

**ALLAMAKEE COUNTY
WAUKON, IOWA**

FINANCIAL REPORT

JUNE 30, 2010

TABLE OF CONTENTS

		<u>Page</u>
OFFICIALS		1
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS		2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)		4
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>	
Government-wide Financial Statements		
Statement of Net Assets	A	5
Statement of Activities	B	6
Governmental Fund Financial Statements		
Balance Sheet	C	7-8
Statement of Revenues, Expenditures and Changes in Fund Balances	D	9-10
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Assets		
Agency Funds	E	11
Notes to Financial Statements		12-24
Required Supplementary Information		
Budgetary Comparison Schedule		
Statement of Receipts, Disbursements, and Changes in Balance –		
Budget and Actual (Cash Basis) - All Governmental Funds		25
Budget to GAAP Reconciliation		26
Notes to Required Supplementary Information - Budgetary Reporting		27
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION		28-29
OTHER SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Governmental Activities		
Nonmajor Governmental Funds		
Combining Balance Sheet	1	30
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	31
Nonmajor Special Revenue Funds		
Combining Balance Sheet	3	32
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	33
Agency Funds		
Combining Schedule of Fiduciary Assets and Liabilities	5	34
Combining Schedule of Changes in Fiduciary Assets and Liabilities	6	35
All Governmental Fund Types		
Comparative Schedule of Revenues by Source and Expenditures by Function	7	36
Schedule of Findings and Questioned Costs	8	37-39
Schedule of Expenditures of Federal Awards	9	40
Notes to the Schedule of Expenditures of Federal Awards		41

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
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 <i>GOVERNMENT AUDITING STANDARDS</i>	42-43
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	44-45
MANAGEMENT LETTER	46-49

ALLAMAKEE COUNTY

Name	OFFICIALS Title	Term Expires
Kathy Campbell	Supervisor	January 2011
Cloy Kuhse	Supervisor	January 2013
Lennie Burke	Supervisor	January 2011
Pam Benjegerdes	County Auditor	January 2013
Lori Hesse	County Treasurer	January 2011
Deb Winke	County Recorder	January 2011
Tim Heiderscheit	County Sheriff	January 2013
Mary Jane White	County Attorney	January 2011
Ann Burckart	County Assessor	Appointed

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

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

**To the Board of Supervisors
Allamakee County
Waukon, Iowa**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allamakee 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 the 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.

Management did not complete an actuarial valuation to calculate the annual cost of Other Postemployment Benefits (OPEB) and the outstanding obligations and commitments related to OPEB and, accordingly has not reported an OPEB liability or expenses in the governmental activities; disclosed the plan description, funding policy, annual OPEB cost, and actuarial methods and assumptions; or presented the schedule of funding progress in the required supplementary information. GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions*, requires employers to account for, report and disclose the annual cost of OPEB and the outstanding obligations and commitments related to OPEB. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, except for the effects of the omission of OPEB reporting and disclosures as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Allamakee County as of June 30, 2010, and the respective changes in financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Allamakee County as of June 30, 2010, and the respective changes in financial position, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2011, on our consideration of Allamakee 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 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.

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on page 4 and pages 25 through 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
February 14, 2011

ALLAMAKEE COUNTY
WAUKON, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2010

Management of Allamakee County provides this management's discussion and analysis of Allamakee County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. 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 4.62%, or approximately \$506,000, from fiscal 2009 to fiscal 2010. Capital grants increased approximately \$181,000 and property taxes increased approximately \$290,000.
- Program expenses were 4.08%, or approximately \$2,086,000, less in fiscal 2010 than in fiscal 2009. Mental health expenses decreased approximately \$79,000 and roads and transportation expenses decreased approximately \$2,159,000.
- The County's net assets increased 11.98%, or approximately \$2,446,000, from June 30, 2009 to June 30, 2010.

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 Allamakee 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 Allamakee 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 Allamakee 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 Allamakee 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 Allamakee 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 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.

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, and 3) 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.

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 E-911 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			
	2010	2009	Percent Change
Current and other assets	\$ 12,201	\$ 11,072	10.20%
Capital assets	16,071	14,775	8.77%
Total assets	28,272	25,847	9.38%
Long-term debt outstanding	181	166	9.04%
Other liabilities	5,225	5,261	-0.68%
Total liabilities	5,406	5,427	-0.39%
Net assets			
Invested in capital assets	16,071	14,775	8.77%
Restricted	4,219	2,871	46.95%
Unrestricted	2,576	2,774	-7.14%
Total net assets	\$ 22,866	\$ 20,420	11.98%

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used, which increased approximately \$1,348,000 or 46.95%. 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 \$198,000 or 7.13%.

The increase in net assets for the governmental activities is due to a decrease in roads and transportation expenses along with an increase in operating grants, capital grants and property tax revenue.

The following analysis shows the change in net assets for the year ending June 30, 2010:

	Changes in Net Assets (Expressed in Thousands)		
	Governmental Activities		
	2010	2009	Percent Change
Revenues:			
Program revenue			
Charges for service	\$ 353	\$ 396	-10.86%
Operating grants	3,765	3,611	4.26%
Capital grants	826	645	28.06%
General revenue			
Property taxes	5,341	5,051	5.74%
Local option sales tax	339	283	19.79%
Penalty and interest on property taxes	61	68	-10.29%
State tax credits	672	734	-8.45%
Rents	60	46	
Unrestricted investment earnings	124	174	-28.74%
Other	(93)	(65)	43.08%
Total revenues	11,448	10,943	4.61%
Program expenses:			
Public safety and legal services	1,397	1,340	4.25%
Physical health and social services	713	650	9.69%
Mental health	1,638	1,717	-4.60%
County environment and education	828	822	0.73%
Roads and transportation	3,212	5,372	-40.21%
Government services to residents	386	349	10.60%
Administration or general government	819	814	0.61%
Non-program	9	23	-60.87%
Total expenses	9,002	11,087	-18.81%
Increase (decrease) in net assets	2,446	(144)	-1798.61%
Net assets beginning of year	20,420	20,564	-0.70%
Net assets end of year	\$ 22,866	\$ 20,420	11.98%

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$6,558,561, approximately \$822,000 increase of the 2009 fiscal year end balance of \$5,736,999.

- The general fund received more revenue during fiscal year 2010 from property and other County tax. The ending fund balance showed a decrease from the prior year of \$155,264 to \$2,429,884, due primarily to an increase in public safety and legal services and public health and social services expenditures of \$68,000 and \$43,000, respectively.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1,631,400, a decrease of 4.69% from the prior year. The mental health fund balance at year end increased by approximately \$343,000 over the prior year.

- Secondary roads fund revenues increased approximately \$244,000 over the prior year. For the year, expenditures totaled \$4,292,889, a decrease of \$91,000. The secondary roads fund ending fund balance increase approximately \$530,000 after \$1.4 million in transfers from the general fund and rural services–special revenue fund.
- The ending fund balance for the rural service fund increased by \$64,000 or 13.31% over prior year. The increase is due to an increase in revenues of 6.91%.

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 June 2010 and resulted in an increase in public safety and legal services, physical health and social service, county environment and education services, governmental services to residents, administration, capital projects and a decrease in roads and transportation disbursements. However, this did not require an increase in taxes as the County received more revenue from charges for services, use of money and property, and miscellaneous receipts than originally projected.

The amendment made during the 2010 fiscal year should have no impact on the 2011 fiscal year’s budget.

The following chart shows the original and amended budget for fiscal 2010 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	\$ 5,594	\$ 5,513	\$ 5,534	\$ 60
Interest and penalty on property tax	71	36	36	35
Intergovernmental	4,999	5,299	5,488	(489)
Licenses and permits	16	54	54	(38)
Charges for service	336	224	224	112
Use of money and property	242	210	225	17
Miscellaneous	51	44	44	7
Total revenues	\$ 11,309	\$ 11,380	\$ 11,605	\$ (296)
EXPENDITURES				
Public safety and legal services	\$ 1,375	\$ 1,442	\$ 1,453	\$ 78
Physical health and social services	711	711	808	97
Mental health	1,623	2,104	2,104	481
County environment and education services	797	862	892	95
Roads and transportation	4,004	4,754	4,714	710
Governmental services to residents	386	415	425	39
Administrative services	811	939	948	137
Non-program	16	81	85	69
Capital project	987	1,032	1,072	85
Total expenditures	\$ 10,710	\$ 12,340	\$ 12,501	\$ 1,791

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, Allamakee County had \$16,070,754 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities.

The County had depreciation expense of \$981,294 for fiscal year 2010 and total accumulated depreciation of \$7,650,011 as of June 30, 2010 for the governmental 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 \$180,961 in other debt compared to approximately \$166,250 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 \$50,063,972 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

Allamakee 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. Allamakee 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.

Amounts available for appropriation in the operating budget are \$14,341,615, an increase of 3.5% over the final 2010 budget of \$14,866,999.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Allamakee 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, Allamakee County, 110 Allamakee Street, Waukon, IA 52172.

ALLAMAKEE COUNTY
STATEMENT OF NET ASSETS
June 30, 2010

		Governmental Activities
ASSETS		
Cash and pooled investments		\$ 6,036,907
Receivables		
Property tax		
Delinquent		145,924
Succeeding year		4,751,038
Accounts		29,909
Accrued interest		10,272
Notes receivable		77,946
Due from other governments		583,947
Inventories		508,676
Prepaid expenses		31,047
Notes receivable		25,818
Nondepreciable assets		845,228
Capital assets, net of accumulated depreciation/depletion		15,225,526
		15,225,526
Total assets		\$ 28,272,238
LIABILITIES AND NET ASSETS		
Accounts payable		\$ 126,891
Salaries and benefits payable		57,268
Due to other governments		186,292
Deferred revenue		
Succeeding year property tax		4,751,038
Other		103,764
Long-term liabilities		
Portion due within one year		
Compensated absences		180,961
		180,961
Total liabilities		5,406,214
NET ASSETS		
Invested in capital assets		16,070,754
Restricted for		
Inventories		508,676
Mental health		976,011
Rural service		549,694
Secondary roads		1,984,139
Other special revenue		366,826
Capital projects		29,610
Other purposes		76,987
Unrestricted		2,303,327
		2,303,327
Total net assets		22,866,024
Total liabilities and net assets		\$ 28,272,238

See Notes to Financial Statements.

ALLAMAKEE COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	Capital Grants	
Governmental activities					
Public safety and legal services	\$ 1,397,139	\$ 29,240	\$ 14,458		\$ (1,353,441)
Physical health and social services	713,164	17,540	247,524		(448,100)
Mental health	1,637,580	14,940	728,542		(894,098)
County environment and education	827,625	18,754	23,625		(785,246)
Roads and transportation	3,212,698	1,050	2,719,541	\$ 825,716	333,609
Government services to residents	385,775	248,356			(137,419)
Administration or general government	818,714	23,615	31,443		(763,656)
Non-program	9,103				(9,103)
Total governmental activities	\$ 9,001,798	\$ 353,495	\$ 3,765,133	\$ 825,716	(4,057,454)
General revenues					
Property taxes levied for					
General purposes					5,341,137
Local option sales tax					338,520
Penalty and interest on property taxes					61,145
State tax credits					670,352
Franchise tax					1,860
Rents					59,813
Unrestricted investment earnings					124,186
Loss on sale of capital assets					(188,884)
Miscellaneous					95,740
Total general revenues					6,503,869
Change in net assets					2,446,415
Net assets, beginning of year					20,419,609
Net assets, end of year					\$ 22,866,024

See Notes to Financial Statements.

This Page Intentionally Left Blank

ALLAMAKEE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
ASSETS				
Cash and pooled investments	\$ 2,373,765	\$ 1,148,367	\$ 520,317	\$ 1,598,452
Receivables				
Property tax				
Delinquent	131,806	12,394	1,724	
Succeeding year	2,781,045	681,698	1,288,295	
Accounts	27,748	1,923		
Accrued interest	10,080			
Notes receivable				
Due from other governments	39,240	35,730	43,752	465,225
Prepaid expenditures	30,751	96	200	
Inventories				508,676
Total assets	\$ 5,394,435	\$ 1,880,208	\$ 1,854,288	\$ 2,572,353
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 34,499	\$ 37,298	\$ 15,871	\$ 39,223
Salaries and benefits payable	16,088	774	228	40,178
Due to other governments	1,824	184,331		137
Deferred revenue				
Succeeding year property tax	2,781,045	681,698	1,288,295	
Other	131,095	12,308	1,620	272,647
Total liabilities	2,964,551	916,409	1,306,014	352,185
Fund balances				
Reserved for				
Inventories				508,676
Prepaid expenditures	30,751	96	200	
Other	45,940			
Capital projects				
Unreserved				
General fund	2,353,193			
Special revenue funds		963,703	548,074	1,711,492
Total fund balances	2,429,884	963,799	548,274	2,220,168
Total liabilities and fund balances	\$ 5,394,435	\$ 1,880,208	\$ 1,854,288	\$ 2,572,353

See Notes to Financial Statements.

EXHIBIT C

Other Governmental Funds	Total Governmental Funds
\$ 396,006	\$ 6,036,907
	145,924
	4,751,038
238	29,909
192	10,272
103,764	103,764
	583,947
	31,047
	508,676
<u>\$ 500,200</u>	<u>\$ 12,201,484</u>
	\$ 126,891
	57,268
	186,292
	4,751,038
\$ 103,764	521,434
<u>103,764</u>	<u>5,642,923</u>
	508,676
	31,047
	45,940
29,610	29,610
	2,353,193
<u>366,826</u>	<u>3,590,095</u>
<u>396,436</u>	<u>6,558,561</u>
<u>\$ 500,200</u>	<u>\$ 12,201,484</u>

ALLAMAKEE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

Reconciliation of governmental fund balances to net assets	
Total governmental fund balances	\$ 6,558,561
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	
\$7,650,011	16,070,754
Other long-term assets are not available to pay for current	
period expenditures and therefore are deferred in the funds	417,670
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	
Compensated absences	<u>(180,961)</u>
Net assets of governmental activities	<u>\$ 22,866,024</u>

See Notes to Financial Statements.

This Page Intentionally Left Blank

ALLAMAKEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
REVENUES				
Property and other County tax	\$ 3,021,745	\$ 745,015	\$ 1,503,550	
Local option sales tax			177,321	\$ 161,199
Interest and penalty on property tax	61,145			
Intergovernmental	406,599	1,214,256	62,851	3,272,610
Licenses and permits	14,582			1,050
Charges for service	301,906	14,793	12,625	469
Use of money and property	173,499			10,500
Miscellaneous	56,130	100	45	19,956
Total revenues	4,035,606	1,974,164	1,756,392	3,465,784
EXPENDITURES				
Current				
Public safety and legal services	1,385,829			
Physical health and social services	691,077			
Mental health		1,631,391		
County environment and education services	408,885		379,974	
Roads and transportation	404,690		58,418	3,305,621
Governmental services to residents	383,076			
Administrative services	801,998			
Non-program	9,103			
Capital project				987,268
Total expenditures	4,084,658	1,631,391	438,392	4,292,889
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(49,052)	342,773	1,318,000	(827,105)
OTHER FINANCING SOURCES (USES)				
Transfers in				1,356,777
Proceeds from disposal of capital assets	4,536		1,500	
Transfers out	(110,748)		(1,255,079)	
	(106,212)		(1,253,579)	1,356,777
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(155,264)	342,773	64,421	529,672
FUND BALANCES, beginning of year	2,585,148	621,026	483,853	1,690,496
FUND BALANCES, end of year	\$ 2,429,884	\$ 963,799	\$ 548,274	\$ 2,220,168

See Notes to Financial Statements.

EXHIBIT D

Other Governmental Funds	Total Governmental Funds
	\$ 5,270,310
	338,520
	61,145
\$ 31,671	4,987,987
	15,632
3,025	332,818
27,051	211,050
30	76,261
<u>61,777</u>	<u>11,293,723</u>
	1,385,829
19,197	710,274
	1,631,391
10,000	798,859
	3,768,729
1,848	384,924
	801,998
	9,103
	987,268
<u>31,045</u>	<u>10,478,375</u>
<u>30,732</u>	<u>815,348</u>
	1,365,827
9,050	6,214
178	(1,365,827)
<u>9,228</u>	<u>6,214</u>
39,960	821,562
<u>356,476</u>	<u>5,736,999</u>
<u>\$ 396,436</u>	<u>\$ 6,558,561</u>

ALLAMAKEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

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	\$	821,562
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	\$ (981,294)	
Capital outlays	<u>2,472,582</u>	1,491,288
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	91,455	
Other	<u>252,019</u>	343,474
The net effect of disposal of capital assets		(195,198)
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		<u>(14,711)</u>
Change in net assets of governmental activities	\$	<u><u>2,446,415</u></u>

See Notes to Financial Statements.

ALLAMAKEE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2010

ASSETS	
Cash and pooled investments	
County Treasurer	\$ 1,544,564
Other County officials	73,632
Receivables	
Property tax	
Delinquent	498,137
Succeeding year	11,543,571
Accounts	2,314
Due from other governments	124,657
	13,786,875
Total assets	13,786,875
LIABILITIES	
Accounts payable	2,917
Salaries and benefits payable	314
Due to other governments	13,765,277
Trusts payable	13,661
Compensated absences	4,706
	13,786,875
Total liabilities	13,786,875
NET ASSETS	\$ None

See Notes to Financial Statements.

ALLAMAKEE COUNTY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Allamakee 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, Allamakee 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.

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: Allamakee County Assessor's Conference Board, Allamakee County Emergency Management Commission and Allamakee 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental.

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.

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, governmental activities are presented using the “economic resources” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their statements of net assets. In reporting the financial activity on the governmental activities statements, the County applies all applicable GASB pronouncements.

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

b. Significant Accounting Policies (Continued)

Measurement Focus (Continued)

In the fund financial statements, the “current financial resources” measurement focus is used. 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.

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 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.

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.

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.

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

b. Significant Accounting Policies (Continued)

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 one primary demand deposit account 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.

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.

Notes Receivable

Notes receivable represent economic development loans from the County's revolving loan special revenue fund made to qualifying businesses. These loans are to be paid back with interest over a period ranging from two to three years. Interest rates on these notes receivables range from 3.0% to 5.0%. The balance of the loans receivable at June 30, 2010 was \$103,764.

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, 2010, 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.

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

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

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. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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, 2010 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 governmental activities column of the government-wide statement of net assets. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. 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

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

Buildings and improvements	20-50
Land improvements	20-50
Equipment	2-20
Vehicles	3-10
Infrastructure, road network	30-65

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.

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

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

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.

Compensated Absences

County employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. During the year ended June 30, 2004, the County established a plan to allow employees who were retiring to convert accumulated sick leave to insurance premiums. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absence liability attributable to the governmental activities will be paid primarily by the general fund, mental health, rural services and secondary roads special revenue funds. The County's approximate maximum liability for accrued vacation pay at June 30, 2010 is \$180,961.

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 consists of capital assets net of accumulated depreciation.

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.

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

b. Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2009.

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, 2010 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.

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.

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2010:

Governmental	
General fund, other	\$ 39,240
Special revenue	
Mental health fund, other	35,730
Rural service fund	
Local option sales tax	43,752
Secondary roads fund	
Road use tax	152,805
Local option sales tax	39,773
FEMA grant	272,647
	465,225
Total governmental	\$ 583,947

4. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Governmental activities				
Land	\$ 845,228	\$ None	\$ None	\$ 845,228
Capital assets being depreciated				
Buildings and improvements	1,846,344			1,846,344
Equipment	3,858,798	259,850	573,048	3,545,600
Vehicles	2,234,461	43,767	19,500	2,258,728
Infrastructure	13,055,900	2,168,965		15,224,865
Total capital assets being depreciated	20,995,503	2,472,582	592,548	22,875,537
Less accumulated depreciation				
Buildings and improvements	989,410	36,257		1,025,667
Equipment	2,347,473	274,310	377,850	2,243,933
Vehicles	1,659,589	135,576	19,500	1,775,665
Infrastructure	2,069,595	535,151		2,604,746
Total accumulated depreciation	7,066,067	981,294	397,350	7,650,011
Total capital assets being depreciated, net	13,929,436	1,491,288	195,198	15,225,526
Governmental activities				
Capital assets, net	\$ 14,774,664	\$ 1,491,288	\$ 195,198	\$ 16,070,754

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets (Continued)

For the year ended June 30, 2010, depreciation expense was charged to functions of the primary government as follows:

Governmental activities		
Public safety and legal services	\$	41,648
Physical health and social services		1,690
Mental health		4,968
County environment and education		28,951
Roads and transportation		885,946
Governmental services to residents		1,938
Administrative services		16,153
		16,153
	\$	981,294

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, 2010 is as follows:

Governmental		
General fund	Services	\$ 1,824
Special revenue funds		
MH/DD	Services	184,331
Secondary roads		137
		184,468
Total governmental		\$ 186,292
Fiduciary		
Agency		
County assessor	Collections	\$ 324,948
Schools		7,546,751
Area schools		605,953
Corporations		3,589,784
Auto license and use tax		272,749
Other		1,425,092
		1,425,092
Total agency funds		\$ 13,765,277

NOTES TO FINANCIAL STATEMENTS

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 4.30%, 4.10%, and 3.90% of their annual covered salary and the County is required to contribute 6.65%, 6.35%, and 6.05% of covered salary for the years ended June 30, 2010, 2009, and 2008 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, 2010, 2009, and 2008 were \$229,783, \$216,330, and \$197,249, respectively, equal to the required contributions for each year.

7. Construction, Purchase and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2010 amount to \$1,527,338 and commitments to be reimbursed is \$740,542.

The County entered into a 28E Agreement with Winneshiek 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.

8. Leases

As of June 30, 2010, the County is renting various county owned properties to other parties under operating leases. The leases vary in term but are typically short-term in nature.

9. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Issued	(Paid)	Balance June 30, 2010	Amounts Due Within One Year
Other liabilities					
Compensated absences	\$ 166,250	\$ 180,961	\$ (166,250)	\$ 180,961	\$ 180,961
Governmental activities					
Long-term liabilities	\$ 166,250	\$ 180,961	\$ (166,250)	\$ 180,961	\$ 180,961

NOTES TO FINANCIAL STATEMENTS

9. **Long-term Debt Obligations (Continued)**

At June 30, 2010, the debt issued by the County did not exceed its legal debt margin compiled as follows:

Total assessed valuation	\$ 1,001,279,439
Debt limit – 5% of total assessed valuation	\$ 50,063,972
Legal debt margin	\$ 50,063,972

10. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

	Transfers In	Transfers Out
General fund		
Secondary roads		\$ 101,698
Nonmajor governmental		9,050
		110,748
Special revenue		
Rural services		1,255,079
Secondary roads	\$ 1,356,777	
	1,356,777	1,255,079
	1,356,777	1,365,827
Nonmajor governmental	9,050	None
Total	\$ 1,365,827	\$ 1,365,827

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

NOTES TO FINANCIAL STATEMENTS

11. Fund Equity

The government-wide statement of net assets reports \$4,218,276 of restricted net assets, of which \$3,633,633 is restricted by enabling legislation. The amounts restricted at June 30, 2010 are as follows:

Restricted net assets	
General fund	
Prepaid expenditures	\$ 31,047
Prisoner room and board	43,496
Forfeiture	2,444
	76,987
 Special revenue fund	
Inventories	508,676
Mental health	976,011
Rural services	549,694
Secondary roads	1,711,492
Nonmajor governmental funds	366,826
	4,112,699
Capital projects fund	29,610
	\$ 4,219,296

The amounts reserved at June 30, 2010 are as follows:

Reserved fund balances	
General fund	
Prepaid expenditures	\$ 30,751
Forfeiture	2,444
Other	43,496
	76,691
 Special revenue fund	
Prepaid expenditures	296
Inventories	508,676
Nonmajor governmental funds	29,610
	538,582
	\$ 615,273

12. 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, 2010 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 has certain contingent liabilities resulting from litigation and claims incident to the ordinary course of business. Management believes that the probable resolution of such contingencies will not materially affect the financial position or results of operations of the County.

13. Risk Management

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance purchased from other insurers for coverage associated with these risks. During the year ended June 30, 2010, there were no significant changes in insurance coverage from prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

This Page Intentionally Left Blank

ALLAMAKEE COUNTY
 BUDGETARY COMPARISON SCHEDULE
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
 June 30, 2010

	Actual	Less Amounts not Budgeted	Budget Basis
RECEIPTS			
Property and other County tax	\$ 5,593,633		\$ 5,593,633
Interest and penalty on property tax	70,904		70,904
Intergovernmental	4,999,058		4,999,058
Licenses and permits	15,632		15,632
Charges for service	336,617		336,617
Use of money and property	214,359	\$ 1	214,358
Miscellaneous	78,852	9	78,843
Total receipts	11,309,055	10	11,309,045
DISBURSEMENTS			
Public safety and legal services	1,374,596		1,374,596
Physical health and social services	711,347		711,347
Mental health	1,622,626		1,622,626
County environment and education services	797,376		797,376
Roads and transportation	4,004,641		4,004,641
Governmental services to residents	385,772		385,772
Administrative services	810,820		810,820
Non-program	15,803		15,803
Capital project	987,268		987,268
Total disbursements	10,710,249	-	10,710,249
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	598,806	10	598,796
OTHER FINANCING SOURCES, NET	6,214		6,214
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	605,020	10	605,010
BALANCE, beginning of year	5,431,887		5,431,887
BALANCE, end of year	\$ 6,036,907	\$ 10	\$ 6,036,897

See Notes to Required Supplementary Information.

Budget Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 5,512,496	\$ 5,533,659	\$ 59,974
35,800	35,800	35,104
5,298,675	5,488,052	(488,994)
54,086	54,086	(38,454)
224,439	224,439	112,178
210,401	225,693	(11,335)
43,720	43,720	35,123
<u>11,379,617</u>	<u>11,605,449</u>	<u>(296,404)</u>
1,441,790	1,452,183	77,587
710,556	808,807	97,460
2,103,684	2,103,684	481,058
861,560	892,410	95,034
4,754,547	4,714,547	709,906
415,138	424,969	39,197
939,552	947,995	137,175
81,400	84,650	68,847
1,032,000	1,072,000	84,732
<u>12,340,227</u>	<u>12,501,245</u>	<u>1,790,996</u>
(960,610)	(895,796)	1,494,592
<u>5,000</u>	<u>5,000</u>	<u>1,214</u>
(955,610)	(890,796)	1,495,806
<u>3,966,897</u>	<u>3,966,897</u>	<u>1,464,990</u>
<u>\$ 3,011,287</u>	<u>\$ 3,076,101</u>	<u>\$ 2,960,796</u>

ALLAMAKEE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION
 For the Year Ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 11,309,055	\$ (15,332)	\$ 11,293,723
Expenditures	10,710,249	(231,874)	10,478,375
Net	598,806	216,542	815,348
Other financing sources, net	6,214		6,214
Beginning fund balance	5,431,887	305,112	5,736,999
Ending fund balance	\$ 6,036,907	\$ 521,654	\$ 6,558,561

See Notes to Required Supplementary Information.

ALLAMAKEE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2010

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, non-program, 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 \$161,018. 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.

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

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

**To the Board of Supervisors
Allamakee County
Waukon, Iowa**

Our report on our audit of the financial statements of Allamakee County as of and for the year ended June 30, 2010 appears on pages 2-3. In our report, our opinion on the governmental activities was qualified because of a GAAP departure due to the omission of OPEB reporting and disclosures. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

We have previously audited, in accordance with U.S. generally accepted auditing standards, the financial statements of Allamakee County as of and for the year ended June 30, 2009, (none of which is presented herein). We expressed a qualified opinion on the governmental activities and special revenue major fund-secondary roads for the 2009 fiscal year due to the scope limitation on valuation of inventory. We expressed an unqualified opinion on each major fund, except special revenue fund-secondary roads, and the aggregate remaining fund information for the 2009 fiscal year. That audit was conducted for purposes of forming an opinion on the financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2009 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information set forth in the required supplementary information for the period ended June 30, 2009, appearing on page 36, is fairly stated, in all material respects in relation to the financial statements from which it has been derived.

The financial statements of Allamakee County for the years ended June 30, 2004 through 2008 (none of which are presented herein), were audited by other auditors whose report dated February 19, 2009, expressed an unqualified opinion on those financial statements. Their report, as of the same date, on the supplemental information for 2004 through 2008 presented on page 36 stated in their opinion, such information was fairly stated in all material respects in relation to the financial statements for which it has been derived.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
February 14, 2011

ALLAMAKEE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue	Capital Projects	Nonmajor Governmental Funds
ASSETS			
Cash and pooled investments	\$ 366,396	\$ 29,610	\$ 396,006
Receivables			
Accounts	238		238
Accrued interest	192		192
Notes receivable	103,764		103,764
	<u>103,764</u>		<u>103,764</u>
Total assets	<u>\$ 470,590</u>	<u>\$ 29,610</u>	<u>\$ 500,200</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenue			
Other	\$ 103,764		\$ 103,764
	<u>103,764</u>		<u>103,764</u>
Total liabilities	<u>103,764</u>		<u>103,764</u>
Fund balances			
Unreserved special revenue funds	366,826		366,826
Reserved for capital projects		\$ 29,610	29,610
	<u>366,826</u>	<u>29,610</u>	<u>396,436</u>
Total fund balances	<u>366,826</u>	<u>29,610</u>	<u>396,436</u>
Total liabilities and fund balances	<u>\$ 470,590</u>	<u>\$ 29,610</u>	<u>\$ 500,200</u>

See Independent Auditor's Report on the Supplementary Information.

ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Special Revenue	Capital Projects	Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 31,671		\$ 31,671
Charges for service	3,025		3,025
Use of money and property	27,051		27,051
Miscellaneous	30		30
	<u>61,777</u>		<u>61,777</u>
EXPENDITURES			
Current			
Physical health and social services	19,197		19,197
County environment and education services	10,000		10,000
Governmental services to residents	1,848		1,848
	<u>31,045</u>		<u>31,045</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>30,732</u>		<u>30,732</u>
OTHER FINANCING SOURCES			
Transfers in	9,050		9,050
Gain from disposal of capital assets	178		178
	<u>9,228</u>		<u>9,228</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>39,960</u>		<u>39,960</u>
FUND BALANCES, beginning of year	<u>326,866</u>	<u>\$ 29,610</u>	<u>356,476</u>
FUND BALANCES, end of year	<u>\$ 366,826</u>	<u>\$ 29,610</u>	<u>\$ 396,436</u>

See Independent Auditor's Report on the Supplementary Information.

This Page Intentionally Left Blank

ALLAMAKEE COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2010

	Water Testing Grant	Recorder's Records Management	Resource Enhancement and Protection	Conservation Special Projects
ASSETS				
Cash and pooled investments	\$ 58,815	\$ 16,574	\$ 147,704	\$ 14,462
Receivables				
Accounts		238		
Accrued interest			192	
Notes receivable				
Total assets	\$ 58,815	\$ 16,812	\$ 147,896	\$ 14,462
LIABILITIES AND FUND BALANCES				
Liabilities				
Deferred revenue				
Total liabilities				
Fund balances				
Reserved	\$ 58,815	\$ 16,812	\$ 147,896	\$ 14,462
Total fund balances	58,815	16,812	147,896	14,462
Total liabilities and fund balances	\$ 58,815	\$ 16,812	\$ 147,896	\$ 14,462

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 3

Revolving Loan Fund	Emergency Medical Services	Conservation Land Acquisition Fund	Total Nonmajor Special Revenue Funds
\$ 115,491	\$ 14	\$ 13,336	\$ 366,396
			238
			192
<u>103,764</u>			<u>103,764</u>
<u>\$ 219,255</u>	<u>\$ 14</u>	<u>\$ 13,336</u>	<u>\$ 470,590</u>
<u>\$ 103,764</u>			<u>\$ 103,764</u>
<u>103,764</u>			<u>103,764</u>
<u>115,491</u>	<u>\$ 14</u>	<u>\$ 13,336</u>	<u>366,826</u>
<u>115,491</u>	<u>14</u>	<u>13,336</u>	<u>366,826</u>
<u>\$ 219,255</u>	<u>\$ 14</u>	<u>\$ 13,336</u>	<u>\$ 470,590</u>

This Page Intentionally Left Blank

ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2010

	Water Testing Grant	Recorder's Records Management	Resource Enhancement and Protection	Conservation Special Projects
REVENUES				
Intergovernmental	\$ 15,355		\$ 16,316	
Charges for service		\$ 3,025		
Use of money and property		20	2,427	
Miscellaneous				\$ 30
Total revenues	15,355	3,045	18,743	30
EXPENDITURES				
Current				
Physical health and social services	10,147			
County environment and education services			10,000	
Governmental services to residents		1,848		
Total expenditures	10,147	1,848	10,000	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,208	1,197	8,743	30
OTHER FINANCING SOURCES				
Transfer in				
Gain from disposal of capital assets				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	5,208	1,197	8,743	30
FUND BALANCES, beginning of year	53,607	15,615	139,153	14,432
FUND BALANCES, end of year	\$ 58,815	\$ 16,812	\$ 147,896	\$ 14,462

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 4

Revolving Loan Fund	Emergency Medical Services	Conservation Land Acquisition Fund	Total Nonmajor Special Revenue Funds
			\$ 31,671
			3,025
\$ 24,604			27,051
			30
24,604			61,777
	\$ 9,050		19,197
			10,000
			1,848
	9,050		31,045
24,604	(9,050)		30,732
	9,050		9,050
		\$ 178	178
	9,050	178	9,228
24,604	-	178	39,960
90,887	14	13,158	326,866
\$ 115,491	\$ 14	\$ 13,336	\$ 366,826

This Page Intentionally Left Blank

ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2010

	County Offices	Agricultural Extension Education	Assessor
ASSETS			
Cash and pooled investments			
County Treasurer		\$ 2,137	\$ 165,462
Other County officials	\$ 73,632		
Receivables			
Property tax			
Delinquent		2,830	2,905
Succeeding year		155,688	159,810
Accounts	2,229		
Due from other governments			
Total assets	\$ 75,861	\$ 160,655	\$ 328,177
LIABILITIES			
Accounts payable			\$ 38
Salaries and benefits payable			
Due to other governments	\$ 75,811	\$ 160,655	324,948
Trusts payable	50		
Accrued compensated absences			3,191
Total liabilities	\$ 75,861	\$ 160,655	\$ 328,177

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>
\$ 118,367	\$ 9,252	\$ 37,862	\$ 34,187	\$ 272,749	\$ 904,548	\$ 1,544,564 73,632
153,538	12,697	323,785	202		2,180	498,137
7,274,846	584,004	3,228,137	21,124		119,962	11,543,571
			54,752		85	2,314
					69,905	124,657
<u>\$ 7,546,751</u>	<u>\$ 605,953</u>	<u>\$ 3,589,784</u>	<u>\$ 110,265</u>	<u>\$ 272,749</u>	<u>\$ 1,096,680</u>	<u>\$ 13,786,875</u>
					\$ 2,879	\$ 2,917
					314	314
\$ 7,546,751	\$ 605,953	\$ 3,589,784	\$ 110,265	\$ 272,749	1,078,361	13,765,277
					13,611	13,661
					1,515	4,706
<u>\$ 7,546,751</u>	<u>\$ 605,953</u>	<u>\$ 3,589,784</u>	<u>\$ 110,265</u>	<u>\$ 272,749</u>	<u>\$ 1,096,680</u>	<u>\$ 13,786,875</u>

This Page Intentionally Left Blank

ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	County Offices	Agricultural Extension Education	Assessor
ASSETS AND LIABILITIES			
BALANCE, beginning of year	\$ 48,071	\$ 5,087	\$ 156,581
ADDITIONS			
Property and other County tax		139,572	176,337
State tax credits		5,837	7,297
Local option sales tax			
Office fees and collections	327,226		4,558
Auto license, use tax and postage			
E-911 telephone surcharges			
Miscellaneous	2,897		222
Assessments			
Trusts	99,006		
Total additions	429,129	145,409	188,414
DEDUCTIONS			
Agency remittances			
To other funds	122,400		
To other governments	185,927	145,529	
Trusts paid out	90,115		
Miscellaneous	2,897		176,628
Total deductions	401,339	145,529	176,628
BALANCE, end of year	\$ 75,861	\$ 4,967	\$ 168,367

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>
\$ 291,582	\$ 16,216	\$ 284,199	\$ 43,372	\$ 260,222	\$ 884,938	\$ 1,990,268
7,660,762	604,603	2,970,319	366,737		135,987	12,054,317
322,693	25,266	107,235	3,985		5,712	478,025
			34,817			34,817
					8,578	340,362
				3,158,679		3,158,679
					303,389	303,389
					508,509	511,628
					95,599	95,599
						99,006
<u>7,983,455</u>	<u>629,869</u>	<u>3,077,554</u>	<u>405,539</u>	<u>3,158,679</u>	<u>1,057,774</u>	<u>17,075,822</u>
8,003,132	624,136	3,000,106	359,770	107,350		229,750
				3,038,802	481,313	15,838,715
					181,400	271,515
					303,281	482,806
<u>8,003,132</u>	<u>624,136</u>	<u>3,000,106</u>	<u>359,770</u>	<u>3,146,152</u>	<u>965,994</u>	<u>16,822,786</u>
\$ 271,905	\$ 21,949	\$ 361,647	\$ 89,141	\$ 272,749	\$ 976,718	\$ 2,243,304

This Page Intentionally Left Blank

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

	Modified Accrual		
	2010	2009	2008
REVENUES			
Property and other County tax	\$ 5,270,310	\$ 5,007,863	\$ 4,831,728
Local option sales tax	338,520	283,115	253,398
Interest and penalty on property tax	61,145	68,163	49,985
Intergovernmental	4,987,987	4,965,659	4,034,913
Licenses and permits	15,632	53,150	52,413
Charges for service	332,818	336,452	435,027
Use of money and property	211,050	246,604	326,701
Miscellaneous	76,261	43,467	120,246
Total revenues	\$ 11,293,723	\$ 11,004,473	\$ 10,104,411
EXPENDITURES			
Current			
Public safety and legal services	\$ 1,385,829	\$ 1,317,526	\$ 1,235,498
Physical health and social services	710,274	670,713	539,900
Mental health	1,631,391	1,711,713	1,941,090
County environment and education services	798,859	812,731	813,482
Roads and transportation	3,768,729	4,667,894	3,775,558
Governmental services to residents	384,924	348,289	332,739
Administrative services	801,998	825,036	863,707
Non-program	9,103	23,281	85,795
Debt service			
Capital project	987,268	140,576	95,363
Total expenditures	\$ 10,478,375	\$ 10,517,759	\$ 9,683,132

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 7

Modified Accrual			
2007	2006	2005	2004
\$ 4,723,709	\$ 4,151,995	\$ 4,089,645	\$ 3,105,241
271,291	220,325	253,372	222,151
49,838	52,497	54,286	28,902
3,970,501	4,001,987	4,051,657	2,788,622
42,871	44,272	44,341	3,895
392,180	376,677	357,358	356,000
389,971	303,211	260,670	64,405
90,975	964,671	139,065	193,443
<u>\$ 9,931,336</u>	<u>\$ 10,115,635</u>	<u>\$ 9,250,394</u>	<u>\$ 6,762,659</u>
\$ 1,213,881	\$ 1,142,122	\$ 1,088,415	\$ 879,651
534,490	512,612	567,575	450,526
1,806,281	1,655,661	1,559,726	1,099,206
791,667	2,007,914	687,490	641,948
3,443,693	3,544,348	3,496,989	2,655,035
325,189	419,335	346,985	211,876
833,405	816,362	728,677	696,011
52,270	54,085	131,532	4,110
			30,408
453,243	694,131	959,555	29,817
<u>\$ 9,454,119</u>	<u>\$ 10,846,570</u>	<u>\$ 9,566,944</u>	<u>\$ 6,698,588</u>

ALLAMAKEE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**Part I: Summary of the Independent Auditor's Results:**

- (a) Qualified opinion was issued on the governmental activities and unqualified opinions were issued on the major funds and aggregate remaining funds.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did disclose 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 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) Allamakee County did not qualify as a low-risk auditee.

Section II: Findings Related to the Financial Statements**INTERNAL CONTROL DEFICIENCIES****II-A-10 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.

ALLAMAKEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Section II: Findings Related to the Financial Statements (Continued)

INTERNAL CONTROL DEFICIENCIES (Continued)

II-A-10 Financial Report Preparation (Continued)

Recommendation

The County Auditor office personnel should continue to obtain training in governmental accounting and reporting when possible.

Response and Corrective Action Planned

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

II-B-10 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 acknowledged.

INSTANCES OF NONCOMPLIANCE

II-C-10 OPEB Actuarial Report

The County did not complete an OPEB actuarial report for the fiscal year, as required by GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions*.

Recommendation

An OPEB actuarial report needs to be completed for future fiscal years to effectively implement and comply with GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions*.

ALLAMAKEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Section II: Findings Related to the Financial Statements (Continued)

INSTANCES OF NONCOMPLIANCE (Continued)

II-C-10 OPEB Actuarial Report (Continued)

Response and Corrective Action Planned

We thought that GASB No. 45 was effective starting fiscal year June 30, 2011. We will complete an actuarial report for future fiscal years.

Conclusion

Response accepted.

Section III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NONCOMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 97.036 Public Assistance (Presidentially Declared Disasters)
Federal Award Year: 2010
U.S. Department of Homeland Security
Passed through Iowa Department of Public Defense

See II-A-10 and II-B-10 above.

Section IV: Other Findings Related to Required Statutory Reporting

See Management Letter dated February 14, 2011

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

Comment Reference	Comment Title	Status	Explanation
II-A-09	Financial report preparation	Not corrected	Management does not have the necessary training to prepare year-end financial statements.
II-B-09	Overlapping duties	Not corrected	The County has limited staff and segregates duties to the best of their abilities.

ALLAMAKEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Grantor/Program	CFDA Number	Grant Number/Description	Program Expenditures
Indirect			
U.S. Department of Agriculture			
Passed through Iowa Department of Human Services			
State Administrative Matching Grants for the Supplemental			
Nutrition Assistance Program			
	10.561	LAE Reimbursement	\$ 4,366
U.S. Department of Education			
Passed through Iowa Department of Transportation			
ARRA- State Fiscal Stabilization Fund (SFSF)-			
Government Services, Recovery Act			
	84.397	S397A090016A	27,773
U.S. Department of Health and Human Services			
Passed through Iowa Department of Human Services			
Social Services Block Grant			
	93.667	03-001	63,866
	93.667	LAE Reimbursement	2,201
			66,067
Passed through Iowa Department of Public Health			
Public Health Emergency Preparedness			
	93.069		64,241
Other Federal Financial Assistance			
Human Services Administrative Reimbursements			
Temporary Assistance for Needy Families			
	93.558	LAE Reimbursement	1,873
Refugee and Entrant Assistance - State Administered Programs			
	93.566	LAE Reimbursement	12
Child Care Mandatory and Matching Funds of the Child Care			
and Development Fund			
	93.596	LAE Reimbursement	1,137
Foster Care - Title IV-E			
	93.658	LAE Reimbursement	2,298
Adoption Assistance			
	93.659	LAE Reimbursement	574
State Children's Insurance Program			
	93.767	LAE Reimbursement	26
Medical Assistance Program			
	93.778	LAE Reimbursement	4,883
			10,803
Sub-total U.S. Department of Health and Human Services			141,111
U.S. Department of Homeland Security			
Passed through Iowa Department of Public Defense			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
	97.036	FEMA DR-1727-IA	718,122
Emergency Management Performance Grants			
	97.042	EMPG Reimbursement	28,421
Sub-total U.S. Department of Homeland Security			746,543
Total Federal Financial Assistance			\$ 919,793

See Independent Auditor's Report on the Supplementary Information.

ALLAMAKEE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Allamakee 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.

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

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
Allamakee County
Waukon, Iowa

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County as of and for the year ended June 30, 2010, which collectively comprise Allamakee County's basic financial statements and have issued our report thereon dated February 14, 2011. The report on governmental activities was qualified because of a GAAP departure due to the omission of OPEB reporting and disclosures. Except as described in the preceding sentence, 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 Allamakee 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 Allamakee County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Allamakee County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items II-A-10 and II-B-10. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allamakee 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item II-C-10.

We noted certain matters that we reported to management of Allamakee County in a separate letter dated February 14, 2011.

Allamakee County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Allamakee 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.

Hacke, Nelson & Co., P.C.

Decorah, Iowa
February 14, 2011

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

**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
Allamakee County
Waukon, Iowa

Compliance

We have audited the compliance of Allamakee County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Allamakee 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 Allamakee County's management. Our responsibility is to express an opinion on Allamakee 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 Allamakee 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 Allamakee County's compliance with those requirements.

In our opinion, Allamakee 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, 2010.

Internal Control Over Compliance

The management of Allamakee 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 Allamakee 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items II-A-10, II-B-10 and II-C-10 to be significant deficiencies.

Allamakee County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Allamakee 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
February 14, 2011

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

MANAGEMENT LETTER

To the Board of Supervisors
Allamakee County
Waukon, Iowa

In planning and performing our audit of the financial statements of Allamakee County for the year ended June 30, 2010, 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 February 14, 2011, contains our report on significant deficiencies in the County's internal control. This letter does not affect our report dated February 14, 2011 on the financial statements of Allamakee County. Comments 11, 12, and 13 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

As of June 30, 2010, three departments exceeded appropriations. County expenditures during the year ended June 30, 2010 exceeded the amount budgeted in the County farm, food inspector, and health board departments.

Recommendation

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response

Management will review the budget to expenditures in a timely manner.

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, 2010.
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. Deposits and Investments
No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
8. 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).
9. 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.
10. 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 D.

Disbursements during the year ended June 30, 2010 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.

The County Extension Office received 4-H donations. These receipts were reflected in the Extension Council's accounting system and have been included in the annual budget or monthly financial reports. Disbursements from these proceeds were approved by the Extension Council prior to payment.
11. Property and Equipment Records
A record of the County's capital 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.

11. Property and Equipment Records (Continued)

Recommendation

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 capital assets records.

Response

The County staff will work on improving the procedures.

Conclusion

Response accepted.

12. Fund Balance Deficits

Upon review of monthly fund balances, we noted the driver's license agency fund had a fund balance deficit during the year. In accordance with Chapter 331.476 of the Code of Iowa, no official should issue a warrant, execute a contract, or allow a claim, which would result in expenditures to exceed revenue collected during the fiscal year plus any unexpended balance from prior year.

Recommendation

We recommend County expenditures not exceed the revenues collected during the fiscal year plus unexpended balances from prior year in the individual funds. The County would then be in compliance with Chapter 331.476 of the Code of Iowa.

Response

The driver's license agency fund had a deficit balance due to some tax certificates being entered incorrectly. We will make every effort to double check entries before posting.

Conclusion

Response accepted.

13. Prepaid Expenditures

We noted the County is not consistent on their accounting of prepaid expenditures. The County records the prepaid insurance for equipment and liability insurance but does not record the prepaid health insurance.

Recommendation

We recommend the County review its policy of booking prepaid expenditures to verify they are being consistent on all prepaid expenditures.

Response

The health insurance is a small amount compared to the equipment liability, but we will do both in the future.

Conclusion

Response accepted.

14. Sheriff's Office

We noted no bank reconciliations were completed since a bookkeeper retired in November 2009, which also caused no reimbursements to County's Treasurer's office for fees and mileage.

Recommendation

To improve financial accountability and control, monthly bank reconciliations should be prepared and retained by the Sheriff's office. Any differences should be investigated and resolved in a timely manner. Also quarterly payments should be made to the County's Treasurer's office for mileage and fees collected by the Sheriff's office.

Response

A new bookkeeper has started and will prepare monthly bank reconciliations on a timely basis going forward.

Conclusion

Response accepted.

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 Allamakee 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
February 14, 2011