

**WINNESHIEK COUNTY
DECORAH, IOWA**

FINANCIAL REPORT

JUNE 30, 2009

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WINNESHIEK COUNTY

OFFICIALS
(Before December 2008)

Name	Title	Term Expires
Dean Darling	Chairperson	December 2010
Les Askelson	Vice-Chairperson	December 2008
Steve Bouska	Supervisor	December 2008
John Logsdon	Supervisor	December 2010
Gordon Hunter, Jr.	Supervisor	December 2008
Georgiann Schweinefus	County Auditor	December 2008
Wayne Walter	County Treasurer	December 2010
LaVonne Bjergum	County Recorder	December 2010
Leon Bohr	County Sheriff	December 2008
Andrew Van Der Maaten	County Attorney	December 2010
James Alstad	County Assessor	Appointed
Lee Bjerke	County Engineer	Appointed

(After December 2009)

Name	Title	Term Expires
Dean Darling	Chairperson	December 2010
Les Askelson	Vice-Chairperson	December 2012
Bill Ibanez	Supervisor	December 2012
Steve Bouska	Supervisor	December 2012
John Logsdon	Supervisor	December 2010
Benjamin Steines	County Auditor	December 2012
Wayne Walter	County Treasurer	December 2010
LaVonne Bjergum	County Recorder	December 2010
Leon Bohr	County Sheriff	December 2012
Andrew Van Der Maaten	County Attorney	December 2010
James Alstad	County Assessor	Appointed
Lee Bjerke	County Engineer	Appointed

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**INDEPENDENT AUDITOR'S REPORT ON THE
THE FINANCIAL STATEMENTS**

**To the Board of Supervisors
Winneshiek County
Decorah, Iowa**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Winneshiek County's management. Our responsibility is to express opinions 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 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, each major fund, and the aggregate remaining fund information of Winneshiek County as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2010, on our consideration of Winneshiek County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 and budgetary comparison information on page 3 and pages 37 through 39, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Decorah, Iowa
January 4, 2010

Hacker, Nelson & Co., P.C.

**WINNESHIEK COUNTY
DECORAH, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2009**

Management of Winneshiek County provides this Management's Discussion and Analysis of Winneshiek County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 8.34%, or approximately \$1,249,000, from fiscal 2008 to fiscal 2009. Operating grants and contributions decreased approximately \$816,000 and capital grants and contributions increased approximately \$1,421,000.
- Program expenses were 22.41%, or approximately \$3,702,000, less in fiscal 2009 than in fiscal 2008. Mental health expenses decreased approximately \$196,000 and roads and transportation expenses decreased approximately \$3,810,000.
- The County's net assets increased 11.40%, or approximately \$4,505,000, from June 30, 2008 to June 30, 2009.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Winneshiek County as a financial whole, or as an entire operating entity.

The government-wide financial statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Winneshiek County as a whole and present an overall view of the County's finances and a longer-term view of those finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Winneshiek County's operations in more detail than the government-wide statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Winneshiek County, the general fund, MH/DD-special revenue fund, rural services-special revenue fund, and secondary roads-special revenue fund are the most significant funds. The remaining statements provide financial information about activities for which Winneshiek County acts solely as an agent or custodian for the benefit of those outside of the government.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Supplementary information provides detailed information about the nonmajor governmental funds, nonmajor enterprise, and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's 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 fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

In the statement of net assets and statement of activities, the County is divided into two distinct kinds of activities:

Governmental Activities: Most of the County's programs and services are reported here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and other non-program activities. Property tax, state tax credits and state and federal grants finance most of these activities.

Business-type Activities: These services are provided on a charge for goods or services basis to recover all of the expenses for the goods or services provided.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses different funds in accordance with the Uniform Financial Accounting for Iowa County Governments to record its financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, MH/DD-special revenue fund, rural services-special revenue fund, and secondary roads-special revenue fund.

Governmental Funds

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the general fund, 2) the special revenue funds such as mental health, rural service, and secondary roads, 3) the debt service fund, and 4) the capital projects fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Proprietary Funds

Proprietary funds account for the County’s landfill fund, Burr Oak and Festina Sanitary Systems-enterprise funds and employee group health insurance-internal service fund. The enterprise funds account for the charges for goods and services received to recover expenses for goods or services provided. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions.

The proprietary funds required financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows.

Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others and cannot be used to support the government’s own programs. The County has agency funds that account for emergency management services, the county assessor, and E911 service board are some examples.

The fiduciary funds required financial statements include a statement of fiduciary net assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements for the governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets.

Condensed Statement of Net Assets (Expressed in Thousands)			
Governmental Activities			
	2009	2008	Percent Change
Current and other assets	\$ 13,225	\$ 12,898	2.54%
Capital assets	40,580	36,568	10.97%
Total assets	53,805	49,466	8.77%
Long-term debt outstanding	1,184	1,592	-25.63%
Other liabilities	8,588	8,346	2.90%
Total liabilities	9,772	9,938	-1.67%
Net assets			
Invested in capital assets, net of related debt	39,650	35,198	12.65%
Restricted	2,925	2,673	9.43%
Unrestricted	1,458	1,657	-12.01%
Total net assets	\$ 44,033	\$ 39,528	11.40%

Condensed Statement of Net Assets
(Expressed in Thousands)

	Business-type Activities		
	2009	2008	Percent Change
Current and other assets	\$ 61	\$ 76	-19.74%
Capital assets	1,420	1,456	-2.47%
Total assets	1,481	1,532	-3.33%
Long-term debt outstanding	214	215	-0.47%
Other liabilities	26	26	0.00%
Total liabilities	240	241	-0.41%
Net assets			
Invested in capital assets, net of related debt	1,216	1,248	-2.56%
Restricted	283	281	0.71%
Unrestricted	(258)	(238)	-8.40%
Total net assets	\$ 1,241	\$ 1,291	-3.87%

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with the sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements-decreased for the governmental activities approximately \$199,000 or 12.01% and decreased for the business-type activities approximately \$19,000.

The increase in net assets for the governmental activities is due to an increase in charges for services and an increase in capital grants with a decrease in expenditures for roads and transportation. The decrease in net assets for the business-type activities is due to the Burr Oak sewer fund and Festina sewer fund paying of bonds and increasing the amount restricted for other purposes.

The following analysis shows the change in net assets for the year ending June 30, 2009:

	Changes in Net Assets (Expressed in Thousands)		
	Governmental Activities		
	2009	2008	Percent Change
Revenues:			
Program revenue			
Charges for service	\$ 1,491	\$ 1,244	19.86%
Operating grants	5,330	6,146	-13.28%
Capital grants	1,727	306	464.38%
General revenue			
Property taxes	5,749	5,467	5.16%
Local option sales tax	1,276	1,152	10.76%
Penalty and interest on property taxes	58	51	13.73%
State tax credits	311	295	5.42%
Rents	114	106	7.55%
Unrestricted investment earnings	130	239	-45.61%
Other	37	(32)	215.63%
Total revenues	16,223	14,974	8.34%
Program expenses:			
Public safety and legal services	1,966	2,006	-1.99%
Physical health and social services	1,643	1,580	3.99%
Mental health	2,224	2,420	-8.10%
County environment and education	1,324	1,232	7.47%
Roads and transportation	3,575	7,385	-51.59%
Government services to residents	410	364	12.64%
Administration or general government	1,330	1,255	5.98%
Non-program	299	213	40.38%
Interest on long-term debt	45	63	-28.57%
Total expenses	12,816	16,518	-22.41%
Increase(Decrease) in net assets	3,407	(1,544)	320.66%
Net assets beginning of year as restated	40,626	41,072	-1.09%
Net assets end of year	\$ 44,033	\$ 39,528	11.40%
Business-type Activities			
	2009	2008	Percent Change
Revenues:			
Program revenue			
Charges for service	\$ 254	\$ 242	4.96%
Program expenses:			
Operating expenses	342	323	5.88%
Operating loss	(88)	(81)	8.64%
Net assets beginning of year	1,291	1,372	-5.90%
Net assets end of year	\$ 1,203	\$ 1,291	-6.82%

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$4,666,180, approximately \$187,893 decrease of the 2008 fiscal year end balance of \$4,854,073.

- The general fund received more revenue during fiscal year 2009 from property and other County tax sources. The ending fund balance showed a decrease from the prior year of \$482,099 to \$1,342,847, due primarily to an increase in public safety and legal services, physical health and social services, county environment and education services, governmental services to residents, and administrative expenditures of \$50,000, \$75,000, \$50,000, \$45,000 and \$90,000, respectively.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$2,226,000, a decrease of 8.28% from the prior year. The mental health fund balance at year end increased by approximately \$5,500 over the prior year.
- Secondary roads fund revenues increased approximately \$1,271,347 over the prior year. For the year, expenditures totaled \$6,171,258, an increase of \$642,000. The increase in revenues along with the increase in expenditures resulted in an increase in the secondary roads fund ending balance of approximately \$510,000, or 46.56%.
- The ending fund balance for the rural service fund decreased by \$78,000 or 17.41% over prior year. The decrease is due to an increase in expenditures of 19.59%.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget once. The amendment was made in May 2009 and resulted in an increase in public safety and legal services, physical health and social service, county environment and education services, roads and transportation, governmental services to residents, administration, debt service and capital projects disbursements. However, this did not require an increase in taxes as the County received more intergovernmental, charges for services, and miscellaneous receipts than originally projected.

The amendment made during the 2009 fiscal year should have no impact on the 2010 fiscal year's budget.

The following chart shows the original and amended budget for fiscal 2009 as well as the actual revenue and expenditures for the year:

Budgetary Comparison Schedule (Expressed in Thousands)					
	Budget Basis	Budget Amounts		Variance	
		Original	Final		
REVENUES					
Property and other County tax	\$ 7,035	\$ 7,048	\$ 7,048	\$	(13)
Interest and penalty on property tax	58	41	41		17
Intergovernmental	7,545	8,462	9,744		(2,199)
Licenses and permits	13	16	16		(3)
Charges for service	576	562	575		1
Use of money and property	250	370	370		(120)
Miscellaneous	393	924	1,127		(734)
Total revenues	\$ 15,870	\$ 17,423	\$ 18,921	\$	(3,051)
EXPENDITURES					
Public safety and legal services	\$ 1,948	\$ 2,060	\$ 2,126	\$	178
Physical health and social services	1,652	1,701	1,742		90
Mental health	2,315	2,717	2,717		402
County environment and education services	1,299	1,293	1,372		73
Roads and transportation	5,494	4,858	6,108		614
Governmental services to residents	346	347	374		28
Administrative services	1,503	1,515	1,667		164
Non-program	2	5	5		3
Debt service	488	487	487		(1)
Capital project	1,538	3,886	4,024		2,486
Total expenditures	\$ 16,585	\$ 18,869	\$ 20,622	\$	4,037

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009, Winneshiek County had \$40,580,227 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities. For the enterprise funds, the County had \$1,419,925 invested in land, landfill and sewer systems.

The County had depreciation expense of \$1,885,798 for fiscal year 2009 and total accumulated depreciation of \$25,423,377 as of June 30, 2009 for the governmental activities. The County had depreciation/depletion expense of \$50,662 for fiscal year 2009 and total accumulated depreciation/depletion of \$1,437,238 as of June 30, 2009 for the business-type activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Debt

At year-end, the County had approximately \$1,397,920 in bonds and other debt compared to approximately \$1,799,763 last year. More detail is presented in Note 9 to the financial statements.

The County's general obligation bond rating continues to carry the fourth highest rating possible, a rating that has been assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$65,775,903 limit.

Other obligations include accrued vacation pay. More detailed information about the County's long-term liabilities is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Winneshiek County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and the fee that will be charged for various County activities. One of those factors is the economy.

The County's local option sales taxes received continue to be a significant portion of County revenues and account, in part, for property tax levy rates lower than would otherwise be possible.

The County is anticipating not receiving 100% replacement for Homestead Credit therefore; the difference will need to be paid by the individual taxpayer. Winneshiek County has a very small amount of delinquent property taxes due to the fact that the local taxpayers pay their property taxes in a timely manner.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Winneshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Winneshiek County, 201 West Main St, Decorah, IA 52101.

WINNESHIEK COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,804,558	\$ 39,257	\$ 4,843,815
Receivables			
Property tax			
Delinquent	6,666		6,666
Succeeding year	7,223,360		7,223,360
Accounts	114,059	5,367	119,426
Accrued interest	8,634		8,634
Due from other governments	666,649	16,721	683,370
Inventories	335,833		335,833
Prepaid expenses	64,800		64,800
Nondepreciable assets	5,358,270	9,792	5,368,062
Capital assets, net of accumulated depreciation/depletion	35,221,957	1,371,835	36,593,792
Total assets	\$ 53,804,786	\$ 1,442,972	\$ 55,247,758
LIABILITIES AND NET ASSETS			
Accounts payable	\$ 1,091,050		\$ 1,091,050
Salaries and benefits payable	257,140	\$ 9,302	266,442
Accrued interest payable	2,694	191	2,885
Due to (from) other funds	(16,704)	16,704	-
Due to other governments	29,624		29,624
Deferred revenue			
Succeeding year property tax	7,223,360		7,223,360
Long-term liabilities			
Portion due within one year			
Bonds payable	455,000		455,000
Notes payable	-	3,992	3,992
Compensated absences	254,362	10,179	264,541
Portion due after one year			
Bonds payable	475,000		475,000
Notes payable	-	199,464	199,464
Total liabilities	9,771,526	239,832	10,011,358
NET ASSETS			
Invested in capital assets, net of related debt	39,650,227	1,178,171	40,828,398
Restricted for			
Mental health	959,721		959,721
Rural service	367,746		367,746
Secondary roads	1,245,748		1,245,748
Debt service	1,359		1,359
Other special revenue	201,936		201,936
Capital projects	144,251		144,251
Other purposes	4,184	282,694	286,878
Unrestricted	1,458,088	(257,725)	1,200,363
Total net assets	44,033,260	1,203,140	45,236,400
Total liabilities and net assets	\$ 53,804,786	\$ 1,442,972	\$ 55,247,758

See Notes to Financial Statements.

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WINNESHIEK COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
Governmental activities				
Public safety and legal services	\$ 1,966,093	\$ 60,835	\$ 4,499	
Physical health and social services	1,642,276	273,002	768,380	\$ 1,875
Mental health	2,223,676		946,088	
County environment and education	1,323,958	171,479	447,800	55,616
Roads and transportation	3,575,090	148,376	3,161,232	1,664,937
Government services to residents	410,086	588,595	2,264	4,165
Administration or general government	1,329,892			
Nonprogram	299,202	249,000		
Long-term debt interest	45,221			
Total governmental activities	<u>12,815,494</u>	<u>1,491,287</u>	<u>5,330,263</u>	<u>1,726,593</u>
Business-type activities				
Landfill	286,030	216,873		
Burr Oak sewer	28,561	21,365		
Festina sewer	27,698	16,416		
Total business-type activities	<u>342,289</u>	<u>254,654</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,157,783</u>	<u>\$ 1,745,941</u>	<u>\$ 5,330,263</u>	<u>\$ 1,726,593</u>
General revenues				
Property taxes levied for				
General purposes				
Debt service				
Local option sales tax				
Penalty and interest on property taxes				
State tax credits				
Rents				
Unrestricted investment earnings				
Loss on sale of capital assets				
Transfers out				
Total general revenues				
Change in net assets				
Net assets, beginning of year, restated				
Net assets, end of year				

See Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (1,900,759)		\$ (1,900,759)
(599,019)		(599,019)
(1,277,588)		(1,277,588)
(649,063)		(649,063)
1,399,455		1,399,455
184,938		184,938
(1,329,892)		(1,329,892)
(50,202)		(50,202)
(45,221)		(45,221)
(4,267,351)	\$ -	(4,267,351)
	(69,157)	(69,157)
	(7,196)	(7,196)
	(11,282)	(11,282)
-	(87,635)	(87,635)
(4,267,351)	(87,635)	(4,354,986)
5,248,493		5,248,493
500,598		500,598
1,276,001		1,276,001
57,740		57,740
310,722		310,722
114,130		114,130
130,210	80	130,290
36,830		36,830
		-
7,674,724	80	7,674,804
3,407,373	(87,555)	3,319,818
40,625,887	1,290,695	41,916,582
\$ 44,033,260	\$ 1,203,140	\$ 45,236,400

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WINNESHIEK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
ASSETS				
Cash and pooled investments	\$ 1,423,855	\$ 1,249,060	\$ 171,596	\$ 1,357,432
Receivables				
Property tax				
Delinquent	5,995	373	216	
Succeeding year	4,583,585	1,312,871	719,280	344,727
Accounts	104,355	213	-	7,870
Accrued interest	7,772			
Due from other funds	661		16,704	
Due from other governments	88,830	6,783	191,664	335,156
Prepaid expenditures	38,460	1,140	1,200	24,000
Inventories				335,833
Total assets	\$ 6,253,513	\$ 2,570,440	\$ 1,100,660	\$ 2,405,018
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 130,425	\$ 290,596	\$ 5,695	\$ 370,926
Salaries and benefits payable	161,471	5,384	6,665	83,620
Due to other funds	-	423	74	164
Due to other governments	29,319	305		
Deferred revenue				
Succeeding year property tax	4,583,585	1,312,871	719,280	344,727
Other	5,866	348	194	
Total liabilities	4,910,666	1,609,927	731,908	799,437
Fund balances				
Reserved for				
Inventories				335,833
Prepaid expenditures	38,460	1,140	1,200	24,000
Other	4,184			
Debt service				
Special revenue funds		959,373	367,552	1,245,748
Capital projects				
Unreserved				
General fund	1,300,203			
Total fund balances	1,342,847	960,513	368,752	1,605,581
Total liabilities and fund balances	\$ 6,253,513	\$ 2,570,440	\$ 1,100,660	\$ 2,405,018

See Notes to Financial Statements.

EXHIBIT C

Other Governmental Funds	Total Governmental Funds
\$ 421,192	\$ 4,623,135
82	6,666
262,897	7,223,360
1,621	114,059
344	8,116
-	17,365
44,216	666,649
	64,800
	335,833
<u>\$ 730,352</u>	<u>\$ 13,059,983</u>
\$ 34,675	\$ 832,317
	257,140
	661
	29,624
262,897	7,223,360
44,293	50,701
<u>341,865</u>	<u>8,393,803</u>
	335,833
	64,800
	4,184
3,976	3,976
284,476	2,857,149
100,035	100,035
	<u>1,300,203</u>
<u>388,487</u>	<u>4,666,180</u>
<u>\$ 730,352</u>	<u>\$ 13,059,983</u>

WINNESHIEK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

Reconciliation of governmental fund balances to net assets	
Total governmental fund balances	\$ 4,666,180
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 as assets in the governmental funds, net of accumulated depreciation of \$ 25,423,376	40,580,227
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	50,701
Internal service funds are used by management to charge the costs of self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	(76,792)
Other liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds	
Bonds payable	(930,000)
Compensated absences	(254,362)
Accrued interest	(2,694)
Net assets of governmental activities	<u>\$ 44,033,260</u>
Cash and pooled investments of governmental activities include the following reclassifications:	
Internal service fund cash at June 30, 2009	<u>\$ 181,423</u>

See Notes to Financial Statements.

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WINNESHIEK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
REVENUES				
Property and other County tax	\$ 3,604,957	\$ 1,222,904	\$ 688,676	
Local option sales tax			1,276,001	
Interest and penalty on property tax	57,740			
Intergovernmental	1,075,249	995,502	260,588	\$ 4,906,510
Licenses and permits	827		11,400	885
Charges for service	558,370		5,735	1,084
Use of money and property	238,627			
Miscellaneous	284,894	13,028	305	67,150
Total revenues	5,820,664	2,231,434	2,242,705	4,975,629
EXPENDITURES				
Current				
Public safety and legal services	1,974,433			
Physical health and social services	1,525,456		54,549	
Mental health		2,225,989		
County environment and education services	619,144		558,731	
Roads and transportation			101,041	5,126,625
Governmental services to residents	336,214		5,775	
Administrative services	1,425,958			
Nonprogram	2,200			
Debt service				
Capital project			101,581	1,044,633
Total expenditures	5,883,405	2,225,989	821,677	6,171,258
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(62,741)	5,445	1,421,028	(1,195,629)
OTHER FINANCING SOURCES (USES)				
Transfers in				1,634,918
Gain from disposal of capital assets				70,815
Transfers out	(419,358)		(1,498,782)	
	(419,358)	-	(1,498,782)	1,705,733
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(482,099)	5,445	(77,754)	510,104
FUND BALANCES, beginning of year	1,824,946	955,068	446,506	1,095,477
FUND BALANCES, end of year	\$ 1,342,847	\$ 960,513	\$ 368,752	\$ 1,605,581

See Notes to Financial Statements.

EXHIBIT D

Other Governmental Funds	Total Governmental Funds
\$ 246,812	\$ 5,763,349
	1,276,001
	57,740
352,599	7,590,448
	13,112
5,067	570,256
3,100	241,727
21,904	387,281
<u>629,482</u>	<u>15,899,914</u>
	1,974,433
42,065	1,622,070
	2,225,989
132,173	1,310,048
	5,227,666
4,935	346,924
	1,425,958
457	2,657
487,682	487,682
388,981	1,535,195
<u>1,056,293</u>	<u>16,158,622</u>
<u>(426,811)</u>	<u>(258,708)</u>
283,222	1,918,140
	70,815
	<u>(1,918,140)</u>
<u>283,222</u>	<u>70,815</u>
(143,589)	(187,893)
<u>532,076</u>	<u>4,854,073</u>
<u>\$ 388,487</u>	<u>\$ 4,666,180</u>

WINNESHIEK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of governmental funds to the statement of activities		
Net change in fund balances - total governmental funds	\$	(187,893)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period		
Depreciation	\$	(1,885,798)
Capital outlays		4,834,095
		<u>2,948,297</u>
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds		
Property tax		(14,258)
Other		44,216
		<u>29,958</u>
The net effect of disposal of capital assets		(33,985)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities		440,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due		2,461
The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities		240,408
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated absences		(31,873)
Change in net assets of governmental activities	<u>\$</u>	<u>3,407,373</u>

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities			Governmental Activities
	Landfill	Nonmajor Enterprise Funds	Total	Internal Service
ASSETS				
Cash and pooled investments		\$ 39,257	\$ 39,257	\$ 181,423
Receivables				
Accounts		5,367	5,367	
Accrued interest receivable				518
Due from other governments	\$ 16,721		16,721	
Total current assets	<u>16,721</u>	<u>44,624</u>	<u>61,345</u>	<u>181,941</u>
Noncurrent assets				
Land		9,792	9,792	
Net capital assets	477,779	894,056	1,371,835	
Total noncurrent assets	<u>477,779</u>	<u>903,848</u>	<u>1,381,627</u>	<u>-</u>
Total assets	<u>\$ 494,500</u>	<u>\$ 948,472</u>	<u>\$ 1,442,972</u>	<u>\$ 181,941</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Salaries and benefits payable	\$ 9,302		\$ 9,302	\$ 258,733
Accrued interest payable		\$ 191	191	
Due to other funds	16,704		16,704	
Notes payable		3,992	3,992	
Total current liabilities	<u>26,006</u>	<u>4,183</u>	<u>30,189</u>	<u>258,733</u>
Long-term liabilities				
Compensated absences	10,179		10,179	
Total liabilities	<u>36,185</u>	<u>4,183</u>	<u>40,368</u>	<u>258,733</u>
Noncurrent liabilities				
Long-term debt		199,464	199,464	
Total liabilities	<u>36,185</u>	<u>203,647</u>	<u>239,832</u>	<u>258,733</u>
Net assets				
Invested in capital assets, net of related debt	477,779	700,392	1,178,171	
Restricted		282,694	282,694	
Unrestricted	(19,464)	(238,261)	(257,725)	(76,792)
Total net assets	<u>458,315</u>	<u>744,825</u>	<u>1,203,140</u>	<u>(76,792)</u>
Total liabilities and net assets	<u>\$ 494,500</u>	<u>\$ 948,472</u>	<u>\$ 1,442,972</u>	<u>\$ 181,941</u>

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Business-type Activities			Governmental Activities
	Landfill	Nonmajor Enterprise Funds	Total	Internal Service
OPERATING REVENUES				
Charges for service		\$ 37,781	\$ 37,781	\$ 928,481
Contract services	\$ 216,873		216,873	
Total operating revenues	216,873	37,781	254,654	928,481
OPERATING EXPENSES				
Wages and benefits	219,960	4,240	224,200	
Depletion	66,070		66,070	
Depreciation		24,645	24,645	
Other		17,656	17,656	
Insurance claims paid				393,625
Administrative fees				301,613
Total operating expenses	286,030	46,541	332,571	695,238
Operating (loss) income	(69,157)	(8,760)	(77,917)	233,243
NONOPERATING REVENUES (EXPENSES)				
Interest income		80	80	7,165
Interest expense		(9,718)	(9,718)	
Net nonoperating revenues (expenses)	-	(9,638)	(9,638)	7,165
Income before contributions and transfers	(69,157)	(18,398)	(87,555)	240,408
TRANSFERS				
Transfer in		34,354	34,354	
Transfer out		(34,354)	(34,354)	
	-	-	-	-
Change in net assets	(69,157)	(18,398)	(87,555)	240,408
NET ASSETS, beginning of year	527,472	763,223	1,290,695	(317,200)
NET ASSETS, end of year	\$ 458,315	\$ 744,825	\$ 1,203,140	\$ (76,792)

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Business-type Activities			Governmental Activities
	Landfill	Nonmajor Enterprise Funds	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from contract labor	\$ 219,960		\$ 219,960	
Cash received from affiliate			-	
Cash received from rent			-	
Cash received from charges for services		\$ 35,759	35,759	\$ 938,580
Cash payments to employees for services	(219,960)	(4,240)	(224,200)	
Cash payments to suppliers for services		(17,656)	(17,656)	(966,943)
Net cash provided by (used in) operating activities	-	13,863	13,863	(28,363)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in		34,354	34,354	
Operating transfers (out)		(34,354)	(34,354)	
Net cash provided by noncapital financing activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on notes payable		(3,810)	(3,810)	
Purchase of equipment		(16,653)	(16,653)	
Interest paid on long-term borrowing		(10,069)	(10,069)	
Net cash used in capital and related financing activities	-	(30,532)	(30,532)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments		80	80	7,229
Net increase (decrease) in cash and cash equivalents	-	(16,589)	(16,589)	(21,134)
CASH and CASH EQUIVALENTS, beginning of year	-	55,846	55,846	202,557
CASH and CASH EQUIVALENTS, end of year	\$ -	\$ 39,257	\$ 39,257	\$ 181,423
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities				
Operating (loss) income	\$ (69,157)	\$ (8,760)	\$ (77,917)	\$ 233,243
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities				
Depreciation and depletion	66,070	24,645	90,715	
(Increase) in accounts receivable		(2,022)	(2,022)	
(Decrease) in accounts payable				(271,703)
Decrease in due from other governments	107		107	
Increase in salaries and benefits payable	384		384	
Increase in deferred revenue				10,097
Increase in accrued compensated absences	2,596		2,596	
Net cash provided by (used in) operating activities	\$ -	\$ 13,863	\$ 13,863	\$ (28,363)

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2009

ASSETS

Cash and pooled investments		
County Treasurer	\$	1,362,898
Other County officials		7,182
Receivables		
Property tax		
Delinquent		5,861
Succeeding year		18,260,621
Accounts		35,989
Accrued interest		626
Due from other governments		4,226
Prepaid insurance		1,800
		19,679,203
Total assets	\$	19,679,203

LIABILITIES

Accounts payable		\$ 805
Salaries and benefits payable		9,918
Due to other funds		-
Due to other governments		19,667,333
Deferred revenue		-
Trusts payable		1,147
Compensated absences		-
		19,679,203
Total liabilities	\$	19,679,203

NET ASSETS

	\$	None
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See Notes to Financial Statements.

WINNESHIEK COUNTY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Winneshiek County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Winneshiek County has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Winneshiek County Assessor's Conference Board, Northeast Iowa Behavioral Health, Inc., Emergency Management Services, Winneshiek County Area Solid Waste Agency and Winneshiek County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in agency funds of the County.

Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the County. Governmental activities are supported by property tax and intergovernmental revenues and other non-exchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (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. 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 and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as other nonmajor governmental and other nonmajor enterprise funds. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education services, governmental services to residents and administrative services.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds. The major funds in this category are rural services, secondary roads, and Mental Health/Development Disabilities (MH/DD) Services.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Proprietary Fund Types

Enterprise Fund

Enterprise funds are used to account for operations and activities that are financed and operated in a matter similar to a private business enterprise and where the costs of providing goods or services to the general public on a continuing basis are expected to be financed or recovered primarily through user charges or where the County has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. One enterprise fund of the County is used to account for the lease of the landfill to the Winneshiek County Area Solid Waste Agency and contract labor provided to the Agency by the County.

Internal Service Fund

Internal service fund is utilized to account for the financing of health insurance provided to the employees of the various departments of the County.

Fiduciary Fund Types

Agency Funds

The agency funds are used to account for assets held by the County in a trustee or custodial capacity for other entities, such as individual, or other governmental units.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined below in item b.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental fund financial statements are accounted for on current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus (Continued)

- b. The proprietary funds are accounted for on economic resources measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statements of net assets. In reporting the financial activity on the proprietary fund statements, the County applies all applicable GASB pronouncements. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized as earned, and expenses are recognized when incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue (shared revenues, grants and reimbursements from other governments), and charges for service and interest revenue. Revenues from licenses and permits, fines and forfeitures, refunds and reimbursements and other miscellaneous sources are generally recognized when received in cash as they are generally not measurable until actually received.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash Management, Cash Equivalents, and Investments

The County Treasurer maintains two primary demand deposit accounts through which the majority of the County's cash resources are processed.

The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the general fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable

Property taxes in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Interfund Transactions

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

Due from Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the special revenue funds consist of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types and expenses in the proprietary fund types when used. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Prepaid Expenditures

Payments made for insurance for a future period beyond June 30, 2009 are recorded as prepaid insurance. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net assets not currently available for expenditure.

Capital Assets

Capital assets, which include property, equipment and vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary fund are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

Land, buildings and improvements	\$	25,000
Equipment and vehicles		5,000
Infrastructure, road networks		50,000

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Capital Assets (Continued)

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	25-50
Land improvements	10-50
Equipment	3-20
Vehicles	5-15
Infrastructure, road network	10-65

For the year ended June 30, 2009, depletion is recorded on the landfill using the useful life of 27 years.

Due to Other Governments

Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable

Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue

In the fund financial statements certain revenues are measurable they are not available. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable as well as delinquent property tax receivables and other receivables not collected within sixty days after year end. Deferred revenue on the statement of net assets consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Compensated Absences

County employees receive vacation leave at the following rates:

Years of Service	Vacation Credited on Anniversary Date
After 1	35 hours - 1 week
2	70 hours - 2 weeks
8	105 hours - 3 weeks
12	140 hours - 4 weeks

Employees may accumulate up to 20 days vacation. Sick leave accrues at the rate of two days per month and employees may accumulate up to 120 days sick leave. These accumulations are not recognized as expenditures by the County until used. The County's policy prohibits payoff of accumulated sick leave at termination of employment. Consequently, no liability for accumulated sick leave at June 30, 2009 has been determined or presented. A liability is recorded when incurred in the government wide and fiduciary fund financial statements. The County's approximate maximum liability for accrued vacation pay at June 30, 2009 is \$254,362.

In accordance with the Code of Iowa Chapter 509A.13 the County provides post-employment health care benefits. Employees retiring before attaining sixty-five years of age may continue participation in the plan at their own expense until the employee attains sixty-five years of age.

Fund Balance

In the governmental fund financial statements, reservation of fund balances are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserved fund balances are used first when an expenditure is incurred for purposes for both reserved and unreserved fund balances.

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consists of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets are used first when an expense is incurred for purposes for both restricted and unrestricted net assets.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Revenues, Expenditures and Expenses

Property tax revenue recognized in the governmental funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2008.

Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits and Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants and improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$826,174 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to credit risk categorization.

NOTES TO FINANCIAL STATEMENTS

2. Deposits and Investments (Continued)

Interest Rate Risk

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Credit Risk

The investment in Iowa Public Agency Investment Trust is unrated.

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2009:

Governmental		
General fund		
Medicaid	\$	26,996
Medicare		26,719
Other		35,115
		88,830
Special revenue		
Mental health fund		
Other		6,783
		6,783
Rural service fund		
Local option sales tax		191,664
		191,664
Secondary roads fund		
Road use tax		257,767
Other		77,389
		335,156
Prairie Farmer's Trail fund		
Other		44,216
		44,216
Total governmental		666,649
Business-type		
Proprietary		
Finance agreement landfill		16,721
		16,721
	\$	683,370

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities				
Land	\$ 484,290			\$ 484,290
Trail in progress	1,106,462	\$ 549,271		1,655,733
Infrastructure in progress	32,700	3,218,247	\$ 32,700	3,218,247
	<u>1,623,452</u>	<u>3,767,518</u>	<u>32,700</u>	<u>5,358,270</u>
Capital assets being depreciated				
Buildings	7,636,650			7,636,650
Equipment	6,558,800	95,312		6,654,112
Vehicles	900,729	78,782	65,173	914,338
Infrastructure	44,547,751	892,483		45,440,234
	<u>59,643,930</u>	<u>1,066,577</u>	<u>65,173</u>	<u>60,645,334</u>
Less accumulated depreciation				
Buildings	2,931,003	185,626		3,116,629
Equipment	3,100,821	358,322		3,459,143
Vehicles	627,612	96,400	63,888	660,124
Infrastructure	16,942,031	1,245,450		18,187,481
	<u>23,601,467</u>	<u>1,885,798</u>	<u>63,888</u>	<u>25,423,377</u>
Total capital assets being depreciated, net	<u>36,042,463</u>	<u>(819,221)</u>	<u>1,285</u>	<u>35,221,957</u>
Governmental activities				
Capital assets, net	<u>\$ 37,665,915</u>	<u>\$ 2,948,297</u>	<u>\$ 33,985</u>	<u>\$ 40,580,227</u>

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets (Continued)

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Business-type activities				
Land	\$ 9,792			\$ 9,792
Capital assets being depreciated or depleted				
Equipment	1,178,773	\$ 16,653		1,195,426
Landfill	1,653,700			1,653,700
Total capital assets being depreciated or depleted	2,832,473	16,653		2,849,126
Less accumulated depreciation or depletion				
Equipment	276,725	24,645		301,370
Landfill	1,109,851	66,070		1,175,921
Total accumulated depreciation or depletion	1,386,576	90,715		1,477,291
Total capital assets being depreciated or depleted, net	1,445,897	(74,062)		1,371,835
Business-type activities				
Capital assets, net	\$ 1,455,689	\$ (74,062)	\$ None	\$ 1,381,627

For the year ended June 30, 2009, depreciation expense was charged to functions of the primary government as follows:

Governmental activities	
Public safety and legal services	\$ 47,062
Physical health and social services	14,657
County environment and education	14,547
Roads and transportation	1,774,960
Governmental services to residents	21,958
Administrative services	12,614
	\$ 1,885,798
Business-type activities	
Burr Oak sewer fund	\$ 12,829
Festina sewer fund	11,816
	\$ 24,645

NOTES TO FINANCIAL STATEMENTS

5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments as of June 30, 2009 is as follows:

<p>Governmental General fund</p>	<p>Services</p>	<p>\$ 29,319</p>
<p>Special revenue fund MH/DD</p>	<p>Services</p>	<p>305</p>
<p>Total governmental</p>		<p><u>\$ 29,624</u></p>
<p>Fiduciary Agency</p>		
<p>County offices</p>	<p>Collections</p>	<p>\$ 11,449</p>
<p>Agricultural Extension Education</p>		<p>188,690</p>
<p>County assessor</p>		<p>293,570</p>
<p>Schools</p>		<p>12,731,780</p>
<p>Area schools</p>		<p>829,090</p>
<p>Corporations</p>		<p>3,688,337</p>
<p>Townships</p>		<p>307,291</p>
<p>Auto license and use tax</p>		<p>421,029</p>
<p>Other</p>		<p><u>1,196,097</u></p>
<p>Total agency funds</p>		<p><u>\$ 19,667,333</u></p>

6. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10%, 3.90% and 3.70% of their annual covered salary and the County is required to contribute 6.35%, 6.05% and 5.75% of covered salary for the years ended June 30, 2009, 2008 and 2007 respectively. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$320,076 \$323,060, and \$323,672, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

7. Construction, Purchase and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2009 amount to \$2,288,774 and commitments to be reimbursed is \$204,025.

The County entered into a 28E Agreement with Allamakee County to share the cost of the CPC personnel. Each county will pay fifty percent of wages and benefits. The agreement shall remain in full force and effect until such time as the Board of Supervisors for one of the participating counties passes a resolution withdrawing from the agreement and provides at least sixty days notice before the withdrawal is effective.

The County entered into a union contract with the Sheriff's department, Road department, and Jailers that is in effect from July 1, 2008 through June 30, 2011.

8. Leases

The City of Decorah has leased land to Winneshiek County under a 99 year lease for \$1 per year for the Sheriff's office and jail.

The City of Decorah has leased space to Winneshiek County within the City's Police Department for \$107,273 from July 1, 2009 through June 30, 2009.

The County has agreed to lease land to Winneshiek County Area Solid Waste Agency until December 2013.

The County is leasing land to various entities for a nominal fee over long-term arrangements in association with the health campus.

Future lease payments under these agreements are as follows:

Year ended June 30, 2009	\$ <u>107,273</u>
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NOTES TO FINANCIAL STATEMENTS

9. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Issued	(Paid)	Balance June 30, 2009	Amounts Due Within One Year
Governmental activities					
General Obligation Bonds					
County refunding	\$ 725,000		\$ (235,000)	\$ 490,000	\$ 240,000
County refunding	645,000		(205,000)	440,000	215,000
Total bonds	1,370,000	\$ None	(440,000)	930,000	455,000
Other liabilities					
Compensated absences	222,489	254,362	(222,489)	254,362	254,362
Governmental activities					
Long-term liabilities	\$ 1,592,489	\$ 254,362	\$ (662,489)	\$ 1,184,362	\$ 709,362
Business-type activities					
Other liabilities					
Notes payable	\$ 207,266		\$ (3,810)	\$ 203,456	\$ 3,992
Compensated absences	7,583	\$ 10,179	(7,583)	10,179	10,179
Total other liabilities	214,849	10,179	(11,393)	213,635	14,171
Business-type activities					
Long-term liabilities	\$ 214,849	\$ 10,179	\$ (11,393)	\$ 213,635	\$ 14,171

General Obligation Bonds

On March 3, 2006 the County issued \$1,160,000 of General Obligation County Refunding Bonds. The proceeds of these bonds were used to refinance existing debt. The issue of bonds bears interest ranging from 3.3% to 3.5% and matures from June 1, 2009 to June 2011. The County's intent in the sale was to take advantage of lower interest rates.

On March 3, 2006 the County issued General Obligation County Refunding Bonds worth \$1,035,000. The proceeds from this issue were used to refinance existing debt. The issue of bonds bears interest ranging from 3.3% to 3.5% and matures from June 1, 2009 to June 1, 2011. The County's intent in the sale was to take advantage of lower interest rates.

NOTES TO FINANCIAL STATEMENTS

9. Long-term Debt Obligations (Continued)

Notes Payable

USDA Rural Development

In April 1993 the County issued revenue notes totaling \$105,000 at 5% interest due in annual payments of \$6,226 starting July 1995 through 2032. These notes were used to partially finance the Burr Oak Sewer Project, and are recorded in the enterprise fund. Interest expense of \$4,138 is reported in the Burr Oak Sewer enterprise fund. The County prepaid the payment in June 2009.

Department of Natural Resources

In April 2000 the County issued revenue notes totaling \$132,500 at 4.5% interest due in annual payments of \$7,342 starting July 2003 through 2039. These notes were issued to partially finance the Festina Wastewater Collection & Treatment System Project. Interest expense of \$5,580 is reported in the Festina Sewer enterprise fund. The County prepaid the payment in June 2009.

A summary of the principal and interest maturities by type of debt is as follows:

Year ending June 30,	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2010	\$ 455,000	\$ 32,322
2011	475,000	16,626
Total	\$ 930,000	\$ 48,948
	Business-type Activities	
	Notes/Leases Payable	
Year ending June 30,	Principal	Interest
2011	\$ 3,992	\$ 9,576
2012	4,182	9,386
2013	4,381	9,187
2014	4,589	8,979
2015	4,807	8,761
2016-2020	27,692	40,149
2021-2025	34,941	32,899
2026-2030	44,091	23,749
2031-2035	42,668	13,969
2036-2040	32,113	5,914
Total	\$ 203,456	\$ 162,569

NOTES TO FINANCIAL STATEMENTS

9. Long-term Debt Obligations (Continued)

At June 30, 2009, the debt issued by the County did not exceed its legal debt margin compiled as follows:

Total assessed valuation	<u>\$1,315,518,068</u>
Debt limit – 5% of total assessed valuation	\$ 65,775,903
Debt applicable to debt limit	
General obligation bonded debt outstanding	(930,000)
Notes payable	(203,456)
Other debt	<u>(343,001)</u>
Legal debt margin	<u>\$ 64,299,446</u>

10. Due to/from Other Funds

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 47,384	
Special revenue funds		
Rural services	16,704	\$ 74
Mental health		423
Secondary roads		164
Enterprise funds		
Landfill		16,704
Agency funds		<u>46,723</u>
	<u>\$ 64,088</u>	<u>\$ 64,088</u>

NOTES TO FINANCIAL STATEMENTS

11. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

	Transfers In	Transfers Out
General fund		
Secondary roads		\$ 136,136
Nonmajor governmental		283,222
		419,358
 Special revenue		
Rural services		1,498,782
Secondary roads	\$ 1,634,918	
	1,634,918	1,498,782
	1,634,918	1,918,140
 Debt service		
	227,263	None
 Permanent		
Conservation land acquisition	55,959	None
Total	\$ 1,918,140	\$ 1,918,140

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

12. Fund Equity

The government-wide statement of net assets reports \$2,924,945 of restricted net assets, of which \$2,920,761 is restricted by enabling legislation. The amounts restricted at June 30, 2009 are as follows:

Restricted net assets	
General fund	
Forfeiture	\$ 4,184
 Special revenue fund	
Mental health	959,721
Rural services	367,746
Secondary roads	1,245,748
Debt service	1,359
Nonmajor governmental funds	201,936
	2,776,510
 Capital projects fund	
	144,251
	\$ 2,924,945

NOTES TO FINANCIAL STATEMENTS

12. Fund Equity (Continued)

Restricted net assets	
Proprietary funds	
Nonmajor proprietary funds	\$ 280,672

The amounts reserved at June 30, 2009 are as follows:

Reserved fund balances	
General fund	
Prepaid expenditures	\$ 38,460
Forfeiture	4,184
	42,644
Special revenue fund	
Mental health	959,373
Rural services	367,552
Secondary roads	1,245,748
Inventories	335,833
Prepaid expenditures	26,340
	2,934,846
Nonmajor governmental	388,487
	\$ 3,365,977

13. Joint Venture

The County is a participant in the Winneshiek County Area Solid Waste Agency. The County currently guarantees landfill tonnage (usage) by residents to the Agency. The County appoints a member to the agency board and is guaranteed access to the landfill so long as it is a member. The agency board sets tonnage fee rates which are charged to contracted haulers who are responsible for garbage collection and billing and collecting from local residents. Audited financial statements of Winneshiek County Area Solid Waste Agency are available from the Agency at 2000 140th Avenue, Decorah, IA 52101.

14. Accrued Closure and Postclosure Care Costs

Since the County owns the land and leases it to the Winneshiek County Area Solid Waste Agency, it is ultimately responsible for the closure and postclosure cost of the landfill. The County is under the understanding that the Agency will cover these costs through their operations. The landfill site is currently regulated by the Iowa Department of Natural Resources (DNR).

14. Accrued Closure and Postclosure Care Costs (Continued)

DNR regulations require that the Agency place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$3,597,549 as of June 30, 2009, which is based on 58% usage (filled) of the landfill. It is estimated that an additional \$2,599,136 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2024).

The estimated total current cost of the landfill closure and postclosure care (\$6,196,685), as prepared by the Agency's engineering consultant, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2009. Closure and postclosure care costs charged to operations for the year ended June 30, 2009 were \$337,618. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. This estimate is reviewed annually by the Agency.

Additional costs that might arise from changes in postclosure requirements (for example, due to changes in technology or more rigorous environmental regulations) may need to be covered by charges to landfill users and/or Agency equity.

Management believes that the Agency has materially complied with all state laws and regulations regarding closure and postclosure care financial assurance requirements. The Agency has demonstrated financial assurance for closure and postclosure care costs by using the local government financial test as provided in Chapter 567-113.14(6) of the Iowa Administrative Code; accordingly, no County assets have been specifically restricted for this purpose. Management intends to fund these costs throughout the life of the landfill.

15. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2009 significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

The County is currently contingently liable to perform environmental clean up at two locations due to the Iowa Department of Natural Resources (DNR) classifying them as high risk sites. Proposals have been submitted to the Iowa DNR outlining the County's plans for clean up. As of June 30, 2009, no ruling has been made by the Iowa DNR. As a result, no estimate can be made of future clean up costs. Funds may be available from the Iowa Comprehensive Petroleum Underground Storage Tank fund to offset some of these potential costs.

16. Risk Management

Winneshiek County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were \$151,903.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

16. Risk Management (Continued)

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, the farm, the boiler and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers compensation and employee blanket bond claims in excess of \$500,000 and \$100,000, respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

17. Employee Health Insurance Plan

Winneshiek County is partially self-insured for health insurance coverage. The plan is funded by both employee and County contributions and is administered through a service agreement with Midwest Group Benefits. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual deductible up to \$2,500 and \$1,041,608 aggregate liability annually. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the County's health fund are recorded as expenditures from the operating funds. Under administrative services agreement, monthly payments of service fees and claims processed are paid to Midwest Group Benefits from the County's health fund. The County records the plan assets and related liabilities of Winneshiek County health insurance fund as an internal service fund. The County's contribution to the fund for the year ended June 30, 2009 was \$714,500.

Amounts payable from the health insurance fund at June 30, 2009 total \$258,733 which is for incurred but unpaid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

An analysis of claims activity in the internal service fund follows:

	2009	2008
Beginning liability	\$ 520,337	\$ 368,425
Claims and changes in estimates	398,142	768,985
Claim payments	(659,746)	(617,073)
Ending liability	\$ 258,733	\$ 520,337

18. Fund Balance Deficits

The internal service fund has a deficit fund balance as of June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

19. Subsequent Events

Winneshiek County issued a \$2,100,000 general obligation bond on October 26, 2009 for the purpose of funding the future landfill closure and postclosure costs. The County has loaned the bond proceeds to Winneshiek County Area Solid Waste Agency. The Agency used the bond proceeds to purchase certificates of deposit which are restricted for the purpose of the landfill closure and postclosure costs. The Agency will repay the County with earnings from its future operations. The Agency will make payments to the County in the amount of \$300,000 of principal per year plus interest for seven years.

In July 2009 the County took out a loan in the amount of \$436,873 from Viking State Bank of Decorah, Iowa for the purchase of three dump trucks for secondary roads.

20. Restatement

Beginning net assets were restated due to correction of increasing infrastructure in process for trail and other miscellaneous assets. Total net restatement is \$1,097,554 to net assets invested in capital assets, net of related debt.

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WINNESHIEK COUNTY
 BUDGETARY COMPARISON SCHEDULE
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
 June 30, 2009

	Actual	Less Amounts not Budgeted	Budget Basis
RECEIPTS			
Property and other County tax	\$ 7,035,535		\$ 7,035,535
Interest and penalty on property tax	57,717		57,717
Intergovernmental	7,545,270		7,545,270
Licenses and permits	13,112		13,112
Charges for service	575,921		575,921
Use of money and property	249,831		249,831
Miscellaneous	396,756	\$ 4,184	392,572
Total receipts	15,874,142	4,184	15,869,958
DISBURSEMENTS			
Public safety and legal services	1,948,124		1,948,124
Physical health and social services	1,651,516		1,651,516
Mental health	2,315,284		2,315,284
County environment and education services	1,299,343		1,299,343
Roads and transportation	5,493,734		5,493,734
Governmental services to residents	346,416		346,416
Administrative services	1,502,751		1,502,751
Nonprogram	2,200		2,200
Debt service	487,683		487,683
Capital project	1,538,294		1,538,294
Total disbursements	16,585,345	-	16,585,345
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(711,203)	4,184	(715,387)
OTHER FINANCING SOURCES, NET	70,815		70,815
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	(640,388)	4,184	(644,572)
BALANCE, beginning of year	5,263,523		5,263,523
BALANCE, end of year	\$ 4,623,135	\$ 4,184	\$ 4,618,951

See Notes to Required Supplementary Information.

Budget Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 7,048,110	\$ 7,048,110	\$ (12,575)
40,950	40,950	16,767
8,461,594	9,744,577	(2,199,307)
16,150	16,150	(3,038)
561,778	574,778	1,143
369,906	369,906	(120,075)
924,179	1,126,869	(734,297)
<u>17,422,667</u>	<u>18,921,340</u>	<u>(3,051,382)</u>
2,059,724	2,125,457	177,333
1,700,647	1,742,287	90,771
2,717,370	2,717,370	402,086
1,293,028	1,371,854	72,511
4,857,741	6,108,241	614,507
346,791	374,340	27,924
1,515,383	1,666,485	163,734
5,000	5,000	2,800
487,283	487,483	(200)
3,886,110	4,024,191	2,485,897
<u>18,869,077</u>	<u>20,622,708</u>	<u>4,037,363</u>
(1,446,410)	(1,701,368)	985,981
-	63,000	7,815
(1,446,410)	(1,638,368)	993,796
<u>4,161,060</u>	<u>4,161,060</u>	<u>1,102,463</u>
<u>\$ 2,714,650</u>	<u>\$ 2,522,692</u>	<u>\$ 2,096,259</u>

WINNESHIEK COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION
 For the Year Ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 15,874,142	\$ 25,772	\$ 15,899,914
Expenditures	16,585,345	(426,723)	16,158,622
Net	(711,203)	452,495	(258,708)
Other financing sources, net	70,815	-	70,815
Beginning fund balance	5,263,523	(409,450)	4,854,073
Ending fund balance	\$ 4,623,135	\$ 43,045	\$ 4,666,180

See Notes to Required Supplementary Information.

WINNESHIEK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all governmental funds except agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, nonprogram, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, capital projects fund and debt service fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,753,631. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office, by the County Agricultural Extension Council; for the County Assessor by the County Conference Board; and for the E-911 System by the Joint E-911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

Included in the amounts not budgeted is the forfeiture account used by the Sheriff's department.

During the year ended June 30, 2009 disbursements exceeded the amount budgeted in the debt service function.

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**INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION**

**To the Board of Supervisors
Winneshiek County
Decorah, Iowa**

Our report on our audit of the basic financial statements of Winneshiek County as of and for the year ended June 30, 2009 appears on page 2. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winneshiek County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

We have previously audited, in accordance with U.S. generally accepted auditing standards, the basic financial statements of Winneshiek County as of and for the years ending June 30, 2008, 2007, 2006, 2005, 2004 and 2003 (none of which is presented herein). We expressed unqualified opinions on the basic financial statements as of and for the years ended June 30, 2008 and 2007 respectively. We expressed qualified opinions on the governmental activities for the 2006, 2005, 2004, and 2003 fiscal years due to the omission of certain capital assets, net depreciation. We expressed unqualified opinions on the business-type activities, each major fund, and aggregate remaining fund information for the 2006, 2005, 2004 and 2003 fiscal years. In our opinion, the information set forth in the required supplementary information for each of the six years in the period ended June 30, 2008, appearing on page 49, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 4, 2010

WINNESHIEK COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue	Capital Projects	Debt Service	Nonmajor Governmental Funds
ASSETS				
Cash and pooled investments	\$ 283,424	\$ 133,797	\$ 3,971	\$ 421,192
Receivables				
Property tax				
Delinquent			82	82
Succeeding year	-		262,897	262,897
Accounts	1,621	-		1,621
Accrued interest	183	161		344
Due from other funds				-
Due from other governments		44,216		44,216
	<u>285,228</u>	<u>178,174</u>	<u>266,950</u>	<u>730,352</u>
Total assets	\$ 285,228	\$ 178,174	\$ 266,950	\$ 730,352
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 752	\$ 33,923		\$ 34,675
Deferred revenue				
Succeeding year property tax	-		\$ 262,897	262,897
Other	-	44,216	77	44,293
	<u>752</u>	<u>78,139</u>	<u>262,974</u>	<u>341,865</u>
Total liabilities	752	78,139	262,974	341,865
Fund balances				
Reserved				
Debt service	-		3,976	3,976
Special revenue funds	284,476			284,476
Capital projects		100,035		100,035
	<u>284,476</u>	<u>100,035</u>	<u>3,976</u>	<u>388,487</u>
Total fund balances	284,476	100,035	3,976	388,487
Total liabilities and fund balances	\$ 285,228	\$ 178,174	\$ 266,950	\$ 730,352

See Independent Auditor's Report on the Supplementary Information.

WINNESHIEK COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Revenue	Capital Projects	Debt Service	Nonmajor Governmental Funds
REVENUES				
Property and other County tax			\$ 246,812	\$ 246,812
Intergovernmental	\$ 173,536	\$ 166,244	12,819	352,599
Charges for service	5,067			5,067
Use of money and property	3,100			3,100
Miscellaneous	-	21,904		21,904
Total revenues	181,703	188,148	259,631	629,482
EXPENDITURES				
Current				
Physical health and social services	42,065			42,065
County environment and education services	132,173			132,173
Governmental services to residents	4,935			4,935
Non-program	457			457
Debt service			487,682	487,682
Capital projects		388,981		388,981
Total expenditures	179,630	388,981	487,682	1,056,293
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,073	(200,833)	(228,051)	(426,811)
OTHER FINANCING SOURCES				
Transfers in	55,959	-	227,263	283,222
	55,959	-	227,263	283,222
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	58,032	(200,833)	(788)	(143,589)
FUND BALANCES, beginning of year	226,444	300,868	4,764	532,076
FUND BALANCES, end of year	\$ 284,476	\$ 100,035	\$ 3,976	\$ 388,487

See Independent Auditor's Report on the Supplementary Information.

WINNESHIEK COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009

	REAP Grant	Water Testing Grant	Conservation Land Acquisition Fund	Recorder's Records Management	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and pooled investments	\$ 125,906	\$ 76,165	\$ 61,534	\$ 19,819	\$ 283,424
Receivables					
Accrued interest	160	-		23	183
Accounts				1,621	1,621
	<u>126,066</u>	<u>76,165</u>	<u>61,534</u>	<u>21,463</u>	<u>285,228</u>
Total assets	<u>\$ 126,066</u>	<u>\$ 76,165</u>	<u>\$ 61,534</u>	<u>\$ 21,463</u>	<u>\$ 285,228</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 295	\$ 457	\$ -	\$ 752
	<u>-</u>	<u>295</u>	<u>457</u>	<u>-</u>	<u>752</u>
Total liabilities	<u>-</u>	<u>295</u>	<u>457</u>	<u>-</u>	<u>752</u>
Fund balances					
Reserved	126,066	75,870	61,077	21,463	284,476
	<u>126,066</u>	<u>75,870</u>	<u>61,077</u>	<u>21,463</u>	<u>284,476</u>
Total fund balances	<u>126,066</u>	<u>75,870</u>	<u>61,077</u>	<u>21,463</u>	<u>284,476</u>
Total liabilities and fund balances	<u>\$ 126,066</u>	<u>\$ 76,165</u>	<u>\$ 61,534</u>	<u>\$ 21,463</u>	<u>\$ 285,228</u>

See Independent Auditor's Report on the Supplementary Information.

WINNESHIEK COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2009

	REAP Grant	Water Testing Grant	Conservation Land Acquisition Fund	Recorder's Records Management	Total Nonmajor Special Revenue Funds
REVENUES					
Intergovernmental	\$ 158,833	\$ 14,703	\$ -		\$ 173,536
Charges for service				\$ 5,067	5,067
Use of money and property	2,701			399	3,100
Miscellaneous			-	-	-
Total revenues	161,534	14,703	-	5,466	181,703
EXPENDITURES					
Current					
Physical health and social services		42,065			42,065
County environment and education services	132,173				132,173
Governmental services to residents				4,935	4,935
Non-program			457		457
Total expenditures	132,173	42,065	457	4,935	179,630
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,361	(27,362)	(457)	531	2,073
OTHER FINANCING SOURCES					
Transfers in			55,959		55,959
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	29,361	(27,362)	55,502	531	58,032
FUND BALANCES, beginning of year	96,705	103,232	5,575	20,932	226,444
FUND BALANCES, end of year	\$ 126,066	\$ 75,870	\$ 61,077	\$ 21,463	\$ 284,476

See Independent Auditor's Report on the Supplementary Information.

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2009

	Burr Oak Sewer Fund	Festina Sewer Fund	Burr Oak Sewer Sinking Fund
ASSETS			
Cash and pooled investments	\$ 15,654	\$ 11,395	\$ 1,084
Receivables			
Accounts	2,650	695	
Total current assets	18,304	12,090	1,084
Noncurrent assets			
Land	6,292	3,500	
Net capital assets	447,079	446,977	
Total noncurrent assets	453,371	450,477	-
Total assets	\$ 471,675	\$ 462,567	\$ 1,084
LIABILITIES AND NET ASSETS			
Liabilities			
Accrued interest payable	\$ 88	\$ 103	\$ -
Notes payable	2,030	1,962	
Total current liabilities	2,118	2,065	-
Noncurrent liabilities			
Long-term debt	81,886	117,578	
Total liabilities	84,004	119,643	-
Net assets			
Invested in capital assets, net of related debt	369,455	330,937	
Restricted	163,838	104,626	1,084
Unrestricted	(145,622)	(92,639)	
Total net assets	387,671	342,924	1,084
Total liabilities and net assets	\$ 471,675	\$ 462,567	\$ 1,084

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 5

Festina Sewer Sinking Fund	Burr Oak Sewer Reserve Fund	Festina Sewer Reserve Fund	Total Nonmajor Enterprise Funds
\$ (1,736)	\$ 6,226	\$ 6,634	\$ 39,257
<u>1,836</u>		<u>186</u>	<u>5,367</u>
<u>100</u>	<u>6,226</u>	<u>6,820</u>	<u>44,624</u>
			9,792
			<u>894,056</u>
-	-	-	<u>903,848</u>
<u>\$ 100</u>	<u>\$ 6,226</u>	<u>\$ 6,820</u>	<u>\$ 948,472</u>
			191
-	-	-	<u>3,992</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,183</u>
			199,464
<u>-</u>	<u>-</u>	<u>-</u>	<u>203,647</u>
			700,392
100	6,226	6,820	<u>282,694</u>
			<u>(238,261)</u>
<u>100</u>	<u>6,226</u>	<u>6,820</u>	<u>744,825</u>
<u>\$ 100</u>	<u>\$ 6,226</u>	<u>\$ 6,820</u>	<u>\$ 948,472</u>

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 For the Year Ended June 30, 2009

	Burr Oak Sewer Fund	Festina Sewer Fund	Burr Oak Sewer Sinking Fund
OPERATING REVENUES			
Charges for services	\$ 21,365	\$ 12,902	\$ -
Total operating revenues	<u>21,365</u>	<u>12,902</u>	<u>-</u>
OPERATING EXPENSES			
Wages and benefits	540	3,700	
Depreciation	12,829	11,816	
Other	11,054	3,456	
Total operating expenses	<u>24,423</u>	<u>18,972</u>	<u>-</u>
Operating income (loss)	<u>(3,058)</u>	<u>(6,070)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	28	52	
Interest expense	(4,138)	(5,580)	
Net nonoperating revenues (expenses)	<u>(4,110)</u>	<u>(5,528)</u>	<u>-</u>
Loss before contributions and transfers	<u>(7,168)</u>	<u>(11,598)</u>	<u>-</u>
OPERATING TRANSFERS			
Transfer in	10,885	7,653	7,728
Transfer out	(7,728)	(8,088)	(7,306)
Total operating transfers	<u>3,157</u>	<u>(435)</u>	<u>422</u>
Change in net assets	<u>(4,011)</u>	<u>(12,033)</u>	<u>422</u>
NET ASSETS, beginning of year	<u>391,682</u>	<u>354,957</u>	<u>662</u>
NET ASSETS, end of year	<u>\$ 387,671</u>	<u>\$ 342,924</u>	<u>\$ 1,084</u>

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 6

Festina Sewer Sinking Fund	Burr Oak Sewer Reserve Fund	Festina Sewer Reserve Fund	Total Nonmajor Enterprise Funds
\$ 3,514	\$ -	\$ -	\$ 37,781
3,514	-	-	37,781
			4,240
			24,645
3,146			17,656
3,146	-	-	46,541
368	-	-	(8,760)
			80
			(9,718)
-	-	-	(9,638)
368	-	-	(18,398)
7,344	-	744	34,354
(7,653)	(3,579)		(34,354)
(309)	(3,579)	744	-
59	(3,579)	744	(18,398)
41	9,805	6,076	763,223
\$ 100	\$ 6,226	\$ 6,820	\$ 744,825

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2009

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>Assessor</u>
ASSETS			
Cash and pooled investments			
County Treasurer		\$ 2,990	\$ 77,897
Other County officials	\$ 53,904		
Receivables			
Property tax			
Delinquent		52	64
Succeeding year		185,648	222,985
Accounts	5,250		
Accrued interest			
Due from other governments			
Prepaid insurance			1,800
	<u>59,154</u>	<u>188,690</u>	<u>302,746</u>
Total assets	<u>\$ 59,154</u>	<u>\$ 188,690</u>	<u>\$ 302,746</u>
LIABILITIES			
Accounts payable			\$ 135
Salaries and benefits payable			8,877
Due to other funds	\$ 46,558		164
Due to other governments	11,449	\$ 188,690	293,570
Deferred revenue			
Trusts payable	1,147		
	<u>59,154</u>	<u>188,690</u>	<u>302,746</u>
Total liabilities	<u>\$ 59,154</u>	<u>\$ 188,690</u>	<u>\$ 302,746</u>

See Independent Auditor's Report on the Supplementary Information.

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
\$ 191,135	\$ 7,343	\$ 41,330	\$ 6,431	\$ 421,029	\$ 614,743	\$ 1,362,898 53,904
3,369	245	1,893	85		153	5,861
12,537,276	821,502	3,645,114	300,775		547,321	18,260,621
					30,739	35,989
					626	626
					4,226	4,226
						1,800
<u>\$ 12,731,780</u>	<u>\$ 829,090</u>	<u>\$ 3,688,337</u>	<u>\$ 307,291</u>	<u>\$ 421,029</u>	<u>\$ 1,197,808</u>	<u>\$ 19,725,925</u>
					\$ 670	\$ 805
					1,041	9,918
					-	46,722
\$ 12,731,780	\$ 829,090	\$ 3,688,337	\$ 307,291	\$ 421,029	1,196,097	19,667,333
					-	-
						1,147
<u>\$ 12,731,780</u>	<u>\$ 829,090</u>	<u>\$ 3,688,337</u>	<u>\$ 307,291</u>	<u>\$ 421,029</u>	<u>\$ 1,197,808</u>	<u>\$ 19,725,925</u>

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>Assessor</u>
ASSETS AND LIABILITIES			
BALANCE, beginning of year	\$ 62,008	\$ 2,193	\$ 80,125
ADDITIONS			
Property and other County tax		174,059	207,261
State tax credits		9,164	10,964
Drivers license fees			
Office fees and collections	323,716		2
Auto license, use tax and postage			
E-911 telephone surcharges			
Miscellaneous	88,881		134
Assessments			
Trusts	90,230		
Total additions	<u>502,827</u>	<u>183,223</u>	<u>218,361</u>
DEDUCTIONS			
Agency remittances			
To other funds	261,999		
To other governments	125,941	182,374	
Trusts paid out	99,595		
Miscellaneous	18,146		218,725
Total deductions	<u>505,681</u>	<u>182,374</u>	<u>218,725</u>
BALANCE, end of year	<u>\$ 59,154</u>	<u>\$ 3,042</u>	<u>\$ 79,761</u>

See Independent Auditor's Report on the Supplementary Information.

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
\$ 136,087	\$ 5,897	\$ 23,554	\$ 4,460	\$ 365,990	\$ 529,962	\$ 1,210,276
11,383,887	427,610	4,070,399	270,245		532,759	17,066,220
588,918	22,508	130,929	17,461		28,050	807,994
					4,708	-
				4,413,348		328,426
					108,750	4,413,348
					234,681	108,750
					76,696	323,696
						90,230
<u>11,972,805</u>	<u>450,118</u>	<u>4,201,328</u>	<u>287,706</u>	<u>4,413,348</u>	<u>985,644</u>	<u>23,215,360</u>
11,914,388	448,427	4,181,659	285,650	192,387	627,139	454,386
				4,165,922		21,931,500
					237,980	99,595
						474,851
<u>11,914,388</u>	<u>448,427</u>	<u>4,181,659</u>	<u>285,650</u>	<u>4,358,309</u>	<u>865,119</u>	<u>22,960,332</u>
\$ 194,504	\$ 7,588	\$ 43,223	\$ 6,516	\$ 421,029	\$ 650,487	\$ 1,465,304

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WINNESHIEK COUNTY
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 All GOVERNMENTAL FUND TYPES
 Years Ended June 30,

	Modified Accrual			
	2009	2008	2007	2006
REVENUES				
Property and other County tax	\$ 5,763,349	\$ 5,521,664	\$ 5,506,728	\$ 5,379,392
Local option sales tax	1,276,001	1,151,833	1,296,816	1,090,902
Interest and penalty on property tax	57,740	51,023	46,990	49,037
Intergovernmental	7,590,448	7,014,918	6,214,640	6,234,227
Licenses and permits	13,112	17,422	14,210	13,040
Charges for service	570,256	567,022	533,809	524,258
Use of money and property	241,727	343,464	406,426	355,300
Miscellaneous	387,281	176,988	397,847	131,274
Total revenues	\$ 15,899,914	\$ 14,844,334	\$ 14,417,466	\$ 13,777,430
EXPENDITURES				
Current				
Public safety and legal services	\$ 1,974,433	\$ 1,924,780	\$ 1,769,761	\$ 1,673,671
Physical health and social services	1,622,070	1,510,110	1,424,742	1,372,241
Mental health	2,225,989	2,426,900	2,198,888	2,081,849
County environment and education services	1,310,048	1,226,245	1,079,757	1,002,931
Roads and transportation	5,227,666	5,435,764	5,063,759	4,320,893
Governmental services to residents	346,924	299,885	285,872	449,990
Administrative services	1,425,958	1,335,264	1,125,199	1,090,546
Nonprogram	2,657	29,808	16,382	5,251
Debt service	487,682	563,841	551,322	2,781,219
Capital project	1,535,195	1,106,536	704,588	2,002,286
Total expenditures	\$ 16,158,622	\$ 15,859,133	\$ 14,220,270	\$ 16,780,877

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 9

Modified Accrual		
2005	2004	2003
\$ 5,462,955	\$ 5,728,954	\$ 5,745,793
1,144,299	958,144	954,606
51,129	65,567	56,975
5,996,378	6,133,510	6,134,465
14,969	13,577	9,317
554,535	566,941	533,625
252,964	209,672	241,446
104,590	136,139	64,201
\$ 13,581,819	\$ 13,812,504	\$ 13,740,428
\$ 1,568,370	\$ 1,491,544	\$ 1,336,837
1,350,847	1,381,162	1,434,542
1,973,584	2,113,732	2,291,141
969,412	943,942	983,901
4,464,945	4,495,658	3,484,717
275,852	275,390	254,917
1,213,439	1,080,717	1,020,258
3,317	3,344	4,804
569,658	821,934	578,122
1,479,367	1,135,748	1,142,002
\$ 13,868,791	\$ 13,743,171	\$ 12,531,241

WINNESHIEK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 - Highway Planning and Construction
 - CFDA Number 97.036 – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Winneshiek County did not qualify as a low-risk auditee.

WINNESHIEK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Section II: Findings Related to the Financial Statements

09-1 Financial Report Preparation

Reporting financial data reliably in accordance with generally accepted accounting principles requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Obtaining additional generally accepted accounting principles knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable generally accepted accounting principles financial statements.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

09-2 Segregation of Duties

One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Bank deposits are prepared by the same person who opens the bank statement. Disbursements and checks are prepared by one person.

Recommendation

While we do recognize the County offices are not large enough to permit a segregation of duties for an effective internal control, we believe it is important the Board be aware that this condition does exist.

Response and Corrective Action Planned

We segregate duties in our offices as much as possible, and will strive to improve internal controls where possible.

Conclusion

Response accepted.

Section III: Findings and Questioned Costs for Federal Awards

CFDA Number 97.036 Public Assistance (Presidentially Declared Disasters)
Federal Award Year: 2009
U.S. Department of Homeland Security
Passed through Iowa Department of Public Defense

WINNESHIEK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Section III: Findings and Questioned Costs for Federal Awards (Continued)

CFDA Number 20.205, Highway Planning and Construction
Federal Award Year: 2009
U.S. Department of Transportation
Passed through Iowa Department of Transportation

See 09-1 and 09-2 above

Section IV: Other Findings Related to Required Statutory Reporting

See Management Letter dated January 4, 2010

Section V: Summary of Prior Federal Audit Findings and Questioned Costs

Comment Reference	Comment Title	Status	Explanation
08-1	Financial report preparation	Not corrected	Management does not have the necessary training to prepare year-end financial statements.
08-2	Segregation of duties	Not corrected	The County has limited staff and segregates duties to the best of their abilities.

WINNESHIEK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Grantor/Program	CFDA Number	Grant Number/Description	Program Expenditures
Direct			
U.S. Department of Agriculture			
Emergency Watershed Protection Program	10.923	69-6114-9-07	\$ 75,394
		69-6114-9-43	23,537
			<u>98,931</u>
Indirect			
U.S. Department of Agriculture			
Passed through Iowa Department of Human Services			
State Administrative Matching Grants for Food Stamp Program	10.561	LAE Reimbursement	12,893
U.S. Department of Transportation			
Passed through Iowa Department of Transportation			
Highway Planning and Construction	20.205	BROS-CO96(93)--8J-96	102,707
		BROS-CO96(84)--8J-96	564,047
		Disaster IA08-01	47,427
		STP-ES-CO96(92)-8I-96	20,000
			<u>734,181</u>
	20.609	08-157, Task 177	50
Safety Belt Performance Grants		09-406, Task 178	4,499
			<u>4,549</u>
			<u>738,730</u>
U.S. Department of Health and Human Services			
Passed through Iowa Department of Human Rights			
Temporary Assistance for Needy Families	93.558	FaDSS-09-25-F4	134,815
		LAE Reimbursement	11,956
			<u>146,771</u>
Passed through Iowa Department of Public Health			
Immunization Grants	93.268	5889I482	2,248
		5888I482	3,242
			<u>5,490</u>
Maternal and Child Health Services Block Grant to the States	93.994	5889MH10	1,223
		5888MH10	240
			<u>1,463</u>

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

WINNESHIEK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Grantor/Program	CFDA Number	Grant Number/Description	Program Expenditures
Indirect (Continued)			
U.S. Department of Health and Human Services (Continued)			
Passed through Hancock County Public Health Services			
Centers for Disease Control and Prevention, Investigations, and			
Technical Assistance			
	93.069	BT09016	\$ 20,471
	93.069	BT08016	3,695
			<u>24,166</u>
Passed through Iowa Department of Human Services			
Social Services Block Grant			
	93.667	96-001	72,900
	93.667	LAE Reimbursement	7,836
			<u>80,736</u>
Other Federal Financial Assistance			
Human Services Administrative Reimbursements			
Refugee and Entrant Assistance - State Administered Programs			
	93.566	LAE Reimbursement	22
Child Care Mandatory and Matching Funds of the Child Care			
and Development Fund			
	93.596	LAE Reimbursement	3,386
Foster Care - Title IV-E			
	93.658	LAE Reimbursement	7,219
Adoption Assistance			
	93.659	LAE Reimbursement	1,739
State Children's Insurance Program			
	93.767	LAE Reimbursement	99
Medical Assistance Program			
	93.778	LAE Reimbursement	15,746
			<u>28,211</u>
Sub-total U.S. Department of Health and Human Services			<u>286,837</u>
U.S. Department of Homeland Security			
Passed through Iowa Department of Public Defense			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
	97.036	FEMA DR-1763-IA	908,759
			<u>908,759</u>
Emergency Management Performance Grants			
	97.042	EMPG Reimbursement	16,307
Subtotal U.S. Department of Homeland Security			<u>925,066</u>
Total Federal Financial Assistance			<u>\$ 2,062,457</u>

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

WINNESHIEK COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Winneshiek County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Loans Outstanding

Winneshiek County has two outstanding notes payable to the Rural Housing and Community Development Service totaling \$83,916 and \$119,540 as of June 30, 2009. The proceeds from these notes were advanced under the Water and Waste Disposal Systems for Rural Communities Program.

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**INDEPENDENT AUDITOR'S 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 Board of Supervisors
Winneshiek County
Decorah, Iowa**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County as of and for the year ended June 30, 2009, which collectively comprise Winneshiek County's basic financial statements and have issued our report thereon dated January 4, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Winneshiek 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 Winneshiek County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Winneshiek 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 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 consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 09-1 and 09-2 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of 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 believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winneshiek 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 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 Winneshiek County in a separate letter dated January 4, 2010.

Winneshiek County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Winneshiek 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, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 4, 2010

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Supervisors
Winneshiek County
Decorah, Iowa

Compliance

We have audited the compliance of Winneshiek County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Winneshiek County's major federal programs are identified in the summary of auditor's 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 programs is the responsibility of Winneshiek County's management. Our responsibility is to express an opinion on Winneshiek County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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*. Those standards 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 program occurred. An audit includes examining, on a test basis, evidence about Winneshiek County'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 Winneshiek County's compliance with those requirements.

In our opinion, Winneshiek County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Winneshiek County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Winneshiek County's internal control over compliance with the requirements that could have a direct and material effect on a major federal 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 the County's internal control over compliance.

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 09-1 and 09-2 to be significant deficiencies.

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 program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Winneshiek County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Winneshiek County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County as of and for the year ended June 30, 2009, and have issued our report thereon dated January 4, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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.

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

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 4, 2010

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MANAGEMENT LETTER

To the Board of Supervisors
Winneshiek County
Decorah, Iowa

In planning and performing our audit of the basic financial statements of Winneshiek County for the year ended June 30, 2009, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 10 below are compliance comments required by the Iowa Auditor of State. A separate report dated January 4, 2010, contains our report on significant deficiencies in the County's internal control. This letter does not affect our report dated January 4, 2010 on the basic financial statements of Winneshiek County. Comments 11, 12, and 14 are unresolved comments from the prior year. All other prior year statutory comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

1. Certified Budget

Disbursements for the year ended June 30, 2009 exceeded the amounts budgeted in debt service function.

Recommendation

The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response

The proper interest and principal payments were budgeted and paid. The \$200 bank wire fee was not budgeted, and the fee was incurred after the time frame for budget amendments. In the future we will anticipate such fees and budget for them accordingly.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. Travel Expense

No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

4. Business Transactions

We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2009.

5. Bond Coverage

Surety bond coverage of County officials and employees is in accordance with statutory provisions.

6. Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's opinions dated December 10, 1985, December 31, 1986 and May 2, 1989.

7. Resource Enhancement and Protection Certification

The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with Subsections (b)(2) and (b)(3).

8. County Extension Office

The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A through G.

Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

9. Deposits and Investments

A resolution naming official depository banks has been approved by the Board. The maximum deposit amount stated in the resolution for Viking State Bank was exceeded during the year ended June 30, 2009.

Recommendation

We recommend depository amounts be monitored to prevent exceeding the resolution. The Board should reconsider the amount that is necessary to be set for the depository resolution.

Response

The Treasurer will discuss the depository resolution with the Board of Supervisors and decide the best option.

Conclusion

Response accepted.

10. County Assessor-Questionable Expenditures

We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

11. County Sheriff Office

The County Sheriff Office has four outstanding checks that are greater than three years old.

Recommendation

We recommend the County turn the outstanding checks over to the State as unclaimed property.

Response

The Sheriff will turn these over to the State as unclaimed property.

Conclusion

Response accepted.

12. Property and Equipment Records

A partial record of the County's fixed assets is maintained by individual offices. Property journal totals have not been summarized, nor has reconciliation been performed to balance additions and deletions to the general ledger.

Recommendation

We recommend complete property and equipment records be developed. In addition, to facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the fixed assets records. Management may want to consider the employment of an outside consulting firm to maintain its property records.

Response

We are continually making improvements to our inventory management procedures and will make an effort to take updated inventory at least once per year.

Conclusion

Response accepted.

13. Solid Waste Fees Retainage

During the year ended June 30, 2009, the solid waste fees established by Chapter 455E.11 (2), (11), (13) and (15) of the Code of Iowa, were administered by Winneshiek County Area Solid Waste Agency. The Agency is a 28E organization of which Winneshiek County is a member.

14. Recorder's Office

During our audit, we noted the Recorder's office has issued checks exceeding bank balances in the Revenue Stamp account. The bank reconciliations at June 30, 2009 were inaccurate with checks that had cleared being listed as outstanding. Also, the quarterly reports submitted to the Board did not reflect all fees collected as required by Chapter 331.902 of the Iowa Code.

Recommendation

We recommend checks be written for only deposits that have been made. Each bank account should be reconciled and balanced monthly. The quarterly reports should include all activity. The Recorder should consider hiring additional staff to allow for timely and accurate financial reporting.

Response

No response by the County Recorder.

Conclusion

Recommendation stands.

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

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Winneshiek County during the course of our examination.

Should you have any questions concerning these or other matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 4, 2010