

OCONTO COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2008

OCONTO COUNTY, WISCONSIN
December 31, 2008

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December 31, 2008

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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, 2008, 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 2007 financial statements and, in our report dated June 23, 2008, 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, 2008, 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 25, 2009 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 Government 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 25, 2009

OCONTO COUNTY, WISCONSIN

2008

MANAGEMENT DISCUSSION & ANALYSIS

**Prepared by
Oconto County Finance Department**

Oconto County, Wisconsin
Management's Discussion and Analysis
December 31, 2008

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, 2008.

Financial Highlights

- The assets of the County exceeded its liabilities as of December 31, 2008 by \$123,335,083 (*net assets*). Of this amount, \$21,058,565 (*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 \$253,644. That is an increase from 2007, but of less than 1%.
- As of December 31, 2008, the County's governmental funds reported combined ending fund balances of \$16,038,164 (p13), an increase of \$217,096 from the prior year.
- As of December 31, 2008, unreserved fund balance for the general fund was \$11,482,339, (p13) or approximately 71% of the total general fund expenditures of \$16,070,889 (p15).
- The County's total outstanding general obligation debt decreased by \$1,280,000, as no new debt was issued. The total outstanding debt of the county at the end of 2008 was \$2,850,000. Of that amount, \$1,125,000 will be retired in 2009. There is no anticipated new debt borrowing for 2009.
- Delinquent property taxes (tax certificates & tax deeds) increased by \$400,275, or 25%
- The property tax mill rate decreased per \$1,000 of property value for the year 2008 to \$4.81, compared to \$4.93 in 2007. The property tax levy increased to \$16,797,446 in 2008 from \$16,468,084 in 2007, an increase of \$329,362 (2%). The increase was in conformance with the state imposed tax levy limit.
- The county's equalized value increased by 4.46% from the previous year.

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 conservation 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, 2008

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 fifteen 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 twelve 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 MAR-OCO landfill and highway operations, both of which are considered to be major funds of the County, additionally, the recycling fund (a non-major fund) information is presented.

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, 2008

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 \$123,335,083 at the close of the year.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2008	2007	2008	2007	2008	2007
OCONTO COUNTY NET ASSETS:						
Current and other assets	\$ 37,551,195	\$ 36,382,729	\$ 6,305,285	\$ 5,510,725	\$ 43,856,480	\$ 41,893,454
Capital assets	96,287,285	98,005,108	8,648,606	8,853,470	104,935,891	106,858,578
Total assets	133,838,480	134,387,837	14,953,891	14,364,195	148,792,371	148,752,032
Long-term liabilities outstanding	3,370,628	4,651,216	1,303,528	1,221,510	4,674,156	5,872,726
Other liabilities	20,191,463	19,405,466	591,669	392,401	20,783,132	19,797,867
Total liabilities	23,562,091	24,056,682	1,895,197	1,613,911	25,457,288	25,670,593
Net assets:						
Invested in capital assets, net of debt	93,612,285	94,255,108	8,648,606	8,853,470	102,260,891	103,108,578
Restricted	15,627	47,821	-	-	15,627	47,821
Unrestricted	16,648,477	16,028,226	4,410,088	3,896,814	21,058,565	19,925,040
Total net assets	\$ 110,276,389	\$ 110,331,155	\$ 13,058,694	\$ 12,750,284	\$ 123,335,083	\$ 123,081,439

By far the largest portion of the County's total net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. 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 needed 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* (\$21,058,565) 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, 2008

OCONTO COUNTY CHANGE IN NET ASSETS PRIMARY GOVERNMENT	Governmental Activities		Business-type Activities		TOTALS	
	2008	2007	2008	2007	2008	2007
	Revenues:					
Program revenues:						
Charges for services, fees, fines, costs	\$ 4,788,972	\$ 5,001,903	\$ 10,956,652	\$ 9,239,259	\$ 15,745,624	\$ 14,241,162
Operating grants and contributions	14,163,729	12,708,021	347,568	254,894	14,511,297	12,962,915
General revenues:						
Property taxes	16,797,446	16,468,084	-	-	16,797,446	16,468,084
Other taxes	1,948,556	1,929,244	-	-	1,948,556	1,929,244
Grants and contributions not restricted to specific programs	793,619	1,008,487	-	-	793,619	1,008,487
Interest and investment earnings	722,584	1,079,095	38,214	76,704	760,798	1,155,799
Other	229,092	195,088	-	-	229,092	195,088
Total revenues	39,443,998	38,389,922	11,342,434	9,570,857	50,786,432	47,960,779
Expenses:						
General government	5,440,604	5,615,233	-	-	5,440,604	5,615,233
Public safety	7,291,996	6,980,159	-	-	7,291,996	6,980,159
Public works	6,104,330	5,997,811	-	-	6,104,330	5,997,811
Health and human services	17,143,037	17,063,132	-	-	17,143,037	17,063,132
Culture and recreation	1,737,115	1,390,412	-	-	1,737,115	1,390,412
Development	1,730,899	1,534,607	-	-	1,730,899	1,534,607
Interest on long-term debt	150,783	203,167	-	-	150,783	203,167
Highway	-	-	9,862,073	8,558,668	9,862,073	8,558,668
MAR-OCO landfill	-	-	418,788	390,946	418,788	390,946
Recycling	-	-	653,163	593,479	653,163	593,479
Total expenses	39,598,764	38,784,521	10,934,024	9,543,093	50,532,788	48,327,614
Increase in net assets before transfers	(154,766)	(394,599)	408,410	27,764	253,644	(366,835)
Transfers	100,000	-	(100,000)	-	-	-
Increase in net assets	(54,766)	(394,599)	308,410	27,764	253,644	(366,835)
Net assets - January 1	110,331,155	110,725,754	12,750,284	12,722,520	123,081,439	123,448,274
Net assets - December 31	110,276,389	110,331,155	13,058,694	12,750,284	123,335,083	123,081,439

Change in net assets. Governmental activities decreased the County's net assets by \$54,766 and business-type activities increased the County's net assets by \$308,410 during the year, thus resulting in a net increase of \$253,644 of the total net assets of the County.

Key elements of the above mentioned decrease are as follows:

- Governmental revenues increased \$1,054,076, while related expenditures increased \$814,243. Additionally, \$100,000 was transferred from the recycling fund to the general fund for operations.
- County sales tax collections were basically the same as last year.

OCONTO COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2008

Business-type activities: Business-type activities increased Oconto County's net assets by \$308,410. The following items played a role in this decrease.

- Highway business-type operations for the year resulted in a gain of \$482,771.
- The recycling operations of the county resulted in a \$19,864 net loss.
- The MAR-OCO Landfill operations showed a net loss of \$54,497.
- A \$100,000 transfer was made from the recycling fund to the general fund.

Financial Analysis of the Government Funds

As noted earlier, 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, 2008, the County's governmental funds reported a combined ending fund balance of \$16,038,164 (p13), an increase of \$217,096 from the prior year. Of that combined ending fund balance, \$13,977,950 (87%) 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 (\$1,992,514), retirement of long-term debt (\$15,627), long-term advances (\$10,000), and purchases of inventory and prepayments that benefit periods beyond the current year (\$42,073).

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 \$11,482,339, while the total fund balance was \$13,488,186 (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 71% of total general fund expenditures, while the total fund balance represents 83% of general fund expenditures.

The fund balance of the county's general fund decreased \$14,133 at the end of 2008 (p15). Based on actual revenues and expenditures for the year, this decrease is very minimal.

The Human Services fund had a balance of \$814,162 (p13). This fund balance increased \$465,881. This was due to revenues exceeding expenditures by that amount. The tax levy for Human Services did increase in 2008 from \$4,786,892 to \$4,956,165, an increase of \$169,273.

The County Roads and Bridges fund had a balance of \$520,332 (p13). The County Roads and Bridges fund had an operating loss of \$236,543. The loss is mainly due to the excessive winter maintenance costs incurred in 2008. The road and bridge fund is used to pay for routine and winter maintenance, repair and construction costs of 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. Those funds are the Highway operating fund (major), the Mar-Oco Landfill fund (major) and the Recycling fund (non-major).

Unrestricted net assets of the highway operating fund, the MAR-OCO landfill fund and the recycling fund at year's end were \$2,928,605; \$635,724 and \$845,759 respectively. The increase (reduction) in net assets for those funds were \$482,771; \$(54,497) and \$(119,864) respectively. The loss in the recycling fund was due primarily to a transfer of \$100,000 to the county General fund.

OCONTO COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2008

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget amounted to a \$838,346 increase in appropriations, which was mainly the result of adjustments due to additional conservation and development state aid programs. For the year, actual expenditures exceeded revenues and other financing sources by \$14,133.

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 \$104,935,891 (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 decrease in the County's investment in capital assets for the current year was \$1,922,687 (net depreciation).

OCONTO COUNTY CAPITAL ASSETS (net of depreciation)						
Asset	Government activities		Business-type activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 11,539,468	\$ 11,430,568	\$ 123,716	\$ 123,716	\$ 11,663,184	\$ 11,554,284
Buildings	8,488,889	8,895,105	2,731,732	2,891,951	11,220,621	11,787,056
Improvements other than buildings	930,495	994,827	726,775	791,572	1,657,270	1,786,399
Machinery and equipment	2,341,892	2,749,470	4,953,198	4,930,772	7,295,090	7,680,242
Infrastructure	72,986,541	73,935,138	-	-	72,986,541	73,935,138
Construction in progress	-	-	98,574	98,574	98,574	98,574
Other	-	-	14,611	16,885	14,611	16,885
Total	\$ 96,287,285	\$ 98,005,108	\$ 8,648,606	\$ 8,853,470	\$ 104,935,891	\$ 106,858,578

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 \$2,850,000. All of this debt is backed by the full faith and credit of the County.

OCONTO COUNTY Outstanding General Obligation Debt						
Item	Governmental activities		Business-type activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation debt:						
Bonds	\$ 550,000	\$ 1,250,000	\$ -	\$ -	\$ 550,000	\$ 1,250,000
Notes	2,300,000	2,880,000	-	-	2,300,000	2,880,000
Total general obligation debt	\$ 2,850,000	\$ 4,130,000	\$ -	\$ -	\$ 2,850,000	\$ 4,130,000

The County's total general obligation debt decreased \$1,280,000 during the year.

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 \$184,896,575. With the actual County debt outstanding amount of \$2,850,000, the County is well under its limitation.

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

OCONTO COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2008

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 (not seasonally adjusted) for Oconto County as of December 2008 was 8.2% (Dec 2007 was 6.3%), seventh highest in the state, and compares with the state rate of 5.8%. By May 2009, the county unemployment rate has risen to 11.9%, fifth highest in the state. 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, and more restrictive, limit was placed on county budgets by the state for budgets beginning in 2007. That is a limit on the tax levy, rather than the mill rate. The limit is the percentage increase of net new construction, or a minimum percentage designated by the state, whichever is greater. In 2008, the minimum percentage was 2.0%, which resulted in the availability of an additional \$329,362 of tax levy funds. In 2009, the state minimum percentage is again 2%, while for 2010 it will increase to 3%.

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

Government-wide Financial Statements

OCONTO COUNTY, WISCONSIN
Statement of Net Assets
December 31, 2008
(With summarized financial information for December 31, 2007)

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Total		Commission on Aging
			2008	2007	
ASSETS					
Cash and investments	\$ 14,562,069	\$ 4,060,211	\$ 18,622,280	\$ 17,712,129	\$ 63,140
Receivables					
Taxes	20,107,504	-	20,107,504	19,454,955	-
Accounts	1,326,439	41,580	1,368,019	1,196,623	19,037
Loans	433,988	-	433,988	500,794	-
Due from other governments	1,079,122	524,726	1,603,848	1,150,230	-
Inventories and prepaid items	42,073	999,077	1,041,150	1,182,326	-
Restricted cash and investments	-	674,840	674,840	653,654	-
Deferred charges	-	4,851	4,851	31,521	-
Capital assets					
Land	11,539,468	123,716	11,663,184	11,554,284	-
Improvements other than buildings	1,476,319	2,531,132	4,007,451	4,000,423	-
Buildings	15,691,928	4,921,008	20,612,936	20,569,213	-
Machinery and equipment	5,702,782	13,822,311	19,525,093	18,743,736	-
Other capital assets	-	41,801	41,801	41,801	-
Construction in progress	-	98,574	98,574	98,574	-
Infrastructure	124,576,881	-	124,576,881	121,948,328	-
Less: Accumulated depreciation	(62,700,093)	(12,889,936)	(75,590,029)	(70,097,781)	-
TOTAL ASSETS	133,838,480	14,953,891	148,792,371	148,740,810	82,177
LIABILITIES					
Accounts payable	1,838,620	375,265	2,213,885	2,093,475	52,435
Accrued payroll liabilities	863,567	157,744	1,021,311	577,991	-
Accrued interest payable	28,105	-	28,105	38,536	-
Due to other governments	288,714	-	288,714	275,561	-
Unearned revenues	17,172,457	58,660	17,231,117	16,801,082	-
Long-term obligations					
Due within one year	1,125,000	-	1,125,000	1,280,000	-
Due in more than one year	2,245,628	114,172	2,359,800	3,470,685	-
Closure and post-closure care costs	-	1,189,356	1,189,356	1,122,041	-
TOTAL LIABILITIES	23,562,091	1,895,197	25,457,288	25,659,371	52,435
NET ASSETS					
Invested in capital assets, net of related debt	93,612,285	8,648,606	102,260,891	103,108,578	-
Restricted for					
Debt service	15,627	-	15,627	47,821	-
Unrestricted	16,648,477	4,410,088	21,058,565	19,925,040	29,742
TOTAL NET ASSETS	\$ 110,276,389	\$ 13,058,694	\$ 123,335,083	\$ 123,081,439	\$ 29,742

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

OCONTO COUNTY, WISCONSIN

Statement of Activities

Year Ended December 31, 2008

(With summarized financial information for the year ended December 31, 2007)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities				
General government	\$ 5,440,604	\$ 791,831	\$ 231,487	\$ -
Public safety	7,291,996	693,143	441,682	-
Public works	6,104,330	8,545	1,755,235	-
Health and human services	17,143,037	2,436,929	10,199,364	-
Culture and recreation	1,737,115	289,884	877,414	-
Development	1,730,899	568,640	658,547	-
Interest on debt	150,783	-	-	-
Total Governmental Activities	39,598,764	4,788,972	14,163,729	-
Business-type Activities				
Highway	9,862,073	10,344,844	-	-
MAR-OCO Landfill	418,788	326,077	-	-
Recycling	653,163	285,731	347,568	-
Total Business-type Activities	10,934,024	10,956,652	347,568	-
Total primary government	\$ 50,532,788	\$ 15,745,624	\$ 14,511,297	\$ -
Component units				
Commission on aging	\$ 649,614	\$ 144,111	\$ 521,185	\$ -
Oconto County economic development	299,325	97,661	230,447	-
Total component units	\$ 948,939	\$ 241,772	\$ 751,632	\$ -

General revenues

- Property taxes, levied for general purposes
- Other taxes
- State and federal aids not restricted to specific functions
- Interest and investment earnings
- Gain on sale of capital assets
- Miscellaneous
- Transfers
- Total general revenues

Change in net assets

Net assets - January 1

Net assets - December 31

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			2007	Component Unit	
Governmental Activities	Business-type Activities	Total		Commission on Aging	
\$ (4,417,286)	\$ -	\$ (4,417,286)	\$ (4,228,817)	\$ -	
(6,157,171)	-	(6,157,171)	(5,986,164)	-	
(4,340,550)	-	(4,340,550)	(4,608,374)	-	
(4,506,744)	-	(4,506,744)	(4,788,800)	-	
(569,817)	-	(569,817)	(922,683)	-	
(503,712)	-	(503,712)	(336,592)	-	
(150,783)	-	(150,783)	(203,167)	-	
<u>(20,646,063)</u>	<u>-</u>	<u>(20,646,063)</u>	<u>(21,074,597)</u>	<u>-</u>	
-	482,771	482,771	69,507	-	
-	(92,711)	(92,711)	(45,908)	-	
-	(19,864)	(19,864)	(72,539)	-	
-	370,196	370,196	(48,940)	-	
<u>(20,646,063)</u>	<u>370,196</u>	<u>(20,275,867)</u>	<u>(21,123,537)</u>	<u>-</u>	
-	-	-	-	15,682	
-	-	-	-	-	
-	-	-	-	<u>15,682</u>	
16,797,446	-	16,797,446	16,468,084	-	
1,948,556	-	1,948,556	1,929,244	-	
793,619	-	793,619	1,008,487	-	
722,584	38,214	760,798	1,155,799	-	
339	-	339	-	-	
228,753	-	228,753	195,088	(21)	
100,000	(100,000)	-	-	-	
<u>20,591,297</u>	<u>(61,786)</u>	<u>20,529,511</u>	<u>20,756,702</u>	<u>(21)</u>	
(54,766)	308,410	253,644	(366,835)	15,661	
<u>110,331,155</u>	<u>12,750,284</u>	<u>123,081,439</u>	<u>123,448,274</u>	<u>14,081</u>	
<u>\$ 110,276,389</u>	<u>\$ 13,058,694</u>	<u>\$ 123,335,083</u>	<u>\$ 123,081,439</u>	<u>\$ 29,742</u>	

Fund Financial Statements

OCONTO COUNTY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2008

(With summarized financial information for December 31, 2007)

	General	Human Services	County Roads and Bridges	Other Governmental Funds	Total Governmental Funds	
					2008	2007
ASSETS						
Cash and investments	\$ 11,451,140	\$ 987,317	\$ 520,332	\$ 1,603,280	\$ 14,562,069	\$ 14,447,223
Receivables						
Taxes	11,062,393	5,014,991	3,286,473	148,861	19,512,718	18,910,311
Accounts	1,125,344	133,260	-	-	1,258,604	1,094,470
Notes	-	-	-	433,988	433,988	500,794
Due from other funds	-	-	-	-	-	3,548
Advance to other funds	10,000	-	-	-	10,000	21,222
Due from other governments	36,218	918,780	-	-	954,998	734,097
Inventories and prepaid items	3,333	38,740	-	-	42,073	46,245
TOTAL ASSETS	\$ 23,688,428	\$ 7,093,088	\$ 3,806,805	\$ 2,186,129	\$ 36,774,450	\$ 35,757,910
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 640,369	\$ 954,787	\$ -	\$ 375,962	\$ 1,971,118	\$ 1,814,315
Accrued payroll liabilities	734,214	128,537	-	816	863,567	479,608
Advance from other funds	-	-	-	10,000	10,000	10,000
Due to other funds	-	-	-	-	-	3,548
Due to other governments	103,527	51,671	-	1,018	156,216	275,561
Deferred revenues	8,722,132	5,143,931	3,286,473	582,849	17,735,385	17,353,810
Total Liabilities	10,200,242	6,278,926	3,286,473	970,645	20,736,286	19,936,842
Fund Balances						
Reserved for						
Delinquent property taxes	1,992,514	-	-	-	1,992,514	1,592,239
Long-term advances	10,000	-	-	-	10,000	21,222
Inventories and prepaid items	3,333	38,740	-	-	42,073	1,080
Retirement of long-term debt	-	-	-	15,627	15,627	47,821
Unreserved						
Designated						
General fund	7,683,030	-	-	-	7,683,030	7,460,418
Special revenue funds	-	775,422	520,332	1,199,857	2,495,611	2,270,928
Undesignated, reported in						
General fund	3,799,309	-	-	-	3,799,309	4,427,360
Total Fund Balances	13,488,186	814,162	520,332	1,215,484	16,038,164	15,821,068
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,688,428	\$ 7,093,088	\$ 3,806,805	\$ 2,186,129	\$ 36,774,450	\$ 35,757,910

(Continued)

OCONTO COUNTY, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2008
(With summarized financial information for December 31, 2007)

	2008	2007
<u>Reconciliation to the Statement of Net Assets</u>		
Total Fund Balances from previous page	\$ 16,038,164	\$ 15,821,068
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.	96,287,285	98,005,108
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	\$ (2,850,000)	
Compensated absences	(520,628)	
Accrued interest on long-term obligations	(28,105)	(3,398,733) (4,689,752)
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.	1,349,673	1,194,731
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 10)	\$ 110,276,389	\$ 110,331,155

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, 2008
(With summarized financial information for year ended December 31, 2007)

	General	Human Services	County Roads and Bridges	Other Governmental Funds	Total Governmental Funds	
					2008	2007
Revenues						
Taxes	\$ 9,125,825	\$ 4,956,165	\$ 2,983,118	\$ 1,630,752	\$ 18,695,860	\$ 18,440,453
Intergovernmental	3,426,654	9,554,045	1,755,235	240,563	14,976,497	13,924,066
Licenses and permits	273,615	-	-	18,286	291,901	319,549
Fines and forfeits	212,575	-	-	-	212,575	203,447
Public charges for services	1,343,419	2,327,846	-	126,148	3,797,413	3,794,389
Intergovernmental charges for services	375,056	-	-	6,149	381,205	403,295
Miscellaneous	837,617	2,559	-	93,090	933,266	1,439,942
Total Revenues	15,594,761	16,840,615	4,738,353	2,114,988	39,288,717	38,525,141
Expenditures						
Current						
General government	5,102,144	-	-	-	5,102,144	4,914,856
Public safety	6,582,365	-	-	50,064	6,632,429	6,291,910
Public works	180,837	-	4,974,896	-	5,155,733	4,258,051
Health and human services	705,944	16,374,734	-	34,208	17,114,886	17,003,075
Culture and recreation	1,519,938	-	-	171,958	1,691,896	1,260,124
Development	1,614,854	-	-	63,738	1,678,592	1,469,678
Debt service						
Principal	-	-	-	1,280,000	1,280,000	1,240,000
Interest and fiscal charges	-	-	-	161,214	161,214	210,816
Capital outlay	364,807	-	-	-	364,807	614,151
Total Expenditures	16,070,889	16,374,734	4,974,896	1,761,182	39,181,701	37,262,661
Excess of Revenues Over (Under) Expenditures	(476,128)	465,881	(236,543)	353,806	107,016	1,262,480
Other Financing Sources (Uses)						
Sale of capital assets	10,080	-	-	-	10,080	13,770
Transfers in	451,915	-	-	1,217,594	1,669,509	2,151,796
Transfers out	-	-	-	(1,569,509)	(1,569,509)	(2,151,796)
Total Other Financing Sources (Uses)	461,995	-	-	(351,915)	110,080	13,770
Net Change in Fund Balances	(14,133)	465,881	(236,543)	1,891	217,096	1,276,250
Fund Balances (Deficit) - January 1	13,502,319	348,281	756,875	1,213,593	15,821,068	14,544,818
Fund Balances - December 31	\$ 13,488,186	\$ 814,162	\$ 520,332	\$ 1,215,484	\$ 16,038,164	\$ 15,821,068

(Continued)

OCONTO COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended December 31, 2008
(With summarized financial information for year ended December 31, 2007)

	2008	2007
<u>Reconciliation to the Statement of Activities</u>		
Net Change in Fund Balances from previous page	\$ 217,096	\$ 1,276,250
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital assets reported as expenditures in governmental fund statements	\$ 3,158,269	
Depreciation expense reported in the statement of activities	<u>(4,866,351)</u>	
Amount by which capital outlays are greater (less) than depreciation		(1,708,082) (2,734,965)
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.		
Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	\$ (10,080)	
Gain on disposition reported on the statement of activities	<u>339</u>	
Cost of assets disposed of		(9,741) (26,123)
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:		
		154,942 (89,507)
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. The accrual of these benefits (increased) decreased by:		
		588 (67,903)
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 is:		
		1,280,000 1,240,000
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.		
	<u>10,431</u>	<u>7,649</u>
Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see pages 11 and 12)	<u>\$ (54,766)</u>	<u>\$ (394,599)</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 9,078,698	\$ 9,078,698	\$ 9,125,825	\$ 47,127
Intergovernmental	2,837,861	3,207,153	3,426,654	219,501
Licenses and permits	303,150	303,150	273,615	(29,535)
Fines and forfeits	241,000	241,000	212,575	(28,425)
Public charges for services	1,286,000	1,334,030	1,343,419	9,389
Intergovernmental charges for services	265,981	333,290	375,056	41,766
Miscellaneous	907,217	933,833	837,617	(96,216)
Total Revenues	14,919,907	15,431,154	15,594,761	163,607
Expenditures				
Current				
General government	5,402,059	5,629,243	5,102,144	527,099
Public safety	6,295,240	6,602,220	6,582,365	19,855
Public works	187,261	187,261	180,837	6,424
Health and human services	704,473	742,298	705,944	36,354
Culture and recreation	1,951,275	1,955,536	1,519,938	435,598
Development	963,838	1,726,181	1,614,854	111,327
Capital outlay	362,825	374,677	364,807	9,870
Total Expenditures	15,866,971	17,217,416	16,070,889	1,146,527
Excess of Revenues Over (Under) Expenditures	(947,064)	(1,786,262)	(476,128)	1,310,134
Other Financing Sources (Uses):				
Sale of capital assets	18,000	18,000	10,080	(7,920)
Transfers in	462,825	463,677	451,915	(11,762)
Total Other Financing Sources (Uses)	480,825	481,677	461,995	(19,682)
Net Change in Fund Balance	(466,239)	(1,304,585)	(14,133)	1,290,452
Fund Balance - January 1	13,502,319	13,502,319	13,502,319	-
Fund Balance - December 31	\$ 13,036,080	\$ 12,197,734	\$ 13,488,186	\$ 1,290,452

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,956,165	\$ 4,956,165	\$ 4,956,165	\$ -
Intergovernmental	9,144,703	9,513,511	9,554,045	40,534
Public charges for services	1,389,242	2,151,837	2,327,846	176,009
Miscellaneous	1,950	2,559	2,559	-
Total Revenues	15,492,060	16,624,072	16,840,615	216,543
Expenditures				
Current				
Health and human services	15,898,065	17,131,042	16,374,734	756,308
Net Change in Fund Balance	(406,005)	(506,970)	465,881	972,851
Fund Balance (Deficit) - January 1	348,281	348,281	348,281	-
Fund Balance (Deficit) - December 31	\$ (57,724)	\$ (158,689)	\$ 814,162	\$ 972,851

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,983,118	\$ 2,983,118	\$ 2,983,118	\$ -
Intergovernmental	1,752,514	1,752,514	1,755,235	2,721
Total Revenues	4,735,632	4,735,632	4,738,353	2,721
Expenditures				
Current				
Public works	4,863,233	4,863,233	4,974,896	(111,663)
Net Change in Fund Balance	(127,601)	(127,601)	(236,543)	(108,942)
Fund Balance - January 1	756,875	756,875	756,875	-
Fund Balance - December 31	\$ 629,274	\$ 629,274	\$ 520,332	\$ (108,942)

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, 2008

(With summarized financial information for December 31, 2007)

	Major Funds		Nonmajor Fund	Total	
	Highway	MAR-OCO Landfill	Recycling	2008	2007
	ASSETS				
Current Assets					
Cash and investments	\$ 1,917,523	\$ 1,127,612	\$ 1,015,076	\$ 4,060,211	\$ 3,264,906
Accounts receivable	171	42,609	-	42,780	33,647
Due from other governments	524,726	-	-	524,726	390,916
Inventories and prepaid items	999,077	-	-	999,077	1,136,081
Deferred charges	4,851	-	-	4,851	31,521
Total Current Assets	3,446,348	1,170,221	1,015,076	5,631,645	4,857,071
Noncurrent Assets					
Restricted cash and investments	-	674,840	-	674,840	653,654
Land	52,202	62,514	9,000	123,716	123,716
Improvements other than buildings	262,578	2,239,122	29,432	2,531,132	2,524,104
Buildings	4,431,794	17,468	471,746	4,921,008	4,877,285
Machinery and equipment	12,748,190	307,286	766,835	13,822,311	13,301,101
Other capital assets	41,801	-	-	41,801	41,801
Construction in progress	-	98,574	-	98,574	98,574
Less accumulated depreciation	(10,087,345)	(1,781,976)	(1,020,615)	(12,889,936)	(12,113,111)
Total Noncurrent Assets	7,449,220	1,617,828	256,398	9,323,446	9,507,124
TOTAL ASSETS	10,895,568	2,788,049	1,271,474	14,955,091	14,364,195
LIABILITIES					
Current Liabilities					
Advance from other funds	-	-	-	-	11,222
Accounts payable	194,381	17,358	164,726	376,465	279,160
Accrued payroll liabilities	150,530	2,623	4,591	157,744	98,383
Unearned revenue	58,660	-	-	58,660	3,636
Total Current Liabilities	403,571	19,981	169,317	592,869	392,401
Noncurrent Liabilities					
Compensated absences payable	114,172	-	-	114,172	99,469
Landfill closure care costs	-	116,430	-	116,430	98,386
Landfill post closure care costs	-	1,072,926	-	1,072,926	1,023,655
Total Noncurrent Liabilities	114,172	1,189,356	-	1,303,528	1,221,510
TOTAL LIABILITIES	517,743	1,209,337	169,317	1,896,397	1,613,911
NET ASSETS					
Invested in capital assets, net of related debt	7,449,220	942,988	256,398	8,648,606	8,853,470
Unrestricted	2,928,605	635,724	845,759	4,410,088	3,896,814
TOTAL NET ASSETS	\$ 10,377,825	\$ 1,578,712	\$ 1,102,157	\$ 13,058,694	\$ 12,750,284

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, 2008
(With summarized financial information for year ended December 31, 2007)

	Major Funds		Nonmajor Fund	Total	
	Highway	MAR-OCO Landfill	Recycling	2008	2007
Operating Revenues					
Intergovernmental charges for services	\$ 10,340,082	\$ 113,159	\$ 20,882	\$ 10,474,123	\$ 8,737,619
Public charges for services	4,762	212,918	500	218,180	228,650
Sale of recyclable materials	-	-	264,349	264,349	264,590
Other	-	-	-	-	8,400
Total Operating Revenues	10,344,844	326,077	285,731	10,956,652	9,239,259
Operating Expenses					
Operation and maintenance	9,072,489	320,691	577,510	9,970,690	8,535,849
Depreciation	789,584	98,097	75,653	963,334	1,007,244
Total Operating Expenses	9,862,073	418,788	653,163	10,934,024	9,543,093
Operating Income (Loss)	482,771	(92,711)	(367,432)	22,628	(303,834)
Nonoperating Revenues					
State aid	-	-	347,568	347,568	254,894
Interest income	-	38,214	-	38,214	76,704
Total Nonoperating Revenues	-	38,214	347,568	385,782	331,598
Net Income (Loss) Before Transfers	482,771	(54,497)	(19,864)	408,410	27,764
Transfers	-	-	(100,000)	(100,000)	-
Change in Net Assets	482,771	(54,497)	(119,864)	308,410	27,764
Net Assets - January 1	9,895,054	1,633,209	1,222,021	12,750,284	12,722,520
Net Assets - December 31	\$ 10,377,825	\$ 1,578,712	\$ 1,102,157	\$ 13,058,694	\$ 12,750,284

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, 2008

(With summarized financial information for year ended December 31, 2007)

	Major Funds		Nonmajor Fund	Total	
	Highway	MAR-OCO Landfill	Recycling	2008	2007
Cash Flows from Operating Activities					
Cash received from user charges	\$ 5,645	\$ 202,902	\$ 264,849	\$ 473,396	\$ 499,834
Cash received from other government payments	10,287,966	113,159	20,882	10,422,007	8,982,416
Cash payments to employees	(4,071,669)	(101,149)	(191,016)	(4,363,834)	(3,892,477)
Cash payments to suppliers	(4,800,994)	(146,744)	(283,430)	(5,231,168)	(4,793,704)
Net Cash Provided (Used) by Operating Activities	1,420,948	68,168	(188,715)	1,300,401	796,069
Cash Flows from Noncapital Financing Activities					
Transfers	-	-	(100,000)	(100,000)	-
State aid	-	-	347,568	347,568	254,894
Net Cash Provided by Noncapital Financing Activities	-	-	247,568	247,568	254,894
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(671,109)	(20,451)	(66,910)	(758,470)	(734,355)
Payment of long-term advance	-	-	(11,222)	(11,222)	(13,334)
Net Cash Used in Capital and Related Financing Activities	(671,109)	(20,451)	(78,132)	(769,692)	(747,689)
Cash Flows from Investing Activities					
Interest income	-	38,214	-	38,214	76,704
Net Increase (Decrease) in Cash and Cash Equivalents	749,839	85,931	(19,279)	816,491	379,978
Cash and Cash Equivalents - January 1	1,167,684	1,716,521	1,034,355	3,918,560	3,538,582
Cash and Cash Equivalents - December 31	\$ 1,917,523	\$ 1,802,452	\$ 1,015,076	\$ 4,735,051	\$ 3,918,560
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 482,771	\$ (92,711)	\$ (367,432)	\$ 22,628	\$ (303,834)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	789,584	98,097	75,653	963,334	1,007,244
Changes in assets and liabilities					
Accounts receivable	883	(10,016)	-	(9,133)	(1,806)
Due from other governments	(133,810)	-	-	(133,810)	343,980
Inventories and prepaid items	137,004	-	-	137,004	(185,454)
Deferred charges	26,670	-	-	26,670	(31,521)
Accounts payable	(9,838)	5,090	102,053	97,305	(79,706)
Accrued payroll liabilities	57,957	393	1,011	59,361	34,864
Unearned revenues	55,024	-	-	55,024	(67,662)
Landfill closure care	-	67,315	-	67,315	74,701
Compensated absences payable	14,703	-	-	14,703	5,263
Net Cash Provided (Used) by Operating Activities	\$ 1,420,948	\$ 68,168	\$ (188,715)	\$ 1,300,401	\$ 796,069
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, 2008
(With summarized financial information for December 31, 2007)

	Agency Funds	
	2008	2007
ASSETS		
Cash and cash equivalents	\$ 381,866	\$ 498,262
LIABILITIES		
Due to county departments	\$ 381,866	\$ 498,262

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

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

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 Government 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 discretely presented (not included in primary government) is the 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

BLENDED 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 units. 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, 2008

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, 2008

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 Government 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, 2008

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, 2008

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, 2008

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, 2007, from which the summarized information was derived.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

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 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, 2008.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

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 \$19,865,556 on December 31, 2008 as summarized below:

Petty cash funds	\$ 1,175
Deposits with financial institutions	6,722,434
Deposit with Marinette County for landfill	1,802,452
Investments	
Wisconsin local government investment pool	11,216,065
	<u>\$ 19,742,126</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Primary government	
Cash and investments	\$ 18,622,280
Restricted cash and investments	674,840
Component units	
Cash and investments	63,140
Fiduciary funds	
Agency fund	381,866
	<u>\$ 19,742,126</u>

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

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.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian through December 31, 2013. In addition, the County's non-interest bearing transaction accounts are fully insured under the Temporary Liquidity Guarantee Program through December 31, 2009. On January 1, 2014, the coverage limit for all accounts will return to \$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.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

As of December 31, 2008, \$3,699,373 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).

Investments

The County has investments in the Wisconsin local government investment pool of \$11,216,065 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, 2008, 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, which is in effect through February 15, 2009. 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.

Discretely Presented Component Unit

On December 31, 2008, all deposits of the Oconto County Commission on Aging were insured.

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.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Property taxes recorded on December 31, 2008 for collection in 2009 are for the following:

County apportionment	<u>\$ 17,172,457</u>
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The above County apportionment of \$17,172,457 is for financing 2009 operations and will be transferred in 2009 from deferred revenue to current revenues of the County's governmental funds.

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, 2008, the County's general fund showed an investment of \$2,259,426 in delinquent taxes as follows:

Tax certificates	\$ 2,212,497
Tax deeds	46,929
Total	<u>\$ 2,259,426</u>

An aging of the total delinquent taxes of \$2,259,426 on December 31, 2008 follows:

<u>Year Acquired</u>	<u>Tax Certificates</u>
Prior to 2004	\$ 4,598
2004	76,633
2005	262,528
2006	496,939
2007	1,371,799
	2,212,497
Tax Deeds	46,929
Total	<u>\$ 2,259,426</u>

Of the total of \$2,259,426 for delinquent taxes, \$266,912 was collected by the County within 60 days after December 31, 2008. The remaining unpaid balance of \$1,992,514 is recorded as reserved fund balance for the general fund.

4. Restricted Assets

Restricted assets on December 31, 2008 totaled \$674,840 consisting of cash and investments held for the following purposes:

Enterprise Funds	
MAR-OCO Joint Landfill	
Long-term care deposits	<u>\$ 674,840</u>

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,430,568	\$ 108,900	\$ -	\$ 11,539,468
Capital assets, being depreciated:				
Improvements other than buildings	1,476,319	-	-	1,476,319
Buildings	15,691,928	-	-	15,691,928
Machinery and equipment	5,442,635	420,816	160,669	5,702,782
Infrastructure	121,948,328	2,628,553	-	124,576,881
Subtotals	144,559,210	3,049,369	160,669	147,447,910
Less accumulated depreciation for:				
Improvements other than buildings	481,492	64,332	-	545,824
Buildings	6,796,823	406,216	-	7,203,039
Machinery and equipment	2,693,165	818,653	150,928	3,360,890
Infrastructure	48,013,190	3,577,150	-	51,590,340
Subtotals	57,984,670	4,866,351	150,928	62,700,093
Total capital assets, being depreciated, net	86,574,540	(1,816,982)	9,741	84,747,817
Governmental activities capital assets, net	\$ 98,005,108	\$ (1,708,082)	\$ 9,741	96,287,285
Less related long-term debt outstanding				2,675,000
Invested in capital assets, net of related debt				<u>\$ 93,612,285</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	7,028	-	2,531,132
Buildings	4,877,285	43,723	-	4,921,008
Machinery and equipment	13,301,101	732,235	211,025	13,822,311
Other capital assets	41,801	-	-	41,801
Subtotals	20,744,291	782,986	211,025	21,316,252
Less accumulated depreciation for:				
Improvements other than buildings	1,732,532	71,825	-	1,804,357
Buildings	1,985,334	203,942	-	2,189,276
Machinery and equipment	8,370,329	685,293	186,509	8,869,113
Other capital assets	24,916	2,274	-	27,190
Subtotals	12,113,111	963,334	186,509	12,889,936
Total capital assets, being depreciated, net	8,631,180	(180,348)	24,516	8,426,316
Business-type activities capital assets, net	\$ 8,853,470	\$ (180,348)	\$ 24,516	8,648,606
Less related long-term debt outstanding				-
Invested in capital assets, net of related debt				<u>\$ 8,648,606</u>

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
General government	\$ 399,437
Public safety	657,512
Public works	3,577,150
Health and human services	58,352
Culture and recreation	122,809
Development	51,091
Total depreciation expense - governmental activities	<u>\$ 4,866,351</u>
Business-type activities	
Highway	\$ 789,584
MAR-OCO landfill	98,097
Recycling	75,653
Total depreciation expense - business-type activities	<u>\$ 963,334</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, 2008 are detailed below:

	Interfund Receivables	Interfund Payables
Long-term Advances		
General Fund	\$ 10,000	\$ -
Special Revenue Funds		
Section 125 and HRA Plans	-	10,000
Totals	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Interfund transfers for the year ended December 31, 2008 were as follows:

	2001 Bonds	2006 Bonds	General Fund
Transfers from:			
County sales tax	\$ 751,563	\$ 466,031	\$ 351,915
Recycling	-	-	100,000
	<u>\$ 751,563</u>	<u>\$ 466,031</u>	<u>\$ 451,915</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, 2008

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	\$ -	\$ 8,722,132
Special revenue funds		
County roads and bridges	-	3,286,473
Human services	-	5,014,991
Family mediation	-	17,102
Tourism	-	131,759
Advance from state		
Special revenue funds		
Human services	128,940	-
Development loans receivable		
Special revenue funds		
State grant loan	21,114	-
Tri-County loan	56,115	-
County revolving loan	356,759	-
Totals	\$ 562,928	\$ 17,172,457

The sum of the development loans receivable of \$433,988 represents various loans to local industries that were originally financed from the County and economic development grants received by the County from other governmental units. 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.

The County has also recorded various long-term accounts receivable, the sum of which total \$786,745 to its government-wide statements, only.

8. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2008:

	Outstanding 1/1/08	Issued	Retired	Outstanding 12/31/08	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 1,250,000	\$ -	\$ 700,000	\$ 550,000	\$ 550,000
Notes	2,880,000	-	580,000	2,300,000	575,000
Total General Obligation Debt	4,130,000	-	1,280,000	2,850,000	1,125,000
Compensated absences	521,216	-	588	520,628	-
Governmental activities					
Long-term obligations	\$ 4,651,216	\$ -	\$ 1,280,588	\$ 3,370,628	\$ 1,125,000
Business-type activities:					
Compensated absences	\$ 99,469	\$ 14,703	\$ -	\$ 114,172	\$ -

Total interest paid during the year on long-term debt totaled \$161,214.

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

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 due in 2009; interest 3.50% to 4.13%	\$	550,000
Notes		
\$1,410,000 issued 1/10/01; \$175,000 due in 2009; interest 4.75% to 4.90%		175,000
\$2,875,000 issued 3/1/06; \$400,000 to \$450,000 due annually through 2013; interest 3.75% to 4.00%		2,125,000
		2,125,000
Total Outstanding General Obligation Debt	\$	2,850,000
		2,850,000

Annual principal and interest maturities of the outstanding general obligation debt of \$2,850,000 on December 31, 2008 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2009	\$ 1,125,000	\$ 107,763	\$ 1,232,763
2010	400,000	61,000	461,000
2011	425,000	44,500	469,500
2012	450,000	27,000	477,000
2013	450,000	9,000	459,000
	\$ 2,850,000	\$ 249,263	\$ 3,099,263

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, 2008 was \$182,062,202 as follows:

Equalized valuation of the County	\$3,697,931,500
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	184,896,575
Total outstanding general obligation debt applicable to debt limitation	\$ 2,850,000
Less: Amounts available for financing general obligation debt	
Debt service fund	15,627
Net outstanding general obligation debt applicable to debt limitation	2,834,373
Legal Margin for New Debt	\$ 182,062,202

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

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, 2008 follows:

	Landfill Closure Care	Landfill Postclosure Care
Total estimated costs	\$ 563,813	\$ 2,451,280
Percentage of liability incurred as of December 31, 2008	91.6877%	43.77%
Total estimated liability for costs as of December 31, 2008	516,947	1,072,926
Less closure costs paid	400,517	-
Liabilities as of December 31, 2008	<u>\$ 116,430</u>	<u>\$ 1,072,926</u>

The above total costs of \$116,430 and \$1,072,926 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 \$1,072,926 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, 2008 was \$674,840.

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, 2008, fund balance was reserved as follows:

General Fund	
Reserved for delinquent property taxes	\$ 1,992,514
Reserved for long-term advances	10,000
Reserved for inventories and prepaid items	3,333
	<u>\$ 2,005,847</u>
Special Revenue Fund	
Reserved for inventories and prepaid items	<u>\$ 38,740</u>
Debt Service Fund	
Reserved for retirement of long-term debt	<u>\$ 15,627</u>

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

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, 2008, fund balance was designated as follows:

General Fund	
Designated for working capital	\$ 3,764,460
Designated for subsequent year's expenditures	3,001,465
Designated for subsequent year's budget	917,105
	<u>\$ 7,683,030</u>
 Special Revenue Funds	
Designated for subsequent year's expenditures	\$ 2,495,611

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2008 was \$11,964,463; the employer's total payroll was \$12,394,644. The total required contribution for the year ended December 31, 2008 was \$1,314,313, which consisted of \$617,288, or 5.2% of covered payroll from the employer and \$697,025, or 5.8% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2008 was financed by the County. Total contributions for the years ending December 31, 2007 and 2006 were \$1,259,765 and \$1,190,443 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

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

OCONTO COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2008

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. Property Tax Levy Limit

Wisconsin Act 25, effective July 27, 2005, imposed a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period. Wisconsin State Budget bill SB40 continues the limit on the property tax levies through 2009. The budget bill limits the increase in the maximum allowable tax levy to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction or 3.86% in the 2008 budget and 2.0% in the 2009 budget. The actual limit for the County for the 2009 budget was 2.0%. The levy limit is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

4. 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, 2008

(With summarized financial information for December 31, 2007)

	Jail Assessment	Family Mediation	County Sales Tax	Tourism	State Grant Loan Fund	Tri-County Loan Fund
ASSETS						
Cash and investments	\$ 133,790	\$ 3,111	\$ 463,965	\$ 16,057	\$ 328,836	\$ 13,047
Receivables						
Taxes	-	17,102	-	131,759	-	-
Notes	-	-	-	-	21,114	56,115
TOTAL ASSETS	\$ 133,790	\$ 20,213	\$ 463,965	\$ 147,816	\$ 349,950	\$ 69,162
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 2,707	\$ -	\$ -	\$ 694	\$ -	\$ -
Accrued payroll liabilities	-	816	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenues	-	17,102	-	131,759	21,114	56,115
Total Liabilities	2,707	17,918	-	132,453	21,114	56,115
Fund Balances						
Reserved for						
Retirement of long-term debt	-	-	-	-	-	-
Unreserved						
Designated						
Special revenue funds	131,083	2,295	463,965	15,363	328,836	13,047
Total Fund Balances	131,083	2,295	463,965	15,363	328,836	13,047
TOTAL LIABILITIES AND FUND BALANCES	\$ 133,790	\$ 20,213	\$ 463,965	\$ 147,816	\$ 349,950	\$ 69,162

County Revolving Loan Fund	Section 125 & HRA Plans	Dog Licenses	Commission on Aging Transportation	2001 Note	Total Nonmajor Governmental Funds	
					2008	2007
\$ 209,989	\$ 397,415	\$ 20,586	\$ 857	\$ 15,627	\$ 1,603,280	\$ 1,515,938
-	-	-	-	-	148,861	143,085
356,759	-	-	-	-	433,988	500,794
<hr/>						
\$ 566,748	\$ 397,415	\$ 20,586	\$ 857	\$ 15,627	\$ 2,186,129	\$ 2,159,817
<hr/>						
\$ 142	\$ 372,419	\$ -	\$ -	\$ -	\$ 375,962	\$ 287,341
-	-	-	-	-	816	423
-	10,000	-	-	-	10,000	10,000
-	-	-	-	-	-	3,548
-	-	1,018	-	-	1,018	1,033
356,759	-	-	-	-	582,849	643,879
356,901	382,419	1,018	-	-	970,645	946,224
<hr/>						
-	-	-	-	15,627	15,627	47,821
209,847	14,996	19,568	857	-	1,199,857	1,165,772
209,847	14,996	19,568	857	15,627	1,215,484	1,213,593
<hr/>						
\$ 566,748	\$ 397,415	\$ 20,586	\$ 857	\$ 15,627	\$ 2,186,129	\$ 2,159,817
<hr/>						

OCONTO COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2008
(With summarized financial information for year ended December 31, 2007)

	Little River Watershed	Jail Assessment	Family Mediation	County Sales Tax	Tourism	State Grant Loan Fund
Revenues						
Taxes	\$ -	\$ -	\$ 16,325	\$ 1,487,667	\$ 126,760	\$ -
Intergovernmental	49,137	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Public charges for services	-	53,225	15,840	-	57,059	1,704
Intergovernmental charges for services	-	-	-	-	6,149	-
Miscellaneous	-	-	-	-	-	24,083
Total Revenues	49,137	53,225	32,165	1,487,667	189,968	25,787
Expenditures						
Current						
Public safety	-	32,620	-	-	-	-
Health and human services	-	-	31,208	-	-	-
Culture and recreation	-	-	-	-	171,958	-
Development	48,236	-	-	-	-	6,068
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	48,236	32,620	31,208	-	171,958	6,068
Excess of Revenues Over (Under) Expenditures	901	20,605	957	1,487,667	18,010	19,719
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,569,509)	-	-
Total Other Financing Sources (Uses)	-	-	-	(1,569,509)	-	-
Net Change in Fund Balances	901	20,605	957	(81,842)	18,010	19,719
Fund Balances (Deficit) - January 1	(901)	110,478	1,338	545,807	(2,647)	309,117
Fund Balances - December 31	\$ -	\$ 131,083	\$ 2,295	\$ 463,965	\$ 15,363	\$ 328,836

Tri-County Loan Fund	County Revolving Loan Fund	Section 125 & HRA Plans	Dog Licenses	Commission on Aging Transportation	2001 Note	2001 Bonds	2006 Notes	Total Nonmajor Governmental Funds	
								2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,630,752	\$ 1,634,715
-	-	-	-	-	191,426	-	-	240,563	225,559
-	-	-	18,286	-	-	-	-	18,286	18,563
-	(1,680)	-	-	-	-	-	-	126,148	99,489
-	-	-	-	-	-	-	-	6,149	3,183
6,193	61,135	1,196	-	483	-	-	-	93,090	127,438
6,193	59,455	1,196	18,286	483	191,426	-	-	2,114,988	2,108,947
-	-	-	17,444	-	-	-	-	50,064	90,723
-	-	-	-	3,000	-	-	-	34,208	28,609
-	-	-	-	-	-	-	-	171,958	174,274
3,368	6,066	-	-	-	-	-	-	63,738	99,325
-	-	-	-	-	205,000	700,000	375,000	1,280,000	1,240,000
-	-	-	-	-	18,620	51,563	91,031	161,214	210,816
3,368	6,066	-	17,444	3,000	223,620	751,563	466,031	1,761,182	1,843,747
2,825	53,389	1,196	842	(2,517)	(32,194)	(751,563)	(466,031)	353,806	265,200
-	-	-	-	-	-	751,563	466,031	1,217,594	1,378,382
-	-	-	-	-	-	-	-	(1,569,509)	(1,956,380)
-	-	-	-	-	-	751,563	466,031	(351,915)	(577,998)
2,825	53,389	1,196	842	(2,517)	(32,194)	-	-	1,891	(312,798)
10,222	156,458	13,800	18,726	3,374	47,821	-	-	1,213,593	1,526,391
\$ 13,047	\$ 209,847	\$ 14,996	\$ 19,568	\$ 857	\$ 15,627	\$ -	\$ -	\$ 1,215,484	\$ 1,213,593

**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 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, 2008, which collectively comprise Oconto County, Wisconsin's basic financial statements and have issued our report thereon dated June 25, 2009. 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 County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County'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 County'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 25, 2009.

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 25, 2009

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL AND STATE 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, 2008. 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 and 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, 2008.

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 a County'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 a County'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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-01 to be a significant deficiency.

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 County's internal control.

Our consideration of 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 County's internal control that might be significant deficiencies or material weaknesses as defined above. 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, management, the County Board, 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 25, 2009

OCONTO COUNTY, WISCONSIN
Schedule of Federal Awards
Year Ended December 31, 2008

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Special Supplement Food Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	WI Department of Children and Families	10.561
Total U.S. Department of Agriculture		
<u>U.S. DEPARTMENT OF COMMERCE</u>		
Economic Adjustment Assistance	WI Department of Commerce	11.307
<u>U.S. DEPARTMENT OF JUSTICE</u>		
Victim Witness Effort	WI Department of Justice	16.579
CEASE	WI Department of Justice	N/A
Total U.S. Department of Justice		
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
State and Community Highway Safety		20.600
Highway Safety Aid	WI Department of Transportation	
Child Passenger Safety Car Seat Grant	WI Department of Transportation	
Total U.S. Department of Transportation		
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Preventive Health (Title III-D)	Bay Area Agency on Aging, Inc.	93.043
Aging Cluster		
Grants for Supportive Services and Senior Centers (Title III-B)	Bay Area Agency on Aging, Inc.	93.044
Nutrition Services (Title III-C)		93.045
Congregate Meal Program (Title III-C-1)	Bay Area Agency on Aging, Inc.	
Home Delivered Meals (Title III-C-2)	Bay Area Agency on Aging, Inc.	
Subtotal - Nutrition Services (Title III-C)		
Nutrition Services Incentive Program (NSIP)		93.053
Congregate Meal Program (Title III-C-1)	Bay Area Agency on Aging, Inc.	
Home Delivered Meals (Title III-C-2)	Bay Area Agency on Aging, Inc.	
Subtotal - Nutrition Services Incentive Program (NSIP)		
Total Aging Cluster		
National Family Caregiver Support (Title III-E)	Bay Area Agency on Aging, Inc.	93.052
Medical Modernization Act (Part D)	Bay Area Agency on Aging, Inc.	93.786
Public Health Emergency Preparedness	WI Department of Health Services	93.069
Coordination and Development of Primary Care Offices	WI Department of Health Services	93.130
Immunization Grants	WI Department of Health Services	93.268
CDC Investigations and Technical Assistance	WI Department of Health Services	93.283
Family Preservation and Support Services	WI Department of Health Services	93.556

(Continued)

Revenues				Total Expenditures
(Accrued) Deferred Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	
\$ (12,934)	\$ 101,876	\$ 13,707	\$ 102,649	\$ 102,649
(27,678)	173,157	41,361	186,840	186,840
(40,612)	275,033	55,068	289,489	289,489
-	72,530	-	72,530	72,530
-	1,059	-	1,059	1,059
-	251	-	251	251
-	1,310	-	1,310	1,310
-	27,141	-	27,141	27,141
-	3,966	-	3,966	3,966
-	31,107	-	31,107	31,107
(1)	27,135	-	27,134	27,134
-	3,451	-	3,451	3,451
-	44,178	-	44,178	44,178
-	57,990	-	57,990	57,990
-	24,119	-	24,119	24,119
-	82,109	-	82,109	82,109
-	12,869	-	12,869	12,869
-	19,175	-	19,175	19,175
-	32,044	-	32,044	32,044
-	158,331	-	158,331	158,331
-	14,954	4,154	19,108	19,108
-	7,928	-	7,928	7,928
-	42,150	-	42,150	42,150
-	8,635	224	8,859	8,859
-	10,193	2	10,195	10,195
-	14,444	1,939	16,383	16,383
(6,531)	36,535	4,759	34,763	34,763

OCONTO COUNTY, WISCONSIN
Schedule of Federal Awards (Continued)
Year Ended December 31, 2008

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>		
Temporary Assistance for Needy Families (TANF)	WI Department of Health Services	93.558
Temporary Assistance for Needy Families (TANF)	WI Department of Children and Families	93.558
Total Temporary Assistance for Needy Families (TANF)		
AFDC Collections	WI Department of Children and Families	93.560
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
Low Income Home Energy Assistance	WI Department of Administration	93.568
Child Care Development Fund	WI Department of Children and Families	93.596
Chafee Education and Training Vouchers	WI Department of Health Services	93.599
Child Welfare Services	WI Department of Health Services	93.645
Child Welfare Services	WI Department of Corrections	93.645
Total Child Welfare Services		
Foster Care (Title IV-E)	WI Department of Health Services	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title IV-E)		
Social Services Block Grant	WI Department of Health Services	93.667
Youth Independent Living	WI Department of Health Services	93.674
State Children's Insurance Program	WI Department of Children and Families	93.767
Medical Assistance Program	WI Department of Health Services	93.778
Medical Assistance Program	WI Department of Children and Families	93.778
Total Medical Assistance Program		
Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	WI Department of Children and Families	93.779
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959
Preventive Health and Social Services Block Grant	WI Department of Health Services	93.991
Maternal and Child Health Services Block Grant	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Pre-Disaster Mitigation Planning Grant	WI Department of Military Affairs	97.017
Emergency Management Performance Grant	WI Department of Military Affairs	97.042
Homeland Security Grant Program	WI Department of Administration	97.067
Total U.S. Department of Homeland Security		
TOTAL EXPENDITURES OF FEDERAL AWARDS		

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

Revenues				Total Expenditures
(Accrued) Deferred Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	
-	93,357	-	93,357	93,357
(1,280)	23,122	5,605	27,447	27,447
(1,280)	116,479	5,605	120,804	120,804
(2)	2	-	-	-
(57,378)	355,432	29,596	327,650	327,650
(11,009)	79,875	9,531	78,397	78,397
-	51,917	-	51,917	51,917
(235)	1,555	1,348	2,668	2,668
-	23,985	-	23,985	23,985
-	6,152	-	6,152	6,152
-	30,137	-	30,137	30,137
-	122,811	9,646	132,457	132,457
-	6,152	-	6,152	6,152
-	128,963	9,646	138,609	138,609
-	184,009	-	184,009	184,009
(4,952)	19,600	1,312	15,960	15,960
(4,968)	31,260	7,149	33,441	33,441
(473,537)	4,618,179	580,835	4,725,477	4,725,477
(125)	125	-	-	-
(473,662)	4,618,304	580,835	4,725,477	4,725,477
-	-	41,053	41,053	41,053
-	11,761	1,592	13,353	13,353
-	48,966	-	48,966	48,966
-	6,641	-	6,641	6,641
-	15,269	2	15,271	15,271
(560,017)	5,996,791	698,747	6,135,521	6,135,521
(5,333)	34,078	-	28,745	28,745
-	37,711	-	37,711	37,711
-	2,930	6,365	9,295	9,295
(5,333)	74,719	6,365	75,751	75,751
<u>\$ (605,963)</u>	<u>\$ 6,478,625</u>	<u>\$ 760,180</u>	<u>\$ 6,632,842</u>	<u>\$ 6,632,842</u>

OCONTO COUNTY, WISCONSIN
Schedule of State Financial Assistance
Year Ended December 31, 2008

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u>		
Soil and Water Resource Management Program		
Basic Annual Staffing Grants	Direct Program	115.15
LWRM Plan Implementation	Direct Program	115.40
Wisconsin Clean Sweep	Direct Program	115.04
Total Department of Agriculture, Trade and Consumer Protection		
<u>DEPARTMENT OF COMMERCE</u>		
Private Sewage System Replacement and Rehabilitation Program	Direct Program	143.110
<u>DEPARTMENT OF NATURAL RESOURCES</u>		
Boating Enforcement Aids	Direct Program	370.55
All-Terrain Vehicle Enforcement Aids	Direct Program	370.551
Snowmobile Enforcement Aids	Direct Program	370.552
Wildlife Damage Abatement and Claims	Direct Program	370.553
Recreation Aids - Fish, Wildlife & Forestry	Direct Program	370.564
Recreational Aids - Snowmobile Trail and Area Aid		370.574 & 370.575
S - 3333	Direct Program	
S - 3462	Direct Program	
S - 3526	Direct Program	
S - 3549	Direct Program	
S - 3593	Direct Program	
All-Terrain Vehicle (ATV) Program		370.576 & 370.577
ATV 1444	Direct Program	
ATV 1603	Direct Program	
ATV 1610	Direct Program	
ATV 1654	Direct Program	
ATV 1707	Direct Program	
ATV 1719	Direct Program	
ATV 1720	Direct Program	
ATV 1784	Direct Program	
ATV 1820	Direct Program	
Non-Point Source Pollution	Direct Program	370.662
Acquisition of Development Rights Program	Direct Program	370.TA2
Total Department of Natural Resources		
<u>DEPARTMENT OF TRANSPORTATION</u>		
Elderly and Handicapped Transportation Aids	Direct Program	395.101
<u>DEPARTMENT OF CORRECTIONS</u>		
Community Intervention Program	Direct Program	410.302
Community Youth and Family Aids	Direct Program	410.313
Total Department of Corrections		
<u>DEPARTMENT OF HEALTH SERVICES</u>		
Wisconsin Medicaid Cost Reporting	Direct Program	N/A
Case Management Agency Providers (See Note E)	Direct Program	435.153

(Continued)

Revenues				Total Expenditures
(Accrued) Deferred Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	
\$ (28,078)	\$ 116,236	\$ 13,669	\$ 101,827	\$ 101,827
(16,232)	68,892	-	52,660	52,660
-	-	3,815	3,815	3,815
<u>(44,310)</u>	<u>185,128</u>	<u>17,484</u>	<u>158,302</u>	<u>158,302</u>
-	32,089	-	32,089	32,089
-	7,624	-	7,624	7,624
-	36,129	-	36,129	36,129
-	15,374	-	15,374	15,374
-	12,919	11,181	24,100	24,100
-	4,356	-	4,356	4,356
-	28,017	-	28,017	28,017
-	151,338	-	151,338	151,338
(7,500)	7,500	-	-	-
-	158,625	-	158,625	158,625
-	52,625	-	52,625	52,625
-	3,000	-	3,000	3,000
-	1,500	-	1,500	1,500
(1,700)	1,700	-	-	-
-	14,850	-	14,850	14,850
-	22,500	-	22,500	22,500
-	87,150	-	87,150	87,150
-	306,432	-	306,432	306,432
-	15,975	-	15,975	15,975
-	30,975	-	30,975	30,975
-	49,137	-	49,137	49,137
-	55,450	-	55,450	55,450
<u>(9,200)</u>	<u>1,063,176</u>	<u>11,181</u>	<u>1,065,157</u>	<u>1,065,157</u>
-	94,964	-	94,964	94,964
-	19,950	2,511	22,461	22,461
-	397,858	-	397,858	397,858
-	<u>417,808</u>	<u>2,511</u>	<u>420,319</u>	<u>420,319</u>

OCONTO COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
Year Ended December 31, 2008

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<u>DEPARTMENT OF HEALTH SERVICES (Continued)</u>		
AW DOJ Fingerprint Background	Direct Program	435.324
Children and Families Incentive	Direct Program	435.342
CQI Review Expenses	Direct Program	435.346
Community Options Program	Direct Program	435.367
State Funded-Kinship Care Base Benefit	Direct Program	435.377
State Funded-Kinship Care Assessments	Direct Program	435.380
Medical Assistance Program Benefits		
COP W Program	Direct Program	435.338
CIP II Program	Direct Program	435.348
CIP II Community Relocation	Direct Program	435.369
CIP II Diversions	Direct Program	435.375
Temporary Family Care COP W	Direct Program	435.392
ICFMR	Direct Program	435.407
FC Transition CIP 1B	Direct Program	435.410
CLTS	Direct Program	435.450
CLTS MH	Direct Program	435.451
CLTS DD	Direct Program	435.460
CLTS MH Other	Direct Program	435.461
CLTS PD Other	Direct Program	435.462
CIP II MFP	Direct Program	435.478
Brain Injury Waiver Program	Direct Program	435.506
CIP 1B Program	Direct Program	435.564
CIP 1A Program	Direct Program	435.580
Grants for Infants and Toddlers with Disabilities	Direct Program	435.550
State Funded-Basic County Allocation	Direct Program	435.561
Family Support Program	Direct Program	435.577
WISACWIS Financial Interface	Direct Program	435.607
State Funded-State/County Match	Direct Program	435.681
WIC Farmers' Market Nutrition Program	Direct Program	435.154720
WWWP - GPR	Direct Program	435.157000
Lead Poisoning	Direct Program	435.157720
TPCP-WI WINS Enforcement	Direct Program	435.158116
TPCP-WI Wins Initiative	Direct Program	435.158117
TPCP-Community Interventions-LHD	Direct Program	435.158125
TPCP-WI Wins	Direct Program	435.158127
TPCP-Youth Consortium	Direct Program	435.158129
Maternal & Child Health Svc. Block Grant	Direct Program	435.159320
Elderly Benefit Specialist Program	Bay Area Agency on Aging, Inc.	435.560320
State Senior Community Services	Bay Area Agency on Aging, Inc.	435.560330
Home Delivered Meals (Title III-C-1)	Bay Area Agency on Aging, Inc.	435.560350
Home Delivered Meals (Title III-C-2)	Bay Area Agency on Aging, Inc.	435.560360
Alzheimers'	Bay Area Agency on Aging, Inc.	435.560381
Elder Abuse	Bay Area Agency on Aging, Inc.	435.560490
Total Department of Health Services		

(Continued)

Revenues				Total Expenditures
(Accrued) Deferred Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	
-	125	250	375	375
(6,127)	105,974	2,591	102,438	102,438
-	-	6,869	6,869	6,869
(10,721)	385,153	1,780	376,212	376,212
(7,872)	90,797	8,622	91,547	91,547
(5,047)	6,829	2,780	4,562	4,562
(4,764)	109,924	73,495	178,655	178,655
(30,000)	107,539	81,953	159,492	159,492
(14,244)	98,144	(8,077)	75,823	75,823
1,839	8,762	5,804	16,405	16,405
166	(166)	-	-	-
-	9,398	28,711	38,109	38,109
-	184	11,551	11,735	11,735
(18,107)	168,189	(19,075)	131,007	131,007
999	3,489	(3,421)	1,067	1,067
-	13,793	(12,520)	1,273	1,273
-	7,035	4,040	11,075	11,075
-	9,523	12,842	22,365	22,365
-	-	10,463	10,463	10,463
-	108,649	15,426	124,075	124,075
(1,998)	159,344	-	157,346	157,346
-	271,473	-	271,473	271,473
-	31,007	-	31,007	31,007
-	819,921	-	819,921	819,921
(4,767)	38,456	8,037	41,726	41,726
-	9,078	17,943	27,021	27,021
-	139,018	-	139,018	278,036
(1,061)	1,061	1,061	1,061	1,061
-	17,893	-	17,893	17,893
-	3,671	-	3,671	3,671
-	711	1	712	712
-	3,000	-	3,000	3,000
-	2,739	2,739	5,478	5,478
-	8,900	-	8,900	8,900
-	9,999	1	10,000	10,000
-	1,031	-	1,031	1,031
(2,354)	28,215	2,354	28,215	28,215
(675)	8,089	675	8,089	8,089
-	55,007	-	55,007	55,007
-	3,474	-	3,474	3,474
(2,243)	14,041	1,279	13,077	13,077
(272)	18,253	1,810	19,791	19,791
(107,248)	2,877,722	259,984	3,030,458	3,169,476

OCONTO COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
Year Ended December 31, 2008

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>		
Fraud	Direct Program	435.95
Funeral/Cemetery W-2 and Non W-2	Direct Program	435.105
Medicaid Transportation	Direct Program	435.131
Medicaid Transportation Administration	Direct Program	435.132
Child Support Regular Expense	Direct Program	437.202
IM Available Allocation-State	Direct Program	435.283
IM Available Allocation-Federal	Direct Program	435.284
Wisconsin Works (W-2) Agencies	Direct Program	445.315
Child Support Activities	Direct Program	445.334
AFDC Collections	Direct Program	445.338
Food Stamp Program	Direct Program	445.367
W-2 Emergency Assistance	Direct Program	445.375
Program Integrity	Direct Program	435.750
Total Department of Children and Families		
<u>DEPARTMENT OF JUSTICE</u>		
County Law Enforcement Services	Direct Program	455.226
Reimbursement for Victim and Witness Services	Direct Program	455.532
Total Department of Justice		
<u>DEPARTMENT OF MILITARY AFFAIRS</u>		
Emergency Planning Grant Program FFY08	Direct Program	465.337
Emergency Government Disaster Assistance	Direct Program	465.365
Total Department of Military Affairs		
<u>DEPARTMENT OF ADMINISTRATION</u>		
Land - Comprehensive Planning Grant	Direct Program	505.110
Land Information Grants 2008	Direct Program	505.118
Public Benefits 2007-08	Direct Program	505.371
2008-09	Direct Program	
Total Department of Administration		
<u>WISCONSIN PUBLIC SERVICE COMMISSION</u>		
Wireless E911 Grant	Direct Program	N/A
TOTAL STATE PROGRAMS		

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

Revenues				Total Expenditures
(Accrued) Deferred Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	
-	6,207	960	7,167	7,167
(2,907)	23,457	12,530	33,080	33,080
(4,098)	28,972	1,336	26,210	26,210
(1,016)	2,379	704	2,067	2,067
-	36,300	-	36,300	36,300
(19)	148,728	410	149,119	149,119
(623)	5,172	1,237	5,786	5,786
(1,005)	22,622	5,605	27,222	27,222
12	(86)	(10)	(84)	(84)
(2)	2	-	-	-
(4,418)	55,578	15,492	66,652	66,652
(275)	500	-	225	225
136	461	1,192	1,789	1,789
<u>(14,215)</u>	<u>330,292</u>	<u>39,456</u>	<u>355,533</u>	<u>355,533</u>
-	37,032	-	37,032	37,032
-	29,693	-	29,693	29,693
-	<u>66,725</u>	-	<u>66,725</u>	<u>66,725</u>
-	5,260	5,260	10,520	10,520
-	53,832	-	53,832	53,832
-	<u>59,092</u>	<u>5,260</u>	<u>64,352</u>	<u>64,352</u>
-	44,565	-	44,565	44,565
-	300	-	300	300
(1,005)	16,419	-	15,414	15,414
-	2,497	1,402	3,899	3,899
<u>(1,005)</u>	<u>63,781</u>	<u>1,402</u>	<u>64,178</u>	<u>64,178</u>
<u>(28,416)</u>	<u>201,803</u>	<u>-</u>	<u>173,387</u>	<u>173,387</u>
<u>\$ (204,394)</u>	<u>\$ 5,392,580</u>	<u>\$ 337,278</u>	<u>\$ 5,525,464</u>	<u>\$ 5,664,482</u>

OCONTO COUNTY, WISCONSIN
Notes to the Schedule of Federal Awards and the Schedule of State Financial Assistance
December 31, 2008

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 2008 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 Services

OCONTO COUNTY, WISCONSIN
Notes to the Schedule of Federal Awards and the Schedule of State Financial Assistance
December 31, 2008

NOTE D - DEPARTMENT OF COMMERCE

The County reports the Tri-County 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, 2008	\$	56,115
Cash balance at December 31, 2008		13,047
Administrative expenditures for year ended December 31, 2008		<u>3,368</u>
Federal Awards Expenditures	<u>\$</u>	<u><u>72,530</u></u>

NOTE E - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedule of Federal Awards and Schedule of State Financial Assistance does not include recorded revenues of \$106,374 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 2008 received by various County Departments:

Human Services	\$	62,681
Community Programs		7,781
Clinical		25,576
Public Health		<u>10,336</u>
Total	<u>\$</u>	<u><u>106,374</u></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 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 Services (DHS), the Wisconsin Department of Children and Families (DCF) and the Wisconsin 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 DHS, DCF and DWD programs agree with the expenditures reported on the May 28, 2009 CARS for the Human Services Department and the December 2008 CORE for Child Support and W2 programs.

OCONTO COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

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? No

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)? Yes

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? Yes

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
93.558	Block Grants for Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance Program

State ID Number	Name of State Program
370.574 & 370.575	Recreational Aids – Snowmobile Trail and Area Aid
370.576 & 370.577	All-Terrain Vehicle (ATV) Program
435.342	Children and Families Incentive
435.367	Community Options Program
	<i>Medical Assistance Programs</i>
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Community Relocation
435.375	CIP II Diversions
435.450	CLTS
435.451	CLTS MH
435.460	CLTS DD
435.461	CLTS MH Other
435.462	CLTS PD Other
435.478	CIP II MFP
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
435.153	Case Management Agency Providers
435.681	State Funded-State/County Match
445.315	Wisconsin Works (W-2) Agencies
445.347	Child Day Care Program

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, 2008

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, 2008.

Section III - Federal Award Findings and Questioned Costs

Finding No.	Internal Control Deficiency
-------------	-----------------------------

2008-01 Financial Reporting for Federal and State Financial Assistance

Condition: OMB Circular A-133 and the *State Single Audit Guidelines* requires the County to prepare appropriate financial statements, including the schedules of expenditures of federal awards and state financial assistance. While the current staff of the County maintains financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and prepare the single audit report for the County.

Criteria: Having staff with expertise in federal and state financial reporting prepare the County's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the County's single audit report, including the additional training time, outweigh the derived benefits.

Recommendation: We recommend County personnel continue reviewing the County's single audit report prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the County is necessary to ensure all federal and state financial assistance programs are properly reported in the County's single audit report.

OCONTO COUNTY, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2008

Prior Year Audit Findings

The findings noted in the 2007 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2007-01 outweigh the benefits to be received. Management reviews the financial report and the single audit report prepared by Schenck.

Corrective Action Plan

2008-01 Financial Reporting for Federal and State Financial Assistance

The County will continue to review the entire annual financial report for accuracy prior to issuance.

STATE FINANCIAL REPORT FORM



INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM

To the County Board
Oconto County, Wisconsin

State of Wisconsin - Department of Revenue
Division of State and Local Finance
Bureau of Local Financial Assistance
2135 Rimrock Road #6-97
P.O. Box 8971
Madison, Wisconsin 53708-8933

In connection with our audit of the basic financial statements of Oconto County for the year ended December 31, 2008, we have also examined the 2008 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2008 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2008 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 2008 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 25, 2009

OCONTO COUNTY, WISCONSIN
 Schedule of Revisions to 2008 State Financial Report Form
 Submitted to Wisconsin Department of Revenue

Seq./Acct. Number	Per State Financial Report	Increase (Decrease)	Per Audit
Governmental Funds:			
113-48110	\$ 724,344	\$ (4,212)	\$ 720,132
Total Revenues	<u>\$ 724,344</u>	<u>\$ (4,212)</u>	<u>\$ 720,132</u>
Net Governmental Fund Change			
Per Filed Report		\$ (4,212)	
137-60000		<u>221,308</u>	
Per Audit Report - Page 15			<u>\$ 217,096</u>
Proprietary Funds:			
Expenditures			
209-53635	\$ 791,745	\$ (139,082)	\$ 593,479
210-53311	2,803,310	14,702	2,737,104
Total Expenditures	<u>\$ 3,595,055</u>	<u>\$ (124,380)</u>	<u>\$ 3,330,583</u>
Net Proprietary Fund Change			
Per Filed Report		\$ 124,380	
225-6200		<u>184,030</u>	
Per Audit Report - Page 21			<u>\$ 308,410</u>

MANAGEMENT LETTER
OCONTO COUNTY, WISCONSIN
DECEMBER 31, 2008

OCONTO COUNTY, WISCONSIN
December 31, 2008

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To the County Finance Committee
Oconto County, Wisconsin

We have completed our audit of the basic financial statements of Oconto County, Wisconsin for the year ended December 31, 2008. The County's basic financial statements, including our report thereon dated June 25, 2009, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards, OMB Circular A-133 and the State Single Audit Guidelines

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, noncompliance with the provisions of laws, regulations, contracts and grants or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133 and the State Single Audit Guidelines, we examined, on a test basis, evidence about the County's compliance 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 applicable to each of its major federal and state programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the County as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) 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 on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 a combination of control deficiencies, that adversely affects the County'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 a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the following deficiency to be a significant deficiency in internal control:

Finding 2008-1 Financial Reporting for Federal and State Financial Assistance

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not materially changed during 2008. We noted no significant transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. We are not aware of any particularly sensitive accounting estimates used by management in the preparation of the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The financial statements reflect all accounting adjustments proposed during our audit. The adjustments included various end-of-year reclassification entries. These entries are considered routine in nature and normally do not vary significantly from year to year. Copies of the audit adjustments are available from management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to completing the services as your auditor.

In addition, during our audit, we noted certain other matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these matters in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized in the memorandum attached to this letter.

This communication, which does not affect our report dated June 25, 2009 on the financial statements of the County, is intended solely for the information and use of the County Board, management, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Certified Public Accountants
Green Bay, Wisconsin
June 25, 2009

GENERAL

Governmental Fund Balances

Presented below is a summary of the various County governmental fund balances on December 31, 2008 including a comparison to the prior year. This information is provided for assisting management in assessing financial results for 2008 and for indicating financial resources available at the start of the 2009 budget year.

	12/31/08	12/31/07
Governmental Funds		
General Fund		
Reserved for delinquent property taxes	\$ 1,992,514	\$ 1,592,239
Reserved for long-term advance	10,000	21,222
Reserved for inventories and prepaid items	3,333	1,080
Unreserved		
Designated for working capital	3,764,460	3,874,539
Designated for subsequent year's expenditures	3,001,465	3,121,880
Designated for subsequent year's budget	917,105	463,999
Undesignated	3,799,309	4,427,360
Total General Fund	13,488,186	13,502,319
Special Revenue Funds		
Unreserved - Designated for subsequent year's expenditures		
Human services	814,162	348,281
County roads and bridges	520,332	756,875
Little River watershed	-	(901)
Jail assessment	131,083	110,478
Family mediation	2,295	1,338
County sales tax	463,965	545,807
Tourism	15,363	(2,647)
State grant loan fund	328,836	309,117
Tri-County loan fund	13,047	10,222
County revolving loan fund	209,847	156,458
Section 125 plan	14,996	13,800
Dog licenses	19,568	18,726
Commission on aging transportation	857	3,374
Total Special Revenue Funds	2,534,351	2,270,928
Debt Service Fund		
Reserved for debt service		
2001 note	15,627	47,821
Total Governmental Fund Balances	\$ 16,038,164	\$ 15,821,068

At December 31, 2008, the County continued to follow adopted Ordinance #1029, which provides for minimum fund balance levels to be maintained as follows:

A. Designated for working capital - 8.3% * \$45,354,938	<u>\$3,764,460</u>
B. Undesignated (contingency) - 5.0% * \$45,354,938	<u>\$2,267,747</u>

The above general fund balances are in compliance with the ordinance. The actual calculations use a percentage of annual expenditures (prior year audited), omitting certain special revenue funds. In addition, proprietary expenses do not use depreciation in the calculation. Given the current budgetary issues facing Wisconsin governmental units, we believe this action ensures that Oconto County will maintain its' excellent financial position.

Governmental Fund Balances (Continued)

General Fund

Designated for Working Capital

Designated for Subsequent Year's Expenditures

As shown in the previous comment, the County has segregated portions of its general fund on December 31, 2008 into separate designated accounts for future financing purposes. The individual accounts comprising the designated amounts on December 31, 2008 are detailed below and compared to the prior year:

	<u>12/31/08</u>	<u>12/31/07</u>
Designated for Working Capital	<u>\$ 3,764,460</u>	<u>\$ 3,874,539</u>
Designated for Subsequent Years' Budget	<u>\$ 917,105</u>	<u>\$ 463,999</u>
Designated for Subsequent Years' Expenditures		
Land conservation	\$ 14,843	\$ 13,919
Forestry/parks	533,053	293,906
Environmental impact fee	-	188,299
Land records	99,483	188,772
Zoning	(52,093)	(36,830)
WI coastal management	7,700	22,038
Extension	25,941	42,105
Law enforcement	21,279	15,753
Property maintenance	-	25,500
Safety/risk management	27,271	7,867
Information services	19,118	35,500
Land information	51,314	-
Multi-hazard mitigation plan	(14,191)	(9,009)
Contingency	2,267,747	2,334,060
Total	<u>\$ 3,001,465</u>	<u>\$ 3,121,880</u>

The above bracketed amounts represent a deficit balance in the general fund account at year-end and generally results from over-estimating the projected account balance at December 31. The foregoing accounts regularly receive reimbursement in the year following the expenditure of funds.

Governmental Fund Balances (Continued)

Summary of Governmental Fund Operating Results

- A. The total general fund balance decreased (\$14,133) in calendar 2008. The change in amount was not significant. However, the budgeted change as shown on page 17 of the basic financial statements anticipated a significant reduction in fund balance. A positive variance generally occurs when appropriations are not expended as originally anticipated.
- B. The designation for working capital plus undesignated accounts equal \$7,563,769. This remains an excellent working capital position, and was explained on page four of this management letter.
- C. The county sales tax fund generated \$1,487,667 in revenues during calendar 2008 which was a slight decrease from the preceding year. This fund is used primarily for debt service requirements of the County which are detailed below:

Annual principal and interest maturities of the outstanding general obligation debt of \$2,850,000 on December 31, 2008 are as follows:

Due	Governmental Activities		
	Principal	Interest	Total
2009	\$ 1,125,000	\$ 107,763	\$ 1,232,763
2010	400,000	61,000	461,000
2011	425,000	44,500	469,500
2012	450,000	27,000	477,000
2013	450,000	9,000	459,000
	<u>\$ 2,850,000</u>	<u>\$ 249,263</u>	<u>\$ 3,099,263</u>

Since available sales tax collections have exceeded the debt service requirements, the County has used portions of the revenues and fund balance to accomplish capital projects that otherwise may have required borrowing. We support this pay-as-you go approach to capital needs.

The above debt requirements include the general obligation note issued which retired the unfunded pension liability. The County also charges local departments their proportionate share to pay this debt issue.

COUNTY DEPARTMENTS

HIGHWAY DEPARTMENT

Enterprise Fund

The County utilizes enterprise fund accounting to record all costs of the highway department for the maintenance and construction of state, county, and local highways and roads and costs for any other services provided by the highway department. Financing for the aforementioned costs are intended to be recovered as charges for services from the state, county, and local units of government or from others for whom services were rendered. Normally, general property taxes are not levied to finance enterprise fund operations. But if charges for services are not sufficient for financing operating costs, the following accounting procedures are used for recording general property tax levies deemed appropriate for enterprise fund accounting:

General property taxes levied to finance current operating expenses and capital acquisitions are recorded as nonoperating income in the enterprise fund income account.

A comparison of the highway department's enterprise fund income account for 2008 and 2007 follows:

	2008	2007
Operating Revenues		
Charges for services	\$ 10,344,844	\$ 8,628,175
Operating Expenses		
Operation and maintenance	9,072,489	7,738,040
Depreciation and amortization	789,584	820,628
Total Operating Expenses	9,862,073	8,558,668
Operating Income	482,771	69,507
Nonoperating Revenues (Expenses)		
County road and bridge subsidy	-	-
Change in Net Assets	482,771	69,507
Net Assets - January 1	9,895,054	9,825,547
Net Assets - December 31	\$ 10,377,825	\$ 9,895,054

The enterprise fund cash balance was \$1,917,523 at December 31, 2008. This cash balance has increased \$749,839 from the prior year. During calendar 2008, this fund was able to acquire approximately \$670,000 in capital asset additions.

HIGHWAY DEPARTMENT (Continued)

Enterprise Fund (Continued)

The above analysis shows the total operating results for both calendar years. We further analyzed the above results by type of funding. The following analysis indicates the source of the operating income shown above.

	2008	2007
Administration		
Records and Report Charges:		
Local	\$ 142,462	\$ 112,945
State	81,545	86,869
Other Charges:		
County	100,264	122,774
State	199,403	164,015
	<u>523,674</u>	<u>486,603</u>
Expenses		
Highway administration	333,785	330,133
Alcohol and drug testing	1,755	2,069
Radios	10,090	6,157
General public liability	26,453	19,210
Patrol supervision	160,977	133,669
Safety and other	30,973	22,231
	<u>564,033</u>	<u>513,469</u>
NET ADMINISTRATION	(40,359)	(26,866)
Other Operating Revenues (Expenses)		
Profit from machinery cost pool	484,620	144,293
Profit from bituminous and quarry cost pools	58,456	(58,697)
Change in liability for compensated absences	(14,703)	(5,264)
Insurance recovery and other	(5,243)	16,041
	<u>482,771</u>	<u>69,507</u>
OPERATING INCOME	\$ 482,771	\$ 69,507

HIGHWAY DEPARTMENT (Continued)

Special Revenue Fund

The County utilizes special revenue fund accounting to record all costs of the highway department related to county roads and bridges. Financing for the aforementioned costs are intended to be recovered from the property tax levy, state and federal aids. A statement of the highway department's special revenue fund for 2008 and 2007 follows:

	2008	2007
Revenues		
Taxes	\$ 2,983,118	\$ 2,983,118
State and federal aids	1,755,235	1,385,787
	4,738,353	4,368,905
Expenditures		
County roads and bridges	4,974,896	4,085,302
	(236,543)	283,603
Excess of Revenues Over (Under) Expenditures		
	756,875	473,272
Fund Balance - January 1		
	520,332	756,875
Fund Balance - December 31	\$ 520,332	\$ 756,875

HUMAN SERVICES DEPARTMENT

Comparative Analysis of Human Services Department Special Revenue Fund for the Years Ended December 31, 2008 and 2007

	2008	2007
Revenues		
County tax levy	\$ 4,956,165	\$ 4,786,892
State aids	9,554,045	9,316,131
Client collections and other	2,330,405	2,366,586
Total Revenues	<u>16,840,615</u>	<u>16,469,609</u>
Expenditures	(16,374,734)	(16,238,103)
Transfers in	-	195,416
Excess of Revenues Over (Under) Expenditures	465,881	426,922
Fund Balance (Deficit) - January 1	348,281	(78,641)
Fund Balance - December 31	<u>\$ 814,162</u>	<u>\$ 348,281</u>

The December 31, 2008 fund balance includes the following activities within the fund which have been allowed to carryover:

New View Industries	\$ 95,743
New Beginnings Store	38,388
Designated for subsequent year budget	<u>100,521</u>
	<u>\$ 234,652</u>

Therefore, no transfer from Human Services to the General Fund is necessary in 2008 for amounts applicable to the preceding year.

COMMENTS AND OBSERVATIONS

Evaluating Organizations for Inclusion in the County's Financial Statements

The Government Accounting Standards Board (GASB) has issued GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The statement provides criteria to determine whether certain organizations, based on the nature and significance of their relationship with the primary government, should be reported as component units of the government.

The statement requires a legally separate, tax-exempt organization to be reported as a component unit of the government if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Organizations that meet the above criteria would be reported in a separate column in the primary government's financial statement.

The provisions of this statement are effective for the County's financial statements.

We recommend that the County review its relationship with various organizations to determine if they meet the above criteria. We are available to assist you.