BARRON COUNTY, WISCONSIN

EXECUTIVE AUDIT SUMMARY (EAS)

DECEMBER 31, 2007

BARRON COUNTY, WISCONSIN
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DECEMBER 31, 2007

Audit Report Summary

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the County's financial records for the year ended December 31, 2007. The following is a summary of reports we have issued:

Audit Opinion
The financial statements are fairly stated. We issued what is known as an "unqualified" audit opinion.

Internal Controls
Our report on internal control included material weaknesses for oversight of the financial reporting and material audit adjustments as well as significant deficiencies for lack of segregation of duties at the departmental level and oversight in grant reporting.

APPENDIX A

FORMAL REQUIRED COMMUNICATIONS

Board of Supervisors
Barron County
Barron, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barron County, Wisconsin (the County) for the year ended December 31, 2007, and have issued our report thereon dated July 18, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated June 9, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the County. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

2. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Other Information in Documents Containing Audited Financial Statements

Our audit opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a client prepared document, such as an annual report, should be done only with our prior approval and review of the document. Our responsibility for other information in documents containing the entity's financial statements and report does not extend beyond the financial information identified in the report. We do not have an obligation to perform any procedures to corroborate other information contained in such documents.

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Board of Supervisors
Barron County

Planned Scope and Timing of the Audit

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

Significant Audit Findings

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 Barron County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. During 2007 the County transferred their Community Development Block Grant economic development loans totaling $459,380 to the Regional Business Fund that is being administered by the West Central Wisconsin Regional Planning Commission. This transfer was shown as an expense in the government wide financial statements.

We noted no 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. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the useful lives of capital assets is based on authoritative guidance and past experience.
>
> Estimated current portion of compensated absences payable – Management's estimate of the amount of the year-end compensated absences payable balance to be taken by employees within one year of December 31, 2007 is based on historical trends and anticipated leave time activity.

We evaluated the key factors and assumptions used to develop the above estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Board of Supervisors
Barron County

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 following material misstatements detected as a result of audit procedures were corrected by management: advance from the general fund to the highway fund, deferred revenues, waste to energy depreciation, and lighting project receivable. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

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 auditors' 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 July 18, 2008.

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 auditors' 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 retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the County Board and management of the Barron County and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP

LarsonAllen LLP

Eau Claire, Wisconsin
July 18, 2008

APPENDIX B

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*

Board of Supervisors
Barron County
Barron, Wisconsin

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Barron County, Wisconsin as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 18, 2008. 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 the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We identified the following deficiencies in internal control that we consider to be significant deficiencies.

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Internal Control Over Financial Reporting (Continued)

Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)

Condition: The County does not have an internal control policy in place over annual financial reporting under GAAP, therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

Criteria: The County must be able to prevent or detect a material misstatement in the annual financial statements, including footnote disclosures.

Context: The County has informed us that they do not have an internal control policy in place over the annual financial reporting and that they currently rely upon the audit firm to prepare the annual financial statements and related footnote disclosures.

Effect: No effect on the financial statements.

Cause: The County relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Recommendation: The County should continue to evaluate their internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.

Auditee Response: The County agrees with the finding. The County will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements.

Material Audit Adjustments

Condition: The audit firm proposed and the County posted to its general ledger accounts adjusting journal entries for correcting certain misstatements. These adjustments were considered to be material for the fair presentation of the financial statements.

Criteria: The County should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.

Context: The County has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with GAAP. Management will review and approve those entries prior to recording them.

Effect: The County's financial records were materially adjusted during the audit to produce financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Cause: See Context above.

Recommendation: The County should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

Internal Control Over Financial Reporting (Continued)

Material Audit Adjustments (Continued)

Auditee Response: The County agrees with the finding. The County will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP and will review and approve these entries prior to recording them. Management will also strive to minimize the number and amount of adjustments necessary to adjust accounts.

Limited Segregation of Duties

Condition: In some of the smaller County offices (i.e., register of probate, zoning and aging) the available staff precludes a proper separation of duties to assure adequate internal control.

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Context: The limited size of the County's limited staff in some departments responsible for accounting and financial duties precludes a complete segregation of incompatible duties. The County has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.

Effect: The impact on the financial statements has not been determined.

Cause: See Condition above.

Recommendation: The County should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

Auditee Response: The County agrees with the finding. The County will continue to work to achieve segregation of duties whenever cost effective.

Grants Oversight

Condition: During review of the County's grants for the federal and state single audit we noticed that all of the County's departments apply for, receive, and oversee their own federal and state grants with little interaction with the Finance Department.

Criteria: The County should have controls in place to prevent and detect a material misstatement in the recording and reporting on federal and state grants. Management is responsible for the accuracy and completeness of all financial records and related information. It's difficult for management to ensure the completeness of its grant reporting if it doesn't have a complete listing of all grants that the County has received.

Context: The Finance Department believes that the County should develop a centralized process for tracking their grants.

Effect: The County may be unable to identify all grant expenditures and revenues for the financial and single audit reporting requirements.

Board of Supervisors
Barron County

Internal Control Over Financial Reporting (Continued)

Grants Oversight (Continued)

Cause: No central processing of the grants received and no requirements to notify the Finance Department when grants have been received.

Recommendation: Someone in the Finance Department should be designated as the employee responsible for ensuring that all grants that the County has received have been properly recorded and reported. All departments should forward copies of their grant documentation within a timely manner to this designated Finance Department employee to ensure that the County's records are complete for grant reporting.

Auditee Response: The County agrees with the finding. The County will work to develop a system for tracking the County's grants.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies identified as *Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)* and *Material Audit Adjustments* to be material weaknesses.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's written responses to the findings identified in our audit are presented above. We did not the audit the County's responses and, accordingly, we express no opinion on them.

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

LarsonAllen LLP

LarsonAllen LLP

Eau Claire, Wisconsin
July 18, 2008

APPENDIX C

NEW ACCOUNTING AND REPORTING STANDARDS

Other Post-Employment Benefits (GASB Statements No. 45)
In the past, most governmental employers offering post employment benefits accounted for them on a pay-as-you-go basis. However, the Governmental Accounting Standards Board (GASB), in July 2004, issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*, which will make the pay-as-you-go accounting for these benefits a "thing of the past".

Why the change in position by the GASB, you ask? The answer is less than nebulous—frequency of occurrence, significance, and disparity. Post employment benefits have become more prevalent in the governmental arena as a means of attracting and retaining talented employees, as a result of legislation, or a combination of the two. Post employment benefits may also comprise a significant cost to the employer, especially if the benefits involve providing healthcare coverage after separation from active employment. Further, these benefits represent a form of compensation, the cost of which should be recognized over the period of time that an employee earns the benefit. Disparity in practice developed as some governmental employers simply followed the pay-as-you-go accounting whereas others opted to report an accrual-basis liability on their financial statements by following the provision of Financial Accounting Standards Board Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, which applies to the private sector.

Several bridges must be crossed on the path to adopting GASB Statement No. 45. First, the other post employment benefits or "OPEB" benefits must be identified. Simply speaking, OPEB benefits under the context of the new GASB standard are in essence any type of benefit provided to an employee over a period of time after their separation from service, not necessarily retirement, and obviously not limited to healthcare benefits.

Another important aspect is determining the "substantive plan". The substantive plan is the employers' and the employees' mutual understanding of the OPEB benefit, not necessarily what is written down. In fact, the OPEB plan may not have been previously written down at all! Then one must determine whether the substantive plan is a defined contribution plan or a defined benefit plan:

- a defined contribution OPEB plan, under GASB Statement No. 45, is "....plan having terms that (a) provide an individual account for each plan member and (b) specify how contributions to an active plan member's account are to be determined, rather than the income or other benefits the member or his or her beneficiaries are to receive at or after separation from employment." This is similar to a 401(k) plan or a 403(b) plan.
- conversely, a defined benefit OPEB plan is one "...having terms that specify the benefits to be provided at or after separation from employment. These benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums)."

Other Post-Employment Benefits (GASB Statements No. 45) (Continued)
The third step is determining the OPEB liability. The OPEB liability for a defined contribution is simply the unpaid contractually required payment, similar to an unpaid invoice. On the other hand, the OPEB liability for a defined benefit pension plan is the cumulative unpaid or unfunded annual required contribution or "ARC", which will require an actuarial analysis.

For a defined benefit OPEB plan, the manner of funding the OPEB liability is an important consideration. Under the new GASB standard, an OPEB liability will only be considered as funded to the extent that assets are transferred to an irrevocable trust for the specific benefit of plan members (i.e. covered employees) and their beneficiaries. Assets held in an irrevocable trust can be reported in fiduciary financial statements and thus excluded from the employers' government-wide financial statements. Employer assets that are simply "earmarked" to provide for OPEB benefits but that could otherwise be re-directed to other uses are not considered by the GASB as funding of the OPEB liability. Therefore, these earmarked assets continue to be reported in the government-wide financial statements. Said another way, if the intended assets are not held in an irrevocable trust, the OPEB plan is considered unfunded.

Recognizing the complexity of the new requirement, the GASB allowed for a phased-in implementation depending on the employers' size. For instance, the effective date for implementing the OPEB standard is for the first fiscal year beginning after December 15, 2006, 2007 or 2008 depending on whether an employer was a phase 1, 2, or 3 implementer of GASB Statement No. 34, respectively. Based on this schedule, implementation for the County would be required for the year ended December 31, 2008.

Given the time allowed before the required implementation dates, there are some important actions and considerations that employers should initiate. First, the employer will need to understand the substantive plan, and would be far the wiser to get it in writing as a formal plan agreement. Qualified and reputable attorneys may need to be engaged for this task. Second, if the OPEB benefit is structured as a defined benefit plan, as opposed to a defined contribution plan, the employer in all likelihood will need to engage an independent actuary to measure the liability. Once the attorneys and the actuaries are engaged, the employer would be wise to study several ad-hoc scenarios—for example, changing assumptions for contribution rates, discount rates, demographics of the covered employee group, duration of coverage, prospective vs. retroactive implementation, etc.—and evaluate the effects on their financial statements.

Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues (GASB Statements No. 48)
This statement is effective for periods beginning after December 15, 2006 and, therefore, is applicable to the County for the year ended December 31, 2007. This statement clarifies accounting treatment for transactions involving the exchange of an interest in expected receivable or future revenue collections for immediate cash payments.

Accounting and Financial Reporting for Pollution Remediation Obligations (GASB Statements No. 49)

This statement is effective for periods beginning after December 15, 2007 and, therefore, is applicable to the County for the year ended December 31, 2008. GASB Statement No. 49 requires governments to measure and report liabilities and expenditures resulting from pollution remediation obligations. The new standard is applicable to all pollution remediation except as associated with the following:

- Environmental obligations associated with landfills which are already covered under GASB Statement No. 18: Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs.
- Future pollution remediation activities that are required when an asset is retired except for newly retired assets where no liability has previously been recognized.
- Asset impairments which are already covered under GASB Statement No. 42: Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.
- Any pollution prevention costs, fines, penalties, or any other non-remediation expenditures.
- Accounting for any environmental non-exchange transactions.

Expenditure recognition or asset capitalization occurs when one of the following five obligating events takes place:

- The government is compelled to take pollution remediation action because of an imminent endangerment.
- The government violates a pollution prevention related permit or license.
- The government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a government responsible for sharing costs.
- The government is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation.
- The government commences or legally obligates itself to commence pollution remediation.

Costs of remediation should be accrued for all components (legal fees, site investigation costs, etc.) of the obligation that are reasonably estimable. The standard outlines a method for recording a liability based on estimated future remediation payments (expected cash flow technique = sum of all probability weighted amounts in a range of possible estimated amounts). The liability should be reduced by any estimated insurance or other recoveries that are not yet realized or realizable. An asset should be reported separately for any known insurance or other recoveries that are already realized or realizable. If liability recognition is necessary, it is required to be recorded at current value versus estimated future inflating factors for such criteria as unknown technologies, laws or regulations. This liability amount is carried forward unchanged until one of the five benchmarks occurs, there is a change in the remediation plan, or there is a change in operating conditions.

Additional footnote disclosures accompanying recognition of a liability include explaining the nature and source of the remediation obligation as well as the methods and assumptions used to estimate the liability.

Pension Disclosures (GASB Statements No. 50)
This statement is effective for periods beginning after June 15, 2007 and, therefore, is applicable to the County for the year ended December 31, 2008. This statement amends GASB Statements 25 and 27 and more closely align the financial reporting requirements for pensions with those required for other post employment benefits (OPEB). The changes primarily relate to disclosures included in the notes to the basic financial statements and required supplemental information.

Accounting and Financial Reporting for Intangible Assets (GASB Statements No. 51)
This statement is effective for periods beginning after June 15, 2009 and, therefore, is applicable to the County for the year ended December 31, 2010. The purpose of this statement is to eliminate the inconsistencies in accounting and reporting between governmental entities related to intangible items such as easements, rights, patents, trademarks, software, and donated assets.

Land and Other Real Estate Held as Investments by Endowments (GASB Statements No. 52)
This statement is effective for periods beginning after June 15, 2008 and, therefore, is applicable to the County for the year ended December 31, 2009. This standard changes reporting of land and other real estate held as investments by endowments from a historical cost basis to fair value. The affect of this change will align financial reporting for these assets with the objective of endowments which is to invest resources for the purpose of generating income.

NEW AUDITING STANDARDS

STATEMENT OF AUDITING STANDARDS (SAS) 114: THE AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
This new audit standard is applicable to the County for the year ended December 31, 2007 and supersedes SAS No. 61. While auditing standards apply to all entities and therefore, all auditors, SAS 61 established communication requirements applicable only to entities that have an audit committee or equivalent group. For governmental agencies, this group is typically the council or board so the requirement for communication has not changed. SAS 114 expanded the communication requirements to include the auditor's responsibility under GAAS, planned audit scope and timing, and significant audit findings. The form of this communication may take a number of forms from the information included in an annual engagement letter, to expanded discussions during a SAS 99 fraud interview, to other verbal or written communication. The most noticeable difference you will see for the 2007 audit is the replacement of the SAS 61 letter with the SAS 114 letter included in this document beginning on page 2.

APPENDIX D

FINANCIAL STATEMENT NOTATIONS

Item
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1 **General Fund:** The General fund is the general operating fund of the County. It is used to account for all financial resources which are not required to be accounted for in another fund.

	12/31/2007	12/31/2006	12/31/2005	12/31/2004
General Fund Balance Sheet Summary:				
Cash and Investments	$ 9,115,281	$ 9,508,482	$ 8,140,444	$ 7,789,105
Taxes Receivable:				
Current Taxes Receivable	8,249,041	8,067,432	7,645,811	7,911,149
Delinquent Taxes Receivable	1,695,595	1,637,621	1,028,401	921,063
Tax Deeds Owned by County	30,604	27,139	57,997	46,884
Accounts Receivable	583,761	480,748	438,158	356,959
Due from Other Funds	42,321			
Advances to Other Funds	2,002,140	1,282,205	810,000	400,000
Other Assets	121,632	120,096	146,234	171,322
	$ 21,840,375	$ 21,123,723	$ 18,267,045	$ 17,596,482
Accounts Payable	$ 696,938	$ 677,250	$ 522,979	$ 570,328
Deferred Revenues:				
Tax Roll Items	8,249,041	8,067,432	7,645,811	7,911,149
Long-term Receivables	105,661	109,124	138,752	158,000
Unearned Revenue	181,251	161,399	157,974	141,963
Special Deposits	6,416	284		
Fund Balance:				
Reserved for Delinquent Taxes	1,726,199	1,664,760	1,086,398	967,947
Reserved for Advances	2,002,140	1,282,205	810,000	400,000
Reserved for Inventories	6,385	4,535	7,482	13,322
Reserved for Subsequent Year's Budget	307,137	475,023	150,000	669,744
Designated	3,813,586	4,295,762	2,326,299	1,396,098
Undesignated	**4,745,621**	**4,385,949**	**5,421,350**	**5,367,931**
	$ 21,840,375	$ 21,123,723	$ 18,267,045	$ 17,596,482
Excess of Revenues Over (Under) Expenditures	$ (1,269,686)	$ (1,304,434)	$ (1,804,844)	$ (2,265,805)
Net Transfer In	1,762,520	3,611,139	2,791,331	3,508,314
Change in Net Assets	$ 492,834	$ 2,306,705	$ 986,487	$ 1,242,509
% of Undesignated Fund Balance to General Fund Expenditures	**26.8%**	**25.2%**	**32.7%**	**32.6%**

FINANCIAL STATEMENT NOTATIONS

Item #

2 **Special Revenue Funds:** Special Revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Special Revenue Fund Balances:				
Health and Human Services	$ 757,728	$ (586,833)	$ 351,953	$ 908,649
Support Collection Agency	250,941	204,372	187,592	174,113
Nutrition and Aging	417,508	276,135	216,300	238,100
Aging Disability Resource Center	(97)	29	-	-
ATV Trails	(3,086)	-	-	-
Snowmobile Trails	22,952	21,368	21,953	26,144
Dog License Fund	1,000	800	-	-
Jail Assessment Fees	61,105	64,744	69,045	72,844
Drug Abuse Resistance Education	11,906	10,851	5,571	631
Recycling Project	265,680	250,582	224,142	187,969
County Sales Tax	683,552	626,833	904,761	664,174
Economic Development Loans	-	441,686	384,682	261,134
Housing Rehabilitation Loans	68,672	113,048	86,679	66,277
	$ 2,537,861	$ 1,423,615	$ 2,452,678	$ 2,600,035

3 **Debt Service Funds:** Debt Service Funds are used to account for the accumulation of resources for, and the payment of certain general long-term debt principal, interest and related charges.

	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Debt Service Funds Balances:				
Justice Center Bonds - 2001	$ 7,538	$ 4,901	$ 2,451	$ -
Justice Center Bonds - 2002	376	314	314	-
UW Center Campus Bonds	18	1	-	-
Fair Association STFL	3	3	3	3
Capital Improvements 2003 Note	1	1	11,560	11,560
Vacation and Sick Leave Fund	2,802,370	2,817,670	2,817,670	2,745,951
	$ 2,810,306	$ 2,822,890	$ 2,831,998	$ 2,757,514

4 **Capital Project Funds**: Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed from proprietary funds.

	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Capital Project Fund Balance:				
Judicial Center	$ 6,953	$ 87,953	$ 211,920	$ 834,103
Campus Building Fund	425,334	421,615	4,755,767	-
2003 Capital Improvements Fund	998,974	1,166,803	1,985,260	2,772,944
2004 Capital Improvements Fund	1,378,133	1,099,020	776,651	467,276
	$ 2,809,394	$ 2,775,391	$ 7,729,598	$ 4,074,323

FINANCIAL STATEMENT NOTATIONS

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5 **Enterprise Funds:** Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise--where the intent of the governing body is that the costs of providing the services is to be recovered from those using the services.

	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Waste to Energy Plant				
Balance Sheet Summary:				
Cash and Investments	$ 37,220	$ 14,629	$ 87,110	$ 124,919
Accounts Receivable	184,679	202,140	196,592	168,295
Capital Assets	1,431,186	1,783,803	2,137,471	1,958,594
	$ 1,653,085	$ 2,000,572	$ 2,421,173	$ 2,251,808
Current Liabilities	$ 224,895	$ 214,702	$ 224,283	$ 175,353
Advance from General Fund	690,000	750,000	810,000	400,000
Advance from Recycling Fund	17,600	-	-	-
Net Assets:				
Invested in Capital Assets	1,431,186	1,783,803	2,137,471	1,958,594
Unrestricted	(710,596)	(747,933)	(750,581)	(282,139)
	$ 1,653,085	$ 2,000,572	$ 2,421,173	$ 2,251,808
Changes to Net Assets:				
Operating Loss	$ (316,649)	$ (353,088)	$ (304,536)	$ (405,026)

6 **Internal Service Funds:** Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other government units, on a cost reimbursement basis.

	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Highway Department				
Summary Balance Sheets:				
Cash and Investments	$ (1,311,940)	$ (532,005)	$ (238,536)	$ 1,136,053
Gravel Pit Closure Cash	63,892	118,230	193,945	138,735
Accounts Receivable	1,135,458	1,219,041	1,633,490	753,342
Inventories	702,396	603,177	453,080	358,013
Deferred Charges	64,642	147,926	193,917	258,556
Capital Assets	8,491,769	8,349,926	7,668,292	7,052,212
	$ 9,146,217	$ 9,906,295	$ 9,904,188	$ 9,696,911
Accounts Payable	$ 464,627	$ 377,155	$ 181,241	$ 198,343
Deferred Revenue	121,875	126,163	132,315	137,553
Land Contract Payable	117,500	-	120,900	161,200
Accrued Employee Leave	468,633	477,871	471,149	488,093
Net Assets:				
Invested in Capital Assets	8,374,269	8,349,926	7,547,392	6,891,012
Retained Earnings	(400,687)	575,220	1,451,191	1,820,710
	$ 9,146,217	$ 9,906,335	$ 9,904,188	$ 9,696,911

FINANCIAL STATEMENT NOTATIONS

Item #					
6	**(Continued)**				
	Internal Service Funds (Continued)				
	Income (Loss) Before Contributions	$ (951,564)	$ (194,337)	$ 258,036	$ 655,827
	Capital Contributions	-	120,900	28,825	3,887
	Net Transfers	-	-	-	(917,537)
	Change in Net Assets	**$ (951,564)**	**$ (73,437)**	**$ 286,861**	**$ (257,823)**
	Current Ratio (1+ desired)	**-2.63**	**1.82**	**7.70**	**9.53**
7	**Long-term Obligations**	**12/31/2007**	**12/31/2006**	**12/31/2005**	**12/31/2004**
	General Obligation Bonds	$ 21,550,000	$ 22,345,000	$ 23,025,000	$ 17,945,000
	General Obligation Notes	2,023,611	2,512,957	2,990,906	3,876,160
	General Obligation Debt	23,573,611	24,857,957	26,015,906	21,821,160
	Highway Land Contracts Payable:				
	Payable by General County	40,300	80,600	120,900	161,200
	Payable by Highway Department	117,500	-	-	-
	Forest Crop Loans Payable	106,222	170,737	168,816	95,928
	Vested Sick Leave and Vacation:				
	Non-Highway	1,403,195	1,413,325	1,276,304	1,244,291
	Highway	468,633	477,871	471,149	488,093
		$ 25,709,461	$ 27,000,490	$ 28,053,075	$ 23,810,672
	Equalized Valuation	$ 3,935,741,800	$ 3,677,674,300	$ 3,359,185,600	$ 3,103,226,500
	General Obligation Debt Limit	$ 196,787,090	$ 183,883,715	$ 167,959,280	$ 155,161,325
	General Obligation Debt as Percent of Debt Limitation	**12.0%**	**13.5%**	**15.5%**	**14.1%**

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REPORT ON CONDENSED FINANCIAL STATEMENTS INCLUDED HEREIN

Board of Supervisors
Barron County
Barron, Wisconsin

We have audited the financial statements of Barron County, Wisconsin (the County), as of and for the year ended December 31, 2007 (not presented herein). These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The condensed financial information included in Appendix D or the years presented on pages 13 through 16 are presented as a summary and, therefore, do not include all of the disclosures required by U.S. generally accepted accounting principles.

In our opinion, because of the significance of the omission of the information referred to in the preceding paragraph, the condensed financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the results of its operations for the years then ended.

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

LarsonAllen LLP

LarsonAllen LLP

Eau Claire, Wisconsin
July 18, 2008