-02137 which was originally received in 1985. The amount shown in the schedule of federal awards is calculated as follows:

Balance of loans outstanding at December 31, 2006	\$	60,806
Cash balance at December 31, 2006		7,285
Administrative expenditures for year ended December 31, 2006		4,113
Federal Awards Expenditures	\$	<u>72,204</u>

OCONTO COUNTY, WISCONSIN

Notes to the Schedule of Federal Awards and the Schedule of State Financial Assistance
December 31, 2006

NOTE E - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedule of Federal Awards and Schedule of State Financial Assistance does not include recorded revenues of \$276,557 received by the County for Title 19 Medical Assistance. The payments are considered a contract for services between the State and the County and therefore are not reported as federal awards or state financial assistance. Presented below is a summary of Title 19 Medical Assistance payments for 2006 received by various County Departments:

Human Services	\$	224,750
Community Programs		27,617
Clinical		14,085
Public Health		10,105
Total	\$	<u>276,557</u>

NOTE F - STATE DIRECT PAYMENTS

Payments made under the food stamp program directly to recipients and vendors by the State of Wisconsin on behalf of the County totaled \$1,666,423 for 2006. The amounts are not included in the Schedule of Federal Awards and Schedule of State Financial Assistance.

NOTE G - STATE OF WISCONSIN COMMUNITY AIDS REPORTING SYSTEM

The Wisconsin Department of Health and Family Services (DHFS) and the Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (COrE) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Federal Awards and the Schedule of State Financial Assistance for various DHFS and DWD programs agree with the expenditures reported on the April 17, 2007 CARS for the Human Services Department and the December 2006 COrE for Child Support and W2 programs.

OCONTO COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2006

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that is not considered to be a material weakness? None Reported

Noncompliance material to basic financial statements noted? No

Federal Awards and State Financial Assistance

Internal control over major program:

- Material weakness(es) identified No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Type of auditors' report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? No

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? Yes

Identification of major federal and state programs:

CFDA Number	Name of Federal Program
93.563	Child Support Enforcement (Title IV-D)
93.568	Low Income Energy Assistance
93.778	Medical Assistance Program

State ID Number	Name of State Program
115.15	Basic Annual Staffing Grants
115.40	LWRM Plan Implementation
370.574 & 370.575	Recreational Aids - Snowmobile Trail and Area Aid
395.101	Elderly and Handicapped Transportation Aids
410.313	Community Youth and Family Aids <i>Medical Assistance Programs</i>
435.338	COP W Program
435.348	CIP II Program
435.367	Community Options Program
435.450	CLTS
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
505.371	Public Benefits

Audit threshold used to determine between Type A and Type B programs: \$300,000
 Auditee qualified as low-risk auditee Yes

OCONTO COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 Year Ended December 31, 2006

Section II - Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2006.

Section III - Federal Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" for the year ended December 31, 2006.

Finding No.	State Single Audit Guidelines Findings	Questioned Costs
-------------	--	------------------

2006-01 General Requirements - Purchase of Service Contracts

Providers which receive more than \$25,000 in funds from the County must have an audit that meets department standards, unless alternative monitoring is performed and the audit requirement waived by the County. Providers generally need to submit audit reports to the County six months after the end of their fiscal period. The County is responsible for monitoring the receipt of the audit and subsequent review of the provider audit reports to ensure they contain all applicable report elements required by the contract. Any audit findings should be resolved within six months after receipt of the provider's audit report.

At the end of audit fieldwork, the County had not received a 2005 audit from one provider as detailed below. Total payments of \$44,274, as summarized below by CARS line, are reported as questioned costs.

\$ 44,274

Our review of the County's procedures indicated that adequate monitoring procedures existed and that appropriate follow-up procedures were performed. We recommend the County continue its current efforts to obtain audits from all providers required by contract to provide audits to the County.

The following audits were not received by the County as of the end of the fieldwork:

Vendor	CARS Line	Amount
Creative Ways Care House		
Base allocation	561	\$ 8,456
COP waiver	337	22,399
COP	367	13,419
		<u>\$ 44,274</u>

OCONTO COUNTY, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2006

Prior Year Audit Findings

There were no findings or questioned costs for federal awards for the year ended December 31, 2005.

Corrective Action Plan

The County will continue its current efforts to obtain audits from all providers who are required to provide the County with financial and compliance reports. Letters were sent to the above mentioned providers during 2006 requesting that an audit be provided to the County.

STATE FINANCIAL REPORT FORM



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INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM

To the County Board
Oconto County, Wisconsin

Wisconsin Department of Revenue
Bureau of Local Financial Assistance
2nd Floor, 125 South Webster Street
Madison, Wisconsin 53708-8933

In connection with our audit of the basic financial statements of Oconto County for the year ended December 31, 2006, we have also examined the 2006 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2006 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2006 Financial Report Form A, with the attached revisions, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Since the 2006 Financial Report Form A has already been filed with the WDR, the County anticipates the WDR will adjust the filed copy to agree with the attached account revisions.

Certified Public Accountants
Green Bay, Wisconsin
June 14, 2007



OCONTO COUNTY, WISCONSIN
 Schedule of Revisions to 2006 State Financial Report Form
 Submitted to Wisconsin Department of Revenue

Seq./Acct. Number	Per State Financial Report	Increase (Decrease)	Per Audit
Governmental Funds:			
Revenues			
113-48110	\$ 1,035,711	\$ (1,654)	\$ 1,034,057
Total Revenues	<u>\$ 1,035,711</u>	<u>\$ (1,654)</u>	<u>\$ 1,034,057</u>
Expenditures			
122-53635	\$ -	\$ 2,764	\$ 2,764
124-54600	108,089	7,567	115,656
Total Expenditures	<u>\$ 108,089</u>	<u>\$ 10,331</u>	<u>\$ 118,420</u>
Net Governmental Fund Change		\$ (11,985)	
Per Filed Report			980,099
137-60000			<u>980,099</u>
Per Audit Report - Page 15			<u>\$ 968,114</u>
Proprietary Funds:			
Revenues			
200-46431	\$ -	\$ 360,696	\$ 360,696
213-43690	-	28,192	28,192
215-48110	-	90,334	90,334
216-48307	174,351	(1)	174,350
Total Revenues	<u>\$ 174,351</u>	<u>\$ 479,221</u>	<u>\$ 653,572</u>
Expenditures			
209-53631	\$ -	\$ 442,548	\$ 442,548
209-53635	577,641	(4,825)	572,816
210-53311	2,208,368	151,087	2,359,455
Total Expenditures	<u>\$ 2,786,009</u>	<u>\$ 588,810</u>	<u>\$ 3,374,819</u>
Net Proprietary Fund Change		\$ (109,589)	
Per Filed Report			(321,042)
225-6200			<u>(321,042)</u>
Per Audit Report - Page 21			<u>\$ (430,631)</u>