



Financial Statements
June 30, 2010

Louisa County

LOUISA COUNTY

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Louisa County

LOUISA COUNTY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Frank Jamison	Board of Supervisors	December 2010
Chris Ball	Board of Supervisors	December 2012
Paula Buckman	Board of Supervisors	December 2012
Sylvia Belzer	County Auditor	December 2012
Karen Elkin	County Treasurer	December 2010
Leanne Black	County Recorder	December 2010
Curt Braby	County Sheriff	December 2012
David Mathews	County Attorney	December 2010
Gregory Johnson	County Assessor	*

* Appointed by County



INDEPENDENT AUDITOR'S REPORT

To the Officials of Louisa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisa County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of the management of Louisa County. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Louisa County at June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan listed in the table of contents are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Louisa County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2009, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements of Louisa County.

Eide Bailly LLP

Dubuque, Iowa
March 4, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Louisa County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities of Louisa County 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.

2010 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 2%, or approximately \$298,000 from fiscal year 2009 to fiscal year 2010. Property tax decreased approximately \$10,000, operating grants and contributions increased approximately \$348,000, and capital grants and contributions decreased approximately \$14,000.
- Program expenses were 17%, or approximately \$1,742,000, more in fiscal year 2010 than in fiscal year 2009. Administration expense increased approximately \$793,000, roads and transportation decreased approximately \$651,000, or approximately 16%, and public safety and legal services increased approximately \$1,467,000, or approximately 79%.
- The County's net assets increased 4.9%, or approximately \$811,000, from June 30, 2009 to June 30, 2010.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Louisa County as a whole and present an overall view of the County's 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 Louisa County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Louisa County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor Governmental Funds, Special Revenue Funds, and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's Financial Statements 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, 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.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and other non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

1) 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. The governmental funds include: 1) the General Fund, 2) Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services, and the County Assessor, to name a few.

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

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

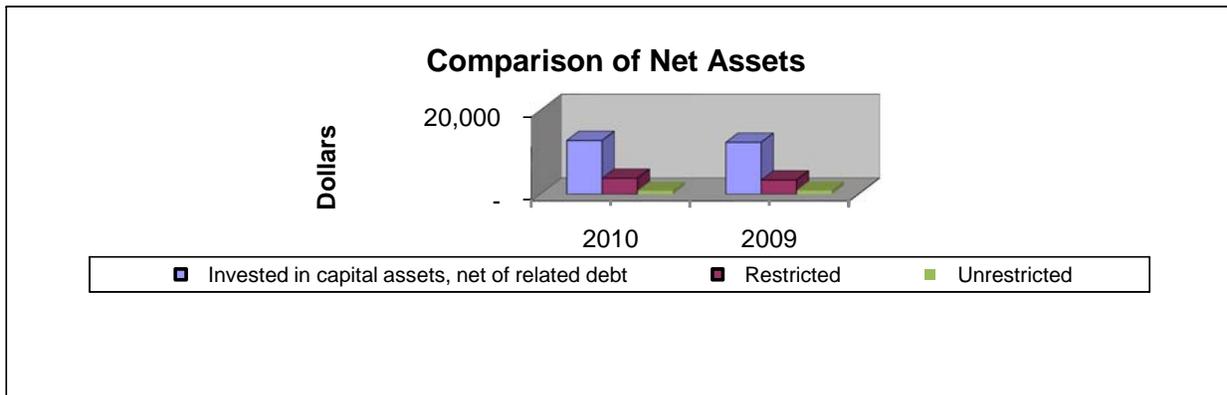
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Louisa County's combined net assets increased from \$16.6 million to \$17.4 million. The analysis that follows focuses on the changes in net assets of governmental activities.

Net Assets of Governmental Activities

(Expressed in Thousands)

	June 30,	
	2010	2009
Current and other assets	\$ 10,505	\$ 11,222
Capital assets	16,259	15,627
Total assets	26,764	26,849
Long-term debt outstanding	3,387	3,586
Other liabilities	6,010	6,707
Total liabilities	9,397	10,293
Net assets:		
Invested in capital assets, net of related debt	12,741	12,294
Restricted	3,825	3,400
Unrestricted	801	862
Total net assets	\$ 17,367	\$ 16,556



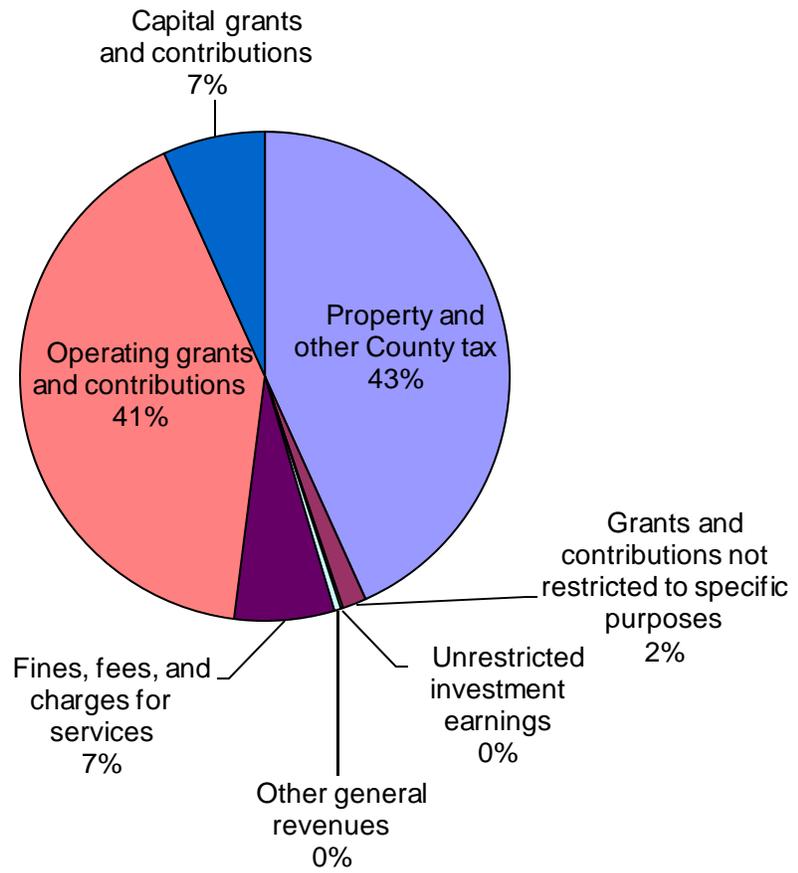
Net assets of Louisa County's governmental activities increased by 4.9% (\$17.4 million compared to \$16.6 million). The largest portion of the County's net assets is invested in capital assets (e.g., land infrastructure, buildings, and equipment), less the related debt. The debt Louisa County has at June 30, 2010, is a bond issue in the amount of \$3,785,000 for the construction of the Louisa County Jail. The bonds will be paid with revenue from the Local Option Sales and Services Tax. Louisa County does not have a tax for debt service. 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 from approximately \$862,000 at June 30, 2009, to approximately \$801,000 at the end of this year, a decrease of 7%.

Changes in Net Assets of Governmental Activities

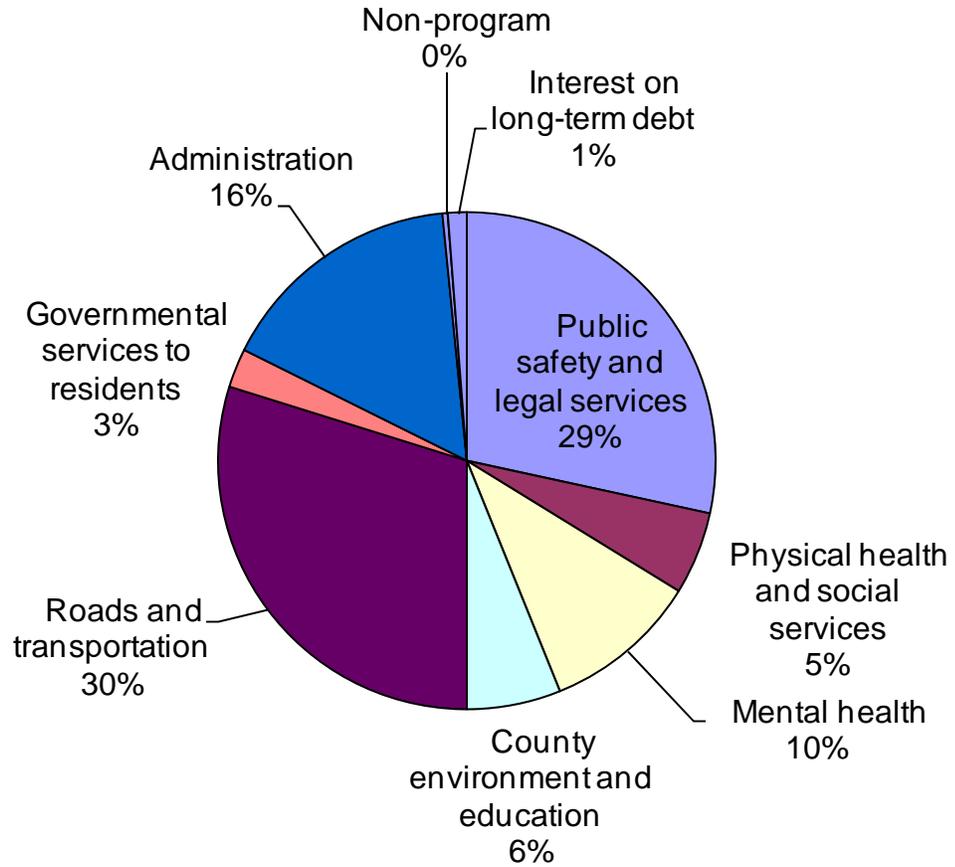
(Expressed in Thousands)

	Year Ended June 30,	
	2010	2009
Program revenues:		
Fines, fees, and charges for services	\$ 828	\$ 804
Operating grants and contributions	5,169	4,821
Capital grants and contributions	846	860
General revenues:		
Property and other County tax	5,422	5,432
Grants and contributions not restricted to specific purposes	197	103
Unrestricted investment earnings	19	107
Other general revenues	55	112
	<u>12,536</u>	<u>12,239</u>
Total revenues		
Program expenses:		
Public safety and legal services	3,330	1,862
Physical health and social services	631	570
Mental health	1,185	1,226
County environment and education	717	657
Roads and transportation	3,496	4,147
Governmental services to residents	297	274
Administration	1,885	1,092
Non-program	40	3
Interest on long-term debt	144	154
	<u>11,725</u>	<u>9,985</u>
Total expenses		
Increase in net assets	811	2,254
Net assets July 1, 2009	<u>16,556</u>	<u>14,302</u>
Net assets June 30, 2010	<u>\$ 17,367</u>	<u>\$ 16,556</u>

Revenue by Source



Expenses by Program



Louisa County's net assets of governmental activities increased by approximately \$811,000 during the year. Revenues for governmental activities increased by approximately \$298,000 over the prior year, which includes fines, fees, and charges for services up \$25,000, operating grants and contributions up from the prior year by approximately \$348,000, and capital grants and contributions down from the prior year by approximately \$14,000, and general revenues were down \$61,000.

The County property tax rates for 2010 were reduced by .69717. The valuation increase of approximately \$41 million, and therefore, the property tax rates decreased to allow additional property tax dollars of \$36,000.

The cost of all governmental activities this year was \$11.726 million compared to \$9.985 million last year. However, as shown in the Statement of Activities on page 16, the amount taxpayers ultimately financed for these activities was \$4.9 million because some of the cost was paid by those directly benefited from the programs (\$828,000), or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,015,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in 2010 from approximately \$6,485,000 to \$6,844,000, principally due to an increase in fines, fees, and charge for services. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$5,422,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and grants and contributions not restricted to specific purposes.

INDIVIDUAL MAJOR FUND ANALYSIS

As Louisa County completed the year, its governmental funds reported a combined fund balance of \$4.7 million, maintaining nearly the same as the prior year.

- General Fund revenues and expenditures fluctuated when compared to prior year. Revenue increased by \$1,529,000, and expenditures increased by \$2,426,000. The ending fund balance showed a decrease of approximately \$371,000 from the prior year to approximately \$968,000.
- Rural Services Fund revenues remained stable and expenditures decreased by \$23,000 compared to prior year. The ending fund balance showed a decrease of approximately \$22,000 from the prior year to approximately \$41,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1,177,000, a decrease of 3% from the prior year, and revenues totaled approximately \$1,362,000, a decrease of 14% from the prior year. The Mental Health Fund balance at year end increased by approximately \$185,000 over the prior year. Our fund balance increased to \$691,000 from \$506,000.
- Secondary Roads Fund expenditures decreased by approximately \$654,000 over the prior year, due to the fact that there were no disasters like the flood of 2008 repair and rebuilding of flood damaged roads. Revenues decreased by approximately \$817,000 over the prior year due to less Federal dollars from FEMA for flood expenditure reimbursement. The decrease in expenditures and decrease in revenues resulted in an increase in the Secondary Roads Fund ending balance of approximately \$402,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the County amended the budget three times. The amendments were to allow increased appropriations and were made in August, November, and May. In August the major item was for to allow payment of bills for the new jail in the amount of \$600,000 which had thought to be paid by the end of fiscal year 2009. The total amendment was to increase appropriations by \$635,910. The November amendment allowed an additional \$2,078,323 in appropriations. This was offset by \$1,749,586 in revenue in the amendment. The major items were for \$1,100,000 for the grant for demolition of homes due to the flood of 2008; \$570,000 for the pass through of a grant for the building of a Community Health Center; \$110,000 to allocate back to Secondary Roads after a change in appropriations resolution; \$83,000 to spend remainder of a \$192,000 grant received in 2009; and \$48,000 of a Bio-terrorism and AHEC grant not known in time to budget originally. In May an additional \$228,490 was added by amendment to increase appropriations for various departmental changes. A budgeted amount of \$500,000 was moved from Secondary Roads Capital Improvement appropriations to the Secondary Roads operational appropriation which netted out leaving \$228,490 as the total. This information is available at the County Auditor's Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the County had approximately \$16 million invested in a broad range of capital assets, including buildings, park facilities, roads and bridges. This is a net increase of approximately \$623,000, or 4% over last year.

Capital Assets of Governmental Activities at Year-End

(Expressed in Thousands)

	June 30,	
	2010	2009
Land	\$ 1,313	\$ 1,313
Construction in progress	310	4,932
Buildings and improvements	4,549	939
Machinery and equipment	1,093	1,190
Infrastructure	8,994	7,253
Total	\$ 16,259	\$ 15,627

This year's major additions included (in thousands):

Completed jail	\$ 3,690
Bridge replacement	1,274

The County had depreciation expense of \$737,487 for the year ended June 30, 2010, and total accumulated depreciation as of June 30, 2010, of \$7,093,391. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2010, Louisa County had approximately \$3,814,000 in bond debt and other debt, as shown below.

Other obligations include compensated absences, and net OPEB liability.

Outstanding Debt of Governmental Activities at Year-End

(Expressed in Thousands)

	June 30,	
	2010	2009
General obligation bonds	\$ 3,518	\$ 3,729
Net OPEB liability	19	-
Compensated absences	<u>277</u>	<u>263</u>
Total	<u>\$ 3,814</u>	<u>\$ 3,992</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Louisa County's outstanding general obligation debt is significantly below this \$26 million limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Louisa County's elected and appointed officials considered many factors when setting the 2011 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. Louisa County has a very small population, 12,183, and the Board interprets the economic situation from the knowledge they have from news, local conditions and information from the Iowa State Association of Counties. The Board considers what the Compensation Board recommends for salaries for elected officials. In fiscal year 2011 there was no increase in salaries for the elected officials. In determining the budget for 2011, the tax rate for General Basic decreased to \$3.93776 from \$3.94886. The General Supplemental levy increased to \$1.58122 from \$1.35655. The Rural Services Basic rate increased to \$2.60559 from \$2.54988. The transfer to Secondary Roads remained the same as fiscal year 2010, \$1,117,761. A transfer from General Basic to Secondary Roads was not made. The Mental Health levy decreased to \$.94736 from \$1.02164. With an increase of valuation and a decrease in rates, the tax revenue was held to the same total dollar amount as for 09-10 for the property tax and utility replacement dollars. The property taxes without the utility replacement dollars increased insignificantly by approximately \$12,000.

The Sheriff and Secondary Roads departments have a union, which had a three year salary and health insurance clause, which was negotiated July 1, 2008, this allows more accurate budgeting for wages and insurance costs for those two departments over three years. This has an accumulated increase in wages of 10% for Secondary Roads and the Sheriff's Department over three years.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the 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, Louisa County, 117 S. Main, Wapello, Iowa.



Basic Financial Statements
Louisa County

LOUISA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit A

	<u>Governmental Activities</u>
ASSETS	
Cash and pooled investments	\$ 4,881,641
Receivables:	
Property tax:	
Delinquent	25,330
Succeeding year	4,897,593
Interest and penalty on property tax	27,853
Accounts	10,194
Accrued Interest	2,013
Due from other governments	566,532
Prepaid expenses	93,013
Capital assets:	
Capital assets, not being depreciated	1,623,495
Capital assets (net of accumulated depreciation)	<u>14,635,865</u>
Total assets	<u>26,763,529</u>
LIABILITIES	
Accounts payable	388,178
Salaries and benefits payable	125,846
Accrued interest payable	11,265
Due to other governments	159,211
Unearned revenue	4,897,593
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	220,000
Compensated absences	207,478
Portion due or payable after one year:	
Bonds payable	3,298,195
Compensated absences	70,008
Net OPEB liability	<u>19,007</u>
Total liabilities	<u>9,396,781</u>
NET ASSETS	
Invested in capital assets, net of related debt	12,741,165
Restricted for:	
Supplemental levy purposes	152,449
Mental health purposes	694,447
Secondary roads purposes	1,898,393
Other purposes	1,079,491
Unrestricted	<u>800,803</u>
Total net assets	<u>\$ 17,366,748</u>

See notes to financial statements.

**LOUISA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Exhibit B

	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense)
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,330,043	\$ 157,303	\$ 1,061,192	\$ -	\$ (2,111,548)
Physical helath and social services	631,424	305,191	160,754	-	(165,479)
Mental health	1,185,061	1,561	733,047	-	(450,453)
County environment and education	716,592	107,555	307,282	15,389	(286,366)
Roads and transportation	3,496,141	22,321	2,303,491	830,697	(339,632)
Governmental services to residents	297,351	172,504	4,068	-	(120,779)
Adminstration	1,885,378	61,738	599,498	-	(1,224,142)
Non-program	40,071	-	-	-	(40,071)
Interest on long-term debt	144,409	-	-	-	(144,409)
Total governmental activities	<u>\$ 11,726,470</u>	<u>\$ 828,173</u>	<u>\$ 5,169,332</u>	<u>\$ 846,086</u>	<u>(4,882,879)</u>
General Revenues:					
Property and other County tax levied for:					
General purposes					4,937,493
Local option sales tax					484,884
Grants and contributions not restricted to specific purposes					196,827
Unrestricted investment earnings					19,352
Miscellaneous					54,851
Total general revenues					<u>5,693,407</u>
Change in net assets					810,528
Net assets beginning of year					<u>16,556,220</u>
Net assets end of year					<u>\$17,366,748</u>

**LOUISA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

Exhibit C

	Special Revenue				Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General	Rural Services	Secondary Roads	Mental Health			
ASSETS							
Cash and pooled investments	\$ 973,668	\$ 40,819	\$ 1,989,749	\$ 875,042	\$ -	\$ 1,002,363	\$ 4,881,641
Receivables:							
Property tax:							
Delinquent	18,755	2,964	-	3,611	-	-	25,330
Succeeding year	3,151,071	1,205,628	-	540,894	-	-	4,897,593
Interest and penalty on property tax	27,853	-	-	-	-	-	27,853
Accounts	10,144	-	50	-	-	-	10,194
Accrued interest	1,979	-	-	-	-	34	2,013
Due from other governments	346,515	-	120,489	21,240	-	78,288	566,532
Prepaid expenses	76,969	-	12,291	1,998	-	1,755	93,013
Total assets	<u>\$ 4,606,954</u>	<u>\$ 1,249,411</u>	<u>\$ 2,122,579</u>	<u>\$ 1,442,785</u>	<u>\$ -</u>	<u>\$ 1,082,440</u>	<u>\$ 10,504,169</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 153,573	\$ 91	\$ 185,885	\$ 45,756	-	\$ 2,873	\$ 388,178
Salaries and benefits payable	81,689	-	38,224	5,933	-	-	125,846
Due to other governments	3,301	-	77	155,756	-	77	159,211
Deferred revenue:							
Succeeding year property tax	3,151,071	1,205,628	-	540,894	-	-	4,897,593
Other	249,206	2,273	15,541	2,723	-	5,916	275,659
Total liabilities	<u>3,638,840</u>	<u>1,207,992</u>	<u>239,727</u>	<u>751,062</u>	<u>-</u>	<u>8,866</u>	<u>5,846,487</u>
Fund balances:							
Reserved for:							
Supplemental levy purposes	149,138	-	-	-	-	-	149,138
Prepays	76,969	-	12,291	1,998	-	1,755	93,013
Unreserved, reported in:							
General fund:							
Designated for capital improvements	316,260	-	-	-	-	-	316,260
Designated for Care Facility capital improvements	71,862	-	-	-	-	-	71,862
Undesignated	353,885	-	-	-	-	-	353,885
Special revenue funds	-	41,419	1,870,561	689,725	-	1,071,819	3,673,524
Total fund balances	<u>968,114</u>	<u>41,419</u>	<u>1,882,852</u>	<u>691,723</u>	<u>-</u>	<u>1,073,574</u>	<u>4,657,682</u>
Total liabilities and fund balances	<u>\$ 4,606,954</u>	<u>\$ 1,249,411</u>	<u>\$ 2,122,579</u>	<u>\$ 1,442,785</u>	<u>\$ -</u>	<u>\$ 1,082,440</u>	<u>\$ 10,504,169</u>

See notes to financial statements.

LOUISA COUNTY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit D

Total governmental fund balances \$ 4,657,682

**Amounts reported for governmental activities in the Statement of
Net Assets are different because:**

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

These assets consist of:

Land	\$ 1,313,124	
Construction in progress	310,371	
Infrastructure, net of \$2,200,057 accumulated depreciation	8,993,668	
Buildings and improvements, net of \$1,213,813 accumulated depreciation	4,548,951	
Machinery and equipment, net of \$3,679,521 accumulated depreciation	<u>1,093,246</u>	
Total capital assets		16,259,360

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds:

Property taxes and intergovernmental	275,659
--------------------------------------	---------

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Assets. Balances at June 30, 2010, are:

Accrued interest on bonds	(11,265)	
Bonds payable	(3,518,195)	
Compensated absences	(277,486)	
Net OPEB liability	<u>(19,007)</u>	
Total long-term liabilities		<u>(3,825,953)</u>

Net assets of governmental activities \$17,366,748

LOUISA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

Exhibit E

	Special Revenue				Capital Projects	Nonmaor Governmental Funds	Total Governmental Funds
	General	Rural Services	Secondary Roads	Mental Health			
Revenues:							
Property and other County tax	\$ 2,989,094	\$ 1,170,598	\$ -	\$ 575,486	\$ -	\$ 483,875	\$ 5,219,053
Interest and penalty on property tax	45,754	-	-	-	-	-	45,754
Intergovernmental	2,286,138	34,948	2,507,640	784,722	-	42,985	5,656,433
Licenses and permits	14,617	-	1,570	-	-	1,800	17,987
Charges for service	599,836	-	106	-	-	10,471	610,413
Use of money and property	36,282	-	-	-	2,656	395	39,333
Miscellaneous	159,793	-	20,645	1,572	-	4,455	186,465
Total revenues	6,131,514	1,205,546	2,529,961	1,361,780	2,656	543,981	11,775,438
Expenditures:							
Operating:							
Public safety and legal services	2,124,878	-	-	-	-	14,506	2,139,384
Physical health and social services	632,069	-	-	-	-	2,590	634,659
Mental health	-	-	-	1,176,552	-	-	1,176,552
County environment and education	581,163	74,898	-	-	-	-	656,061
Roads and transportation	-	35,000	3,164,657	-	-	-	3,199,657
Governmental services to residents	277,019	-	-	-	-	4,167	281,186
Administration	1,498,709	-	-	-	-	-	1,498,709
Non-program	105,677	-	-	-	-	59,967	165,644
Debt service	-	-	-	-	-	356,298	356,298
Capital projects	1,488,973	-	81,395	-	150,815	39,591	1,760,774
Total expenditures	6,708,488	109,898	3,246,052	1,176,552	150,815	477,119	11,868,924
Excess (deficiency) of revenues over (under) expenditures	(576,974)	1,095,648	(716,091)	185,228	(148,159)	66,862	(93,486)
Other financing sources (uses):							
Sale of capital assets	4,068	-	-	-	-	-	4,068
Transfers in	248,098	-	1,117,761	-	-	402,298	1,768,157
Transfers out	(46,000)	(1,117,761)	-	-	(248,098)	(356,298)	(1,768,157)
Total other financing sources (uses)	206,166	(1,117,761)	1,117,761	-	(248,098)	46,000	4,068
Net change in fund balances	(370,808)	(22,113)	401,670	185,228	(396,257)	112,862	(89,418)
Fund balances beginning of year	1,338,922	63,532	1,481,182	506,495	396,257	960,712	4,747,100
Fund balances end of year	\$ 968,114	\$ 41,419	\$ 1,882,852	\$ 691,723	\$ -	\$ 1,073,574	\$ 4,657,682

LOUISA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Exhibit F

Net change in fund balances - Total governmental funds \$ (89,418)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 585,012	
Contributed capital assets	830,698	
Depreciation expense	<u>(737,487)</u>	678,223

In the Statement of Activities, only the gain or the loss of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the book value of assets being disposed. (45,672)

Bond proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.

Repayments 215,000

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 as follows:

Property tax	4,732	
Charges for service	71,368	
Grant proceeds	<u>12,836</u>	88,936

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 the governmental funds as follows:

Interest on debt	474	
Amortization of bond discount	(3,985)	
Compensated absences	(14,023)	
Net OPEB liability	<u>(19,007)</u>	<u>(36,541)</u>

Change in net assets of governmental activities \$ 810,528

LOUISA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

Exhibit G

ASSETS

Cash and pooled investments:

County Treasurer	\$ 838,326
Other County officials	9,329
Drainage districts	225,127

Receivables:

Property tax:	
Delinquent	94,424
Succeeding year	11,820,388
Accounts	9,647
Accrued interest	59
Drainage assessments	7,084
Special assessments	26,792
Due from other governments	6,291
Prepaid expenses	<u>2,634</u>

Total assets	<u>13,040,101</u>
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LIABILITIES

Accounts payable	8,403
Salaries and benefits payable	6,798
Due to other governments	<u>13,024,900</u>

Total liabilities	<u>13,040,101</u>
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NET ASSETS	<u><u>\$ -</u></u>
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LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Louisa 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.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Louisa County has included all funds, organizations, 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.

These financial statements present Louisa County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units

The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Louisa County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Louisa County Auditor's Office.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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: Louisa County Assessor's Conference Board, Louisa County Emergency Management Commission, Louisa County Empowerment Board, Louisa County Landfill Board, and Louisa County Joint E911 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 the Agency Funds of the County.

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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 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 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 funds 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 nonmajor governmental funds.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The County reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid from other funds.

Special Revenue Funds – The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas. The Secondary Roads Fund is used to account for secondary road construction and maintenance. The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

Capital Projects Fund – The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following fund type:

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

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

Assets, Liabilities, and Fund Equity

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

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

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax 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.

Property tax revenue recognized in these funds becomes 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 – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represents amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represents assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Special Assessments Receivable – Special assessments receivable represents amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent 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.

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.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets acquired after July 1, 1980, (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. 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 repair 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.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings, and improvements	5,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 – 50
Building improvements	20 – 50
Infrastructure	30 – 50
Intangibles	5 – 20
Equipment	2 – 20
Vehicles	3 – 10

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.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means 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 in the governmental fund financial statements 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 succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Unearned revenue in the Statement of Net Assets consists 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 and sick leave hours for subsequent use or for payment upon termination, death, or retirement. 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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amount budgeted for any functions.

NOTE 2 – CASH AND POOLED 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.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 or improvement certificates of a drainage district.

The County's only investments were in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$4,289,513 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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) to 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. The County did not hold any investments with a maturity greater than 397 days during the year.

Credit Risk. The County's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The County did not invest in any commercial paper or other corporate debt during the year. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of Credit Risk. The County's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The County held no such investments during the year.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's deposits are 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.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County did not hold any investments with a counterparty during the year.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – INTERFUND TRANSFERS

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

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 248,098
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>1,117,761</u>
Nonmajor Governmental Funds	General	46,000
	Nonmajor Governmental Funds	<u>356,298</u>
		<u>402,298</u>
Total		\$ <u>1,768,157</u>

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

NOTE 4 – CAPITAL ASSETS

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,313,124	\$ -	\$ -	\$ 1,313,124
Construction in progress	4,931,588	497,116	5,118,333	310,371
Total capital assets, not being depreciated	<u>6,244,712</u>	<u>497,116</u>	<u>5,118,333</u>	<u>1,623,495</u>
Capital assets being depreciated:				
Buildings and improvements	2,073,055	3,689,709	-	5,762,764
Machinery and equipment	4,677,285	269,276	173,794	4,772,767
Infrastructure	9,115,783	2,077,942	-	11,193,725
Total capital assets, being depreciated	<u>15,866,123</u>	<u>6,036,927</u>	<u>173,794</u>	<u>21,729,256</u>
Less accumulated depreciation for:				
Buildings and improvements	1,134,543	79,270	-	1,213,813
Machinery and equipment	3,486,966	320,677	128,122	3,679,521
Infrastructure	1,862,517	337,540	-	2,200,057
Total accumulated depreciation	<u>6,484,026</u>	<u>737,487</u>	<u>128,122</u>	<u>7,093,391</u>
Total capital assets, being depreciated, net	<u>9,382,097</u>	<u>5,299,440</u>	<u>45,672</u>	<u>14,635,865</u>
Governmental activities capital assets, net	<u>\$ 15,626,809</u>	<u>\$ 5,796,556</u>	<u>\$ 5,164,005</u>	<u>\$ 16,259,360</u>

(continued on next page)

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Governmental activities:		
Public safety and legal services	\$	100,945
Physical health and social services		4,589
Mental health		2,288
County environment and education		30,432
Roads and transportation		544,493
Governmental services to residents		12,014
Administration		<u>42,726</u>
Total depreciation expense – governmental activities	\$	<u>737,487</u>

NOTE 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 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 3,301</u>
Special Revenue:	Services	
Mental Health		155,756
Secondary Roads		77
Well Abandonment		77
		<u>155,910</u>
Total for governmental funds		<u>\$ 159,211</u>
Agency:	Collections	
County Recorder		\$ 9,298
County Sheriff		31
Agricultural Extension Education		174,409
County Assessor		430,598
Schools		9,391,483
Community Colleges		558,653
Corporations		1,285,452
Townships		250,882
Auto License and Use Tax		193,233
Brucellosis and Tuberculosis Eradication		1,954
Fire Districts		140,327

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Fund	Description	Amount
Agency:	Collections	
E911 Surcharge		\$ 117,018
Joint Disaster Services		2,418
City Special Assessments		29,740
Drainage Districts		438,846
County Recorder's Electronic Fee		<u>558</u>
Total for agency funds		<u>\$13,024,900</u>

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2010, is as follows:

	General Obligation Bonds	Unamortized Bond Discounts	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 3,785,000	\$ (55,790)	\$ 263,464	\$ -	\$ 3,992,674
Increases	-	-	37,574	19,007	56,581
Decreases	<u>215,000</u>	<u>(3,985)</u>	<u>23,552</u>	<u>-</u>	<u>234,567</u>
Balance end of year	<u>\$ 3,570,000</u>	<u>\$ (51,805)</u>	<u>\$ 277,486</u>	<u>\$ 19,007</u>	<u>\$ 3,814,688</u>
Due within one year	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ 207,478</u>	<u>\$ -</u>	<u>\$ 427,478</u>

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Bonds Payable

A summary of the County's June 30, 2010, general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	2.90%	\$ 220,000	\$ 135,200	\$ 355,200
2012	3.10	230,000	128,820	358,820
2013	3.25	235,000	121,690	356,690
2014	3.40	245,000	114,052	359,052
2015	3.55	250,000	105,722	355,722
2016-2020	3.77-4.10	1,405,000	380,428	1,785,428
2021-2023	4.15-4.25	<u>985,000</u>	<u>84,142</u>	<u>1,069,142</u>
Total		<u>\$ 3,570,000</u>	<u>\$ 1,070,054</u>	<u>\$ 4,640,054</u>

NOTE 7 – 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% of their annual covered salary and the County is required to contribute 6.65% of covered payroll. 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 contributions to IPERS for the years ended June 30, 2010, 2009, and 2008, were \$168,160, \$147,387, and \$146,298, respectively, equal to the required contributions for each year.

NOTE 8 – 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.

Louisa County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 634 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010, were \$143,878.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,00,000 and \$1,000,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Louisa County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions prospectively during the year ended June 30, 2010.

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 67 active and 1 retired member in the Plan. Participants must be age 55 or older at retirement.

The medical coverage, which is a fully-insured medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the Plan and changes in the County’s net OPEB obligation:

Changes in OPEB Obligation:

Annual required contribution	\$ 27,662
Interest on net OPEB obligation	-
Adjustments to annual required contribution	-
	<hr/>
Annual OPEB cost (expense)	27,662
Contributions made	<u>(8,655)</u>
	<hr/>
Increase in net OPEB obligation	19,007
Net OPEB obligation, beginning of year	<hr/> -
	<hr/>
Net OPEB obligation, end of year	<u><u>\$ 19,007</u></u>

(continued on next page)

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$8,655 to the medical plan. Plan members eligible for benefits contributed \$6,360 or 100% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2010, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 27,662	31.3%	\$ 19,007

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$245,137, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$245,137. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$3,361,369 and the ratio of the UAAL to covered payroll was 7.29%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the Plan as understood by the employer and the Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009, actuarial valuation date, the Projected Unit Credit with linear proration to decrement cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate medical trend rate.

Mortality rates are from the RP-2000 Combined Mortality Table.

Projected claim costs of the medical plan are \$628 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

LOUISA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 – PROSPECTIVE ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by Louisa County. The statement, which might impact Louisa County, is as follows:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The County's management has not yet determined the effect this statement will have on the County's financial statements.



Required Supplementary Information
June 30, 2010

Louisa County

LOUISA COUNTY
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES – BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
AND BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

	Governmental Funds	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance - Positive (Negative)
				Original	Final	
				Actual		
Receipts:						
Property and other County tax	\$ 5,217,150	\$ 7,824	\$ 5,209,326	\$ 5,135,220	\$ 5,140,043	\$ 69,283
Interest and penalty on property tax	42,703	-	42,703	28,000	28,000	14,703
Intergovernmental	5,150,812	4,322	5,146,490	4,186,954	6,079,444	(932,954)
Licenses and permits	75,936	-	75,936	18,475	18,475	57,461
Charges for service	595,554	-	595,554	560,850	560,850	34,704
Use of money and property	39,531	-	39,531	83,697	83,697	(44,166)
Miscellaneous	76,766	-	76,766	184,309	185,895	(109,129)
Total receipts	<u>11,198,452</u>	<u>12,146</u>	<u>11,186,306</u>	<u>10,197,505</u>	<u>12,096,404</u>	<u>(910,098)</u>
Disbursements:						
Public safety and legal services	2,125,529	-	2,125,529	2,175,584	2,186,494	60,965
Physical health and social services	635,454	-	635,454	619,445	734,445	98,991
Mental health	1,090,734	-	1,090,734	1,324,500	1,324,500	233,766
County environment and education	678,161	-	678,161	628,356	741,006	62,845
Roads and transportation	3,216,983	-	3,216,983	2,995,410	3,495,410	278,427
Governmental services to residents	278,328	-	278,328	278,630	278,630	302
Administration	1,482,944	-	1,482,944	1,049,563	1,671,136	188,192
Non-program	1,213,587	40,071	1,173,516	-	1,227,840	54,324
Debt service	356,298	-	356,298	356,298	356,298	-
Capital projects	911,950	-	911,950	1,359,450	1,652,450	740,500
Total disbursements	<u>11,989,968</u>	<u>40,071</u>	<u>11,949,897</u>	<u>10,787,236</u>	<u>13,668,209</u>	<u>1,718,312</u>
Deficiency of receipts under disbursements	(791,516)	(27,925)	(763,591)	(589,731)	(1,571,805)	808,214
Other financing sources, net	<u>6,724</u>	<u>-</u>	<u>6,724</u>	<u>-</u>	<u>-</u>	<u>6,724</u>
Deficiency of receipts and other financing sources under disburse- ments and other financing uses	(784,792)	(27,925)	(756,867)	(589,731)	(1,571,805)	814,938
Balance beginning of year	<u>5,688,728</u>	<u>92,850</u>	<u>5,595,878</u>	<u>5,595,878</u>	<u>5,595,878</u>	<u>-</u>
Balance end of year	<u>\$ 4,903,936</u>	<u>\$ 64,925</u>	<u>\$ 4,839,011</u>	<u>\$ 5,006,147</u>	<u>\$ 4,024,073</u>	<u>\$ 814,938</u>
Reconciliation between cash and modified accrual basis:	<u>Governmental Funds</u>					
	Cash Basis	Accrual Adjustments	Modified Accrual Basis			
Revenues	\$ 11,198,452	\$ 576,986	\$ 11,775,438			
Expenditures	<u>11,989,968</u>	<u>(121,044)</u>	<u>11,868,924</u>			
Net	(791,516)	698,030	(93,486)			
Other financing sources, net	6,724	(2,656)	4,068			
Beginning fund balances	<u>5,688,728</u>	<u>(941,628)</u>	<u>4,747,100</u>			
Ending fund balances	<u>\$ 4,903,936</u>	<u>\$ (246,254)</u>	<u>\$ 4,657,682</u>			

LOUISA 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 funds, except blended component units and 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 ten major classes of expenditures known as functions, not by fund. These ten 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, Debt Service Fund, and the Capital Projects 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, three budget amendments increased budgeted disbursements by \$2,880,973. The budget amendments are 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, for the E911 System by the Joint E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted for any function.

LOUISA COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
YEAR ENDED JUNE 20, 2010
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2010	7/1/2009	\$ -	\$245,137	\$245,137	0.00%	\$ 3,361,369	7.29%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status, and funding progress.



Other Supplementary Information
June 30, 2010

Louisa County

**LOUISA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

Schedule 1

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash pooled investments	\$ 1,002,363	\$ -	\$ 1,002,363
Receivables:			
Accrued interest	34	-	34
Due from other governments	78,288	-	78,288
Prepaid expenses	<u>1,755</u>	<u>-</u>	<u>1,755</u>
 Total assets	 <u>\$ 1,082,440</u>	 <u>\$ -</u>	 <u>\$ 1,082,440</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,873	\$ -	\$ 2,873
Due to other governments	77	-	77
Deferred revenue:			
Other	<u>5,916</u>	<u>-</u>	<u>5,916</u>
 Total liabilities	 <u>8,866</u>	 <u>-</u>	 <u>8,866</u>
Fund Balances			
Reserved for prepaids	1,755	-	1,755
Unreserved	<u>1,071,819</u>	<u>-</u>	<u>1,071,819</u>
 Total fund balances	 <u>1,073,574</u>	 <u>-</u>	 <u>1,073,574</u>
 Total liabilities and fund balances	 <u>\$ 1,082,440</u>	 <u>\$ -</u>	 <u>\$ 1,082,440</u>

LOUISA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 2

	Special Revenue	Debt Service	Total Governmental Funds
Revenues:			
Property and other County tax	\$ 483,875	\$ -	\$ 483,875
Intergovernmental	42,985	-	42,985
Licenses and permits	1,800	-	1,800
Charges for service	10,471	-	10,471
Use of money and property	395	-	395
Miscellaneous	4,455	-	4,455
Total revenues	<u>543,981</u>	<u>-</u>	<u>543,981</u>
Expenditures:			
Operating:			
Public safety and legal services	14,506	-	14,506
Physical health and social services	2,590	-	2,590
Governmental services to residents	4,167	-	4,167
Non-program	59,967	-	59,967
Debt service	-	356,298	356,298
Capital projects	39,591	-	39,591
Total expenditures	<u>120,821</u>	<u>356,298</u>	<u>477,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>423,160</u>	<u>(356,298)</u>	<u>66,862</u>
Other financing sources (uses):			
Transfers in	46,000	356,298	402,298
Transfers out	<u>(356,298)</u>	<u>-</u>	<u>(356,298)</u>
Total other financing sources (uses)	<u>(310,298)</u>	<u>356,298</u>	<u>46,000</u>
Net change in fund balances	112,862	-	112,862
Fund balances beginning of year	<u>960,712</u>	<u>-</u>	<u>960,712</u>
Fund balances end of year	<u>\$ 1,073,574</u>	<u>\$ -</u>	<u>\$ 1,073,574</u>

**LOUISA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	County Recorder's Records Management	Resource Enhancement and Protection	Drainage Districts	Confidential Investigation
ASSETS				
Cash and pooled investments	\$ 11,847	\$ 51,468	\$ 59,977	\$ 70,035
Receivables:				
Accrued interest	6	28	-	-
Due from other governments	-	-	-	-
Prepaid expenses	1,455	-	-	-
Total assets	<u>\$ 13,308</u>	<u>\$ 51,496</u>	<u>\$ 59,977</u>	<u>\$ 70,035</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,620	\$ 176
Due to other governments	-	-	-	-
Deferred revenues:				
Other	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,620</u>	<u>176</u>
Fund Balances:				
Reserved for prepaids	1,455	-	-	-
Unreserved	11,853	51,496	57,357	69,859
Total fund balances	<u>13,308</u>	<u>51,496</u>	<u>57,357</u>	<u>69,859</u>
Total liabilities and fund balances	<u>\$ 13,308</u>	<u>\$ 51,496</u>	<u>\$ 59,977</u>	<u>\$ 70,035</u>

Schedule 3

Sheriff Patrol	Conservatioin Land Acquisition Trust	Well Abandonment Trust	Well Testing Trust	Local Option Sales Tax	County Grants	Total
\$ 14,226	\$ 86,160	\$ 15,038	\$ 27,554	\$ 666,058	\$ -	\$ 1,002,363
-	-	-	-	-	-	34
-	-	-	-	78,288	-	78,288
-	-	-	300	-	-	1,755
<u>\$ 14,226</u>	<u>\$ 86,160</u>	<u>\$ 15,038</u>	<u>\$ 27,854</u>	<u>\$ 744,346</u>	<u>\$ -</u>	<u>\$ 1,082,440</u>
\$ -	\$ -	\$ -	\$ 77	\$ -	\$ -	\$ 2,873
-	-	77	-	-	-	77
-	-	-	-	5,916	-	5,916
-	-	77	77	5,916	-	8,866
-	-	-	300	-	-	1,755
<u>14,226</u>	<u>86,160</u>	<u>14,961</u>	<u>27,477</u>	<u>738,430</u>	<u>-</u>	<u>1,071,819</u>
<u>14,226</u>	<u>86,160</u>	<u>14,961</u>	<u>27,777</u>	<u>738,430</u>	<u>-</u>	<u>1,073,574</u>
<u>\$ 14,226</u>	<u>\$ 86,160</u>	<u>\$ 15,038</u>	<u>\$ 27,854</u>	<u>\$ 744,346</u>	<u>\$ -</u>	<u>\$ 1,082,440</u>

LOUISA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010

	County Recorder's Records Management	Resource Enhancement and Protection	Drainage Districts	Confidential Investigation
Revenues:				
Property and other County Tax	\$ -	\$ -	\$ 3,502	\$ -
Intergovernmental	-	15,389	4,322	3,398
Licenses and permits	-	-	-	-
Charges for service	2,140	-	-	3,893
Use of money and property	75	320	-	-
Miscellaneous	-	-	-	4,455
Total revenues	2,215	15,709	7,824	11,746
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	14,006
Physical health and social services	-	-	-	-
Governmental services to residents	4,167	-	-	-
Non-program	-	-	43,316	-
Capital projects	-	10,124	-	-
Total expenditures	4,167	10,124	43,316	14,006
Excess (deficiency) of revenues over (under) expenditures	(1,952)	5,585	(35,492)	(2,260)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1,952)	5,585	(35,492)	(2,260)
Fund balances beginning of year	15,260	45,911	92,849	72,119
Fund balances end of year	\$ 13,308	\$ 51,496	\$ 57,357	\$ 69,859

Schedule 4

Sheriff Patrol	Conservation Land Acquisition Trust	Well Abandonment Trust	Well Testing Trust	Local Option Sales Tax	County Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ 480,373	\$ -	\$ 483,875
-	-	-	3,225	-	16,651	42,985
-	-	-	1,800	-	-	1,800
4,438	-	-	-	-	-	10,471
-	-	-	-	-	-	395
-	-	-	-	-	-	4,455
<u>4,438</u>	<u>-</u>	<u>-</u>	<u>5,025</u>	<u>480,373</u>	<u>16,651</u>	<u>543,981</u>
500	-	-	-	-	-	14,506
-	-	477	2,113	-	-	2,590
-	-	-	-	-	-	4,167
-	-	-	-	-	16,651	59,967
-	29,467	-	-	-	-	39,591
<u>500</u>	<u>29,467</u>	<u>477</u>	<u>2,113</u>	<u>-</u>	<u>16,651</u>	<u>120,821</u>
<u>3,938</u>	<u>(29,467)</u>	<u>(477)</u>	<u>2,912</u>	<u>480,373</u>	<u>-</u>	<u>423,160</u>
-	46,000	-	-	-	-	46,000
-	-	-	-	(356,298)	-	(356,298)
-	46,000	-	-	(356,298)	-	(310,298)
3,938	16,533	(477)	2,912	124,075	-	112,862
<u>10,288</u>	<u>69,627</u>	<u>15,438</u>	<u>24,865</u>	<u>614,355</u>	<u>-</u>	<u>960,712</u>
<u>\$ 14,226</u>	<u>\$ 86,160</u>	<u>\$ 14,961</u>	<u>\$ 27,777</u>	<u>\$ 738,430</u>	<u>\$ -</u>	<u>\$ 1,073,574</u>

LOUISA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 5

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
COUNTY AUDITOR				
ASSETS:				
Cash and pooled investments:				
Other County officials	\$ -	\$ 946	\$ 946	\$ -
LIABILITIES:				
Due to other funds	\$ -	\$ 946	\$ 946	\$ -
COUNTY RECORDER				
ASSETS:				
Cash and pooled investments:				
Other County officials	\$ 6,508	\$ 188,906	\$ 186,116	\$ 9,298
Accounts receivable	70	-	70	-
Total assets	<u>\$ 6,578</u>	<u>\$ 188,906</u>	<u>\$ 186,186</u>	<u>\$ 9,298</u>
LIABILITIES:				
Due to other funds	\$ -	\$ 59,266	\$ 59,266	\$ -
Due to other governments	6,578	129,640	126,920	9,298
Total liabilities	<u>\$ 6,578</u>	<u>\$ 188,906</u>	<u>\$ 186,186</u>	<u>\$ 9,298</u>
COUNTY SHERIFF				
ASSETS:				
Cash and pooled investments:				
Other County officials	\$ 31	\$ 286,459	\$ 286,459	\$ 31
LIABILITIES:				
Due to other funds	\$ -	\$ 36,741	\$ 36,741	\$ -
Due to other governments	31	1,118	1,118	31
Trusts payable	-	248,600	248,600	-
Total liabilities	<u>\$ 31</u>	<u>\$ 286,459</u>	<u>\$ 286,459</u>	<u>\$ 31</u>

(continued)

LOUISA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 5
(continued)

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
AGRICULTURAL EXTENSION EDUCATION FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 1,651	\$ 174,434	\$ 174,022	\$ 2,063
Property tax receivable:				
Delinquent	676	1,061	676	1,061
Succeeding year	175,120	171,285	175,120	171,285
Total assets	<u>\$ 177,447</u>	<u>\$ 346,780</u>	<u>\$ 349,818</u>	<u>\$ 174,409</u>
LIABILITIES:				
Due to other governments	<u>\$ 177,447</u>	<u>\$ 346,780</u>	<u>\$ 349,818</u>	<u>\$ 174,409</u>
COUNTY ASSESSOR FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 188,902	\$ 508,829	\$ 523,873	\$ 173,858
Property tax receivable:				
Delinquent	981	1,509	981	1,509
Succeeding year	249,508	258,900	249,508	258,900
Prepaid expenses	2,242	2,634	2,242	2,634
Total assets	<u>\$ 441,633</u>	<u>\$ 771,872</u>	<u>\$ 776,604</u>	<u>\$ 436,901</u>
LIABILITIES:				
Accounts payable	\$ 360	\$ 241	\$ 360	\$ 241
Salaries and benefits payable	2,853	6,062	2,853	6,062
Due to other governments	438,420	765,569	773,391	430,598
Total liabilities	<u>\$ 441,633</u>	<u>\$ 771,872</u>	<u>\$ 776,604</u>	<u>\$ 436,901</u>
SCHOOLS FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 85,235	\$ 9,106,420	\$ 9,085,831	\$ 105,824
Property tax receivable:				
Delinquent	34,731	55,525	34,731	55,525
Succeeding year	9,088,735	9,230,134	9,088,735	9,230,134
Total assets	<u>\$ 9,208,701</u>	<u>\$ 18,392,079</u>	<u>\$ 18,209,297</u>	<u>\$ 9,391,483</u>
LIABILITIES:				
Due to other governments	<u>\$ 9,208,701</u>	<u>\$ 18,392,079</u>	<u>\$ 18,209,297</u>	<u>\$ 9,391,483</u>

(continued)

LOUISA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 5
(continued)

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
COMMUNITY COLLEGES FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 4,324	\$ 544,092	\$ 541,967	\$ 6,449
Property tax receivable:				
Delinquent	1,626	3,290	1,626	3,290
Succeeding year	541,289	548,914	541,289	548,914
Total assets	<u>\$ 547,239</u>	<u>\$ 1,096,296</u>	<u>\$ 1,084,882</u>	<u>\$ 558,653</u>
LIABILITIES:				
Due to other governments	<u>\$ 547,239</u>	<u>\$ 1,096,296</u>	<u>\$ 1,084,882</u>	<u>\$ 558,653</u>
CORPORATIONS FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 18,843	\$ 1,574,398	\$ 1,563,350	\$ 29,891
Property tax receivable:				
Delinquent	13,499	31,031	13,499	31,031
Succeeding year	1,235,100	1,224,530	1,235,100	1,224,530
Total assets	<u>\$ 1,267,442</u>	<u>\$ 2,829,959</u>	<u>\$ 2,811,949</u>	<u>\$ 1,285,452</u>
LIABILITIES:				
Due to other governments	<u>\$ 1,267,442</u>	<u>\$ 2,829,959</u>	<u>\$ 2,811,949</u>	<u>\$ 1,285,452</u>
TOWNSHIPS FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 2,459	\$ 241,942	\$ 241,187	\$ 3,214
Property tax receivable:				
Delinquent	913	1,152	913	1,152
Succeeding year	243,896	246,516	243,896	246,516
Total assets	<u>\$ 247,268</u>	<u>\$ 489,610</u>	<u>\$ 485,996</u>	<u>\$ 250,882</u>
LIABILITIES:				
Due to other governments	<u>\$ 247,268</u>	<u>\$ 489,610</u>	<u>\$ 485,996</u>	<u>\$ 250,882</u>
AUTO LICENSE AND USE TAX FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	<u>\$ 219,097</u>	<u>\$ 2,669,661</u>	<u>\$ 2,695,525</u>	<u>\$ 193,233</u>
LIABILITIES:				
Due to other governments	<u>\$ 219,097</u>	<u>\$ 2,669,661</u>	<u>\$ 2,695,525</u>	<u>\$ 193,233</u>

(continued)

LOUISA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 5
(continued)

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
BRUCCELLOSIS AND TUBERCULOSIS ERADICATION FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 19	\$ 1,751	\$ 1,770	\$ -
Property tax receivable:				
Delinquent	8	11	8	11
Succeeding year	1,751	1,943	1,751	1,943
Total assets	<u>\$ 1,778</u>	<u>\$ 3,705</u>	<u>\$ 3,529</u>	<u>\$ 1,954</u>
LIABILITIES:				
Due to other governments	<u>\$ 1,778</u>	<u>\$ 3,705</u>	<u>\$ 3,529</u>	<u>\$ 1,954</u>
FIRE DISTRICTS FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 1,076	\$ 144,323	\$ 144,083	\$ 1,316
Property tax receivable:				
Delinquent	377	845	377	845
Succeeding year	142,223	138,166	142,223	138,166
Total assets	<u>\$ 143,676</u>	<u>\$ 283,334</u>	<u>\$ 286,683</u>	<u>\$ 140,327</u>
LIABILITIES:				
Due to other governments	<u>\$ 143,676</u>	<u>\$ 283,334</u>	<u>\$ 286,683</u>	<u>\$ 140,327</u>
E911 SURCHARGE FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 114,895	\$ 76,345	\$ 85,034	\$ 106,206
Receivables:				
Accounts	8,163	7,736	8,163	7,736
Accrued interest	162	59	162	59
Due from other governments	5,846	6,291	5,846	6,291
Total assets	<u>\$ 129,066</u>	<u>\$ 90,431</u>	<u>\$ 99,205</u>	<u>\$ 120,292</u>
LIABILITIES:				
Accounts payable	\$ 21,873	\$ 3,274	\$ 21,873	\$ 3,274
Due to other governments	107,193	87,157	77,332	117,018
Total liabilities	<u>\$ 129,066</u>	<u>\$ 90,431</u>	<u>\$ 99,205</u>	<u>\$ 120,292</u>

(continued)

LOUISA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 5
(continued)

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
JOINT DISASTER SERVICES FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 7,809	\$ 30,784	\$ 35,074	\$ 3,519
LIABILITIES:				
Accounts payable	\$ 644	\$ 365	\$ 644	\$ 365
Salaries and benefits payable	623	736	623	736
Due to other governments	6,542	29,683	33,807	2,418
Total liabilities	<u>\$ 7,809</u>	<u>\$ 30,784</u>	<u>\$ 35,074</u>	<u>\$ 3,519</u>
CITY SPECIAL ASSESSMENTS FUND				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 2,549	\$ 27,690	\$ 27,291	\$ 2,948
Special assessments receivable	-	26,792	-	26,792
Total assets	<u>\$ 2,549</u>	<u>\$ 54,482</u>	<u>\$ 27,291</u>	<u>\$ 29,740</u>
LIABILITIES:				
Due to other governments	<u>\$ 2,549</u>	<u>\$ 54,482</u>	<u>\$ 27,291</u>	<u>\$ 29,740</u>
DRAINAGE DISTRICTS				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 270,829	\$ 401,099	\$ 462,681	\$ 209,247
Drainage districts	225,127	-	-	225,127
Drainage assessments receivable	1,359	7,084	1,359	7,084
Total assets	<u>\$ 497,315</u>	<u>\$ 408,183</u>	<u>\$ 464,040</u>	<u>\$ 441,458</u>
LIABILITIES:				
Accounts payable	\$ 23,235	\$ 2,612	\$ 23,235	\$ 2,612
Due to other governments	474,080	405,571	440,805	438,846
Total liabilities	<u>\$ 497,315</u>	<u>\$ 408,183</u>	<u>\$ 464,040</u>	<u>\$ 441,458</u>

(continued)

LOUISA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 5
(continued)

	<u>Balance</u> 6/30/09	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 6/30/10
FLEXIBLE BENEFITS				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 127	\$ 38,344	\$ 38,471	\$ -
Accounts receivable	<u>2,558</u>	<u>1,911</u>	<u>2,558</u>	<u>1,911</u>
Total assets	<u>\$ 2,685</u>	<u>\$ 40,255</u>	<u>\$ 41,029</u>	<u>\$ 1,911</u>
LIABILITIES:				
Accounts payable	\$ 2,557	\$ 1,911	\$ 2,557	\$ 1,911
Due to other governments	<u>128</u>	<u>38,344</u>	<u>38,472</u>	<u>-</u>
Total liabilities	<u>\$ 2,685</u>	<u>\$ 40,255</u>	<u>\$ 41,029</u>	<u>\$ 1,911</u>
COUNTY RECORDER'S ELECTRONIC FEE				
ASSETS:				
Cash and pooled investments:				
County Treasurer	<u>\$ 241</u>	<u>\$ 5,780</u>	<u>\$ 5,463</u>	<u>\$ 558</u>
LIABILITIES:				
Due to other governments	<u>\$ 241</u>	<u>\$ 5,780</u>	<u>\$ 5,463</u>	<u>\$ 558</u>

(continued)

LOUISA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 5
(continued)

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
TOTAL COMBINED FUNDS				
ASSETS:				
Cash and pooled investments:				
County Treasurer	\$ 918,056	\$ 15,545,892	\$ 15,625,622	\$ 838,326
Other County officials	6,539	476,311	473,521	9,329
Drainage districts	225,127	-	-	225,127
Receivables:				
Property tax:				
Delinquent	52,811	94,424	52,811	94,424
Succeeding year	11,677,622	11,820,388	11,677,622	11,820,388
Accounts	10,791	9,647	10,791	9,647
Accrued interest	162	59	162	59
Drainage assessments	1,359	7,084	1,359	7,084
Special assessments	-	26,792	-	26,792
Due from other governments	5,846	6,291	5,846	6,291
Prepaid expenses	2,242	2,634	2,242	2,634
	<u>2,242</u>	<u>2,634</u>	<u>2,242</u>	<u>2,634</u>
Total assets	<u>\$ 12,900,555</u>	<u>\$ 27,989,522</u>	<u>\$ 27,849,976</u>	<u>\$ 13,040,101</u>
LIABILITIES:				
Accounts payable	\$ 48,669	\$ 8,403	\$ 48,669	\$ 8,403
Salaries and benefits payable	3,476	6,798	3,476	6,798
Due to other funds	-	96,953	96,953	-
Due to other governments	12,848,410	27,628,768	27,452,278	13,024,900
Trusts payable	-	248,600	248,600	-
	<u>-</u>	<u>248,600</u>	<u>248,600</u>	<u>-</u>
Total liabilities	<u>\$ 12,900,555</u>	<u>\$ 27,989,522</u>	<u>\$ 27,849,976</u>	<u>\$ 13,040,101</u>

LOUISA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:					
Property and other County tax	\$ 5,219,053	\$ 5,207,976	\$4,552,144	\$4,095,113	\$4,062,904
Interest and penalty on property tax	45,754	37,700	37,207	44,251	44,075
Intergovernmental	5,656,433	5,220,827	3,526,956	3,297,773	3,150,350
Licenses and permits	17,987	21,962	18,288	13,813	23,267
Charges for service	610,413	690,813	581,086	550,392	498,654
Use of money and property	39,333	124,419	185,435	250,059	200,662
Miscellaneous	<u>186,465</u>	<u>71,626</u>	<u>355,467</u>	<u>174,214</u>	<u>139,439</u>
 Total revenues	 <u>\$11,775,438</u>	 <u>\$11,375,323</u>	 <u>\$9,256,583</u>	 <u>\$8,425,615</u>	 <u>\$8,119,351</u>
Expenditures:					
Operating:					
Public safety and legal services	\$ 2,139,384	\$ 1,908,508	\$1,761,007	\$1,655,571	\$1,537,041
Physical health and social services	634,659	567,081	568,800	524,944	555,735
Mental health	1,176,552	1,214,267	1,206,049	1,019,139	948,009
County environment and education	656,061	620,407	802,348	769,636	435,290
Roads and transportation	3,199,657	3,919,380	3,075,632	2,781,601	2,497,345
Governmental services to residents	281,186	259,047	253,424	269,935	338,758
Administration	1,498,709	1,039,659	1,012,531	947,402	822,266
Non-program	165,644	3,263	118	204	95
Debt service	356,298	364,940	277,914	165,061	175,581
Capital projects	<u>1,760,774</u>	<u>3,333,855</u>	<u>685,925</u>	<u>1,107,875</u>	<u>823,623</u>
 Total expenditures	 <u>\$11,868,924</u>	 <u>\$13,230,407</u>	 <u>\$9,643,748</u>	 <u>\$9,241,368</u>	 <u>\$8,133,743</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$4,016,081	\$3,974,544	\$ 3,565,777	\$3,234,444
52,560	53,614	44,767	46,314
3,201,525	3,102,126	2,936,091	2,833,171
23,495	13,536	6,306	6,835
518,622	543,139	531,469	514,165
108,758	94,856	74,963	130,236
<u>115,537</u>	<u>126,886</u>	<u>176,335</u>	<u>117,765</u>
<u>\$8,036,578</u>	<u>\$7,908,701</u>	<u>\$ 7,335,708</u>	<u>\$6,882,930</u>
\$1,427,129	\$1,395,700	\$ 1,299,527	\$1,333,264
516,955	500,516	557,905	560,544
972,379	980,403	1,066,924	1,090,925
487,359	412,848	590,961	430,828
2,536,698	2,415,685	1,954,414	2,206,303
270,838	242,403	232,307	219,644
749,756	750,025	893,410	801,807
-	-	95	452,175
71,998	57,940	54,165	53,241
<u>797,104</u>	<u>341,914</u>	<u>933,419</u>	<u>1,279,187</u>
<u>\$7,830,216</u>	<u>\$7,097,434</u>	<u>\$ 7,583,127</u>	<u>\$8,427,918</u>



Information Provided to Comply with *Government Auditing Standards* and OMB Circular A-133
June 30, 2010

Louisa County



**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 Officials of Louisa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisa County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise Louisa County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-10 and II-C-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of non-compliance or other matters which is described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit the County's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Louisa County and other parties to whom Louisa County may report, including 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.



Dubuque, Iowa
March 4, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Officials of Louisa County:

Compliance

We have audited the compliance of Louisa County, Iowa, 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. The County's major federal programs are identified in the summary of the independent 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 the 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 the County's compliance with those requirements.

In our opinion, Louisa County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Louisa County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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.

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, non-compliance 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 non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Louisa County and other parties to whom Louisa County may report, including 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.

Eide Bailly LLP

Dubuque, Iowa
March 4, 2011

LOUISA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Pass-through program from:			
Iowa Department of Human Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ <u>3,045</u>
U.S. Department of Housing and Urban Development:			
Pass-through program from:			
Iowa Department of Economic Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-CF-010	600,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-214	5,726
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRMH-058	<u>2,498</u>
Total U.S. Department of Housing and Urban Development			<u>608,224</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	EDP-C058(28)--7Y-58	29,780
Highway Planning and Construction	20.205	SBIA-C058(040)--2T-58	<u>61,864</u>
Total U.S. Department of Transportation			<u>91,644</u>
U.S. Department of Education:			
Pass-through program from:			
Iowa Department of Transportation			
ARRA -State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	S397A090016A	<u>19,904</u>
U.S. Department of Health and Human Services:			
Pass-through program from:			
Iowa Department of Human Services			
Public Health Emergency Preparedness	93.069	558OBT58	62,880
Immunization Grants	93.268	588I449	7,795
Temporary Assistance for Needy Families	93.558		2,160
Refugee and Entrant Assistance - State Administered Programs	93.566		5
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		823
Foster Care Title - IV-E	93.658		1,661
Adoption Assistance	93.659		412
Social Services Block Grant	93.667	MHDS09-087	80,285
Social Services Block Grant	93.667	5889CO58	9,132
Social Services Block Grant	93.667		1,738
Children's Health Insurance Program	93.767		21
Medical Assistance Program	93.778		<u>3,520</u>
Total U.S. Department of Health and Human Services			<u>170,432</u>

(continued)

LOUISA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Program Expenditures</u>
Corporation for National and Community Service:			
Pass-through program from:			
Linn County, Iowa			
AmeriCorps	94.006	06ACHA0010006	\$ <u>26,878</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security			
Flood Mitigation Assistance	97.029	DR-1763-58-01	12,487
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	<u>1,201,622</u>
Total U.S. Department of Homeland Security			<u>1,214,109</u>
 Total			 <u>\$ 2,134,236</u>

LOUISA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, Louisa County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 580,000

LOUISA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified Yes

Significant deficiency Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

Material weakness identified No

Significant deficiency None reported

Type of auditor's report issued on compliance for major programs Unqualified

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
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97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
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Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee	No
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Part II: Findings Related to the Basic Financial Statements:

MATERIAL WEAKNESS

II-A-10 Preparation of Financial Statements

Criteria – A properly designed system of internal control over financial reporting calls for the preparation of an entity's financial statements, accompanying notes to the financial statements, and schedule of expenditures of federal awards by internal personnel of the entity.

LOUISA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements: (continued)

MATERIAL WEAKNESS

Condition – As auditors, we were requested to draft the financial statements, accompanying notes to the financial statements, and schedule of expenditures of federal awards. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause – We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

Effect – The effect of this condition is that the financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Recommendation – We recommend that County officials continue reviewing operating procedures in order to obtain the maximum internal control over financial reporting possible under the circumstances to enable staff to draft the financial reports internally.

Response – The County will continue to review operating procedures and segregate employee duties to the extent financially feasible to maximize internal control. At this time, the County does not have the resources to hire additional staff to draft the financial reports internally.

Conclusion – Response accepted.

SIGNIFICANT DEFICIENCIES

II-B-10 Sheriff's Office Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – The Sheriff's office has various procedures implemented to enhance internal controls. However, due to staffing constraints, the County is still unable to fully segregate the receipt and posting functions.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control over financial reporting possible under the circumstances.

Response – The Sheriff's Office will review the operating procedures, but due to personnel limitations additional procedures to increase internal control are not expected.

Conclusion – Response accepted.

LOUISA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements: (continued)

SIGNIFICANT DEFICIENCIES

II-C-10 Treasurer's Office Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – The Treasurer's office has various procedures implemented to enhance internal controls. However, due to staffing constraints, the County is still unable to fully segregate the receipt and posting functions.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – The Treasurer's Office continues to review operating procedures on a regular basis and does everything in its power to maximize internal control. The Treasurer's Office does the best they can with the number of employees available.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-10 Certified Budget – Disbursements at June 30, 2010, did not exceed the amount budgeted.

III-B-10 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

III-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

LOUISA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Other Findings Related to Required Statutory Reporting: (continued)

III-D-10 Business Transactions – Business transactions between the County and County officials and/or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Adam Caudle, employee, spouse is Jeanette Caudle	Services	\$ 48
Joellen Yotter, employee, spouse is owner of Grandview Service	Services	\$ 434
Staci Griffin, employee	Services	\$ 1,396
Staci Griffin, employee, owner of Stitches & Cream	Services	\$ 263
Staci Griffin, employee, spouse is Jason Griffin	Services	\$ 1,544
Linda Schafer, employee, spouse is Harlan Schafer	Services	\$ 538
Sylvia Belzer, employee, spouse is Terry Belzer	Services	\$ 125

In accordance with Chapter 331.342 of the Code of Iowa, the transactions above, except for those with Jason Griffin, do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transaction with Jason Griffin may represent a conflict of interest.

Recommendation - We recommend the County review the transaction with Jason Griffin with legal counsel.

Response – The County will consult with the County Attorney to review the Jason Griffin transaction.

Conclusion – Response Accepted.

III-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

III-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

III-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

LOUISA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Other Findings Related to Required Statutory Reporting: (continued)

III-H-10 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).

III-I-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 or B.

Disbursements during the year ended June 30, 2010, for the County Extension Office did not exceed the amount budgeted.



To the Officials of Louisa County, Iowa

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisa County, Iowa, for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 7, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Louisa County are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

Management's estimate of the depreciable lives is based on past history of life cycles of capital assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of other postemployment benefits is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2011.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

New Accounting Pronouncement

We have included additional information regarding a new accounting pronouncement.

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

As always, we will be happy to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the fine cooperation that we received during the course of the audit. We look forward to many years of continued service to Louisa County, Iowa.



Dubuque, Iowa
March 4, 2011

LOUISA COUNTY, IOWA

JUNE 30, 2010

NEW ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB)

GASB has issued one statement not yet implemented by Louisa County that will affect the County's financial statements, as follows:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.