Financial Statements
June 30, 2011

Louisa County

Louisa County

Name	Title	Term Expires
Randy Griffin	Board of Supervisors	December 2014
Chris Ball	Board of Supervisors	December 2012
Paula Buckman	Board of Supervisors	December 2012
Sylvia Belzer	County Auditor	December 2012
Vicki Frank	County Treasurer	December 2014
Leanne Black	County Recorder	December 2014
Curt Braby	County Sheriff	December 2012
Adam Parsons	County Attorney	December 2014
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, 2011, which collectively comprise the County's basic financial statements as 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Louisa County at June 30, 2011, 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.

As described in Note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. As discussed in Note 11 to the financial statements, the County presented a retroactive restatement of previously reported fund balances to implement the new standard and recorded an additional material prior period adjustment related to capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2012, 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 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.

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report. The financial statements for the nine years ended June 30, 2010, (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining nonmajor fund financial statements and the Schedule of Revenues by Source and Expenditures by Function are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the financial statements. The combining nonmajor fund financial statements, and the Schedule of Revenues by Source and Expenditures by Function, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The list of County Officials has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Eide Bailly LLP

Dubuque, Iowa
February 14, 2012

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, 2011. We encourage readers to consider this information in conjunction with the County’s financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County’s governmental activities decreased 7%, or approximately $894,000 from fiscal year 2010 to fiscal year 2011. Property tax increased approximately $35,000 operating grants and contributions decreased approximately $1,124,000 and capital grants and contributions increased approximately $180,000.

- Program expenses were 6% or approximately $687,000 less in fiscal year 2011 than in fiscal year 2010. Administration expense decreased approximately $888,000, and roads and transportation increased approximately $551,000 or approximately 16%. Public Safety decreased $1,053,000 or approximately 32%.

- The County’s net assets increased approximately $605,000 from June 30, 2010 to June 30, 2011.

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.

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) the 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 statements for fiduciary funds include a statement of fiduciary assets and liabilities.

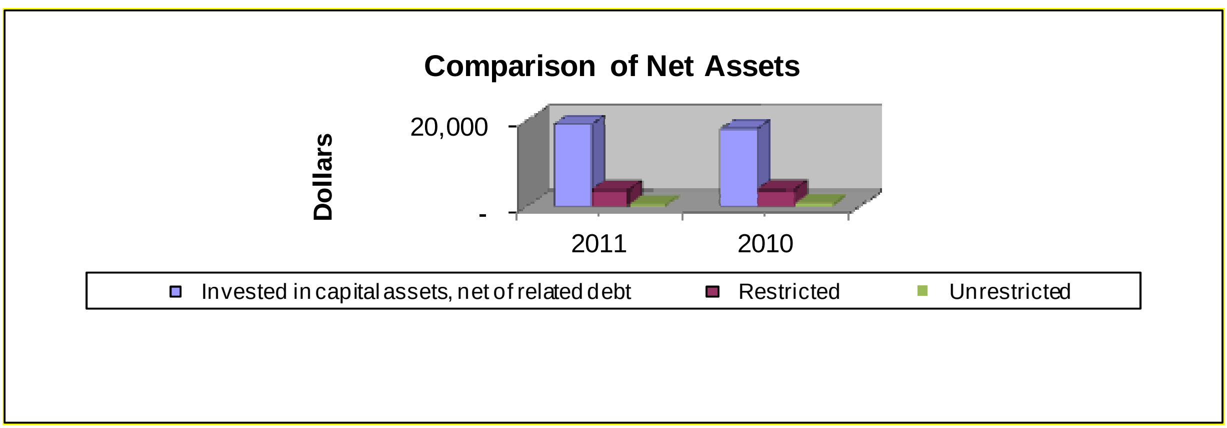
Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

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 $22.63 million to $23.24 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, 2011	June 30, 2010
Current and Other Assets	$ 10,740	$ 10,505
Capital Assets	22,309	21,531
Total assets	33,049	32,036
Long-Term Debt Outstanding	3,168	3,387
Other Liabilities	6,638	6,010
Total liabilities	9,806	9,397
Net Assets:		
Invested in capital assets, net of related debt	19,007	18,013
Restricted	3,704	3,825
Unrestricted	532	801
Total net assets	$ 23,243	$ 22,639

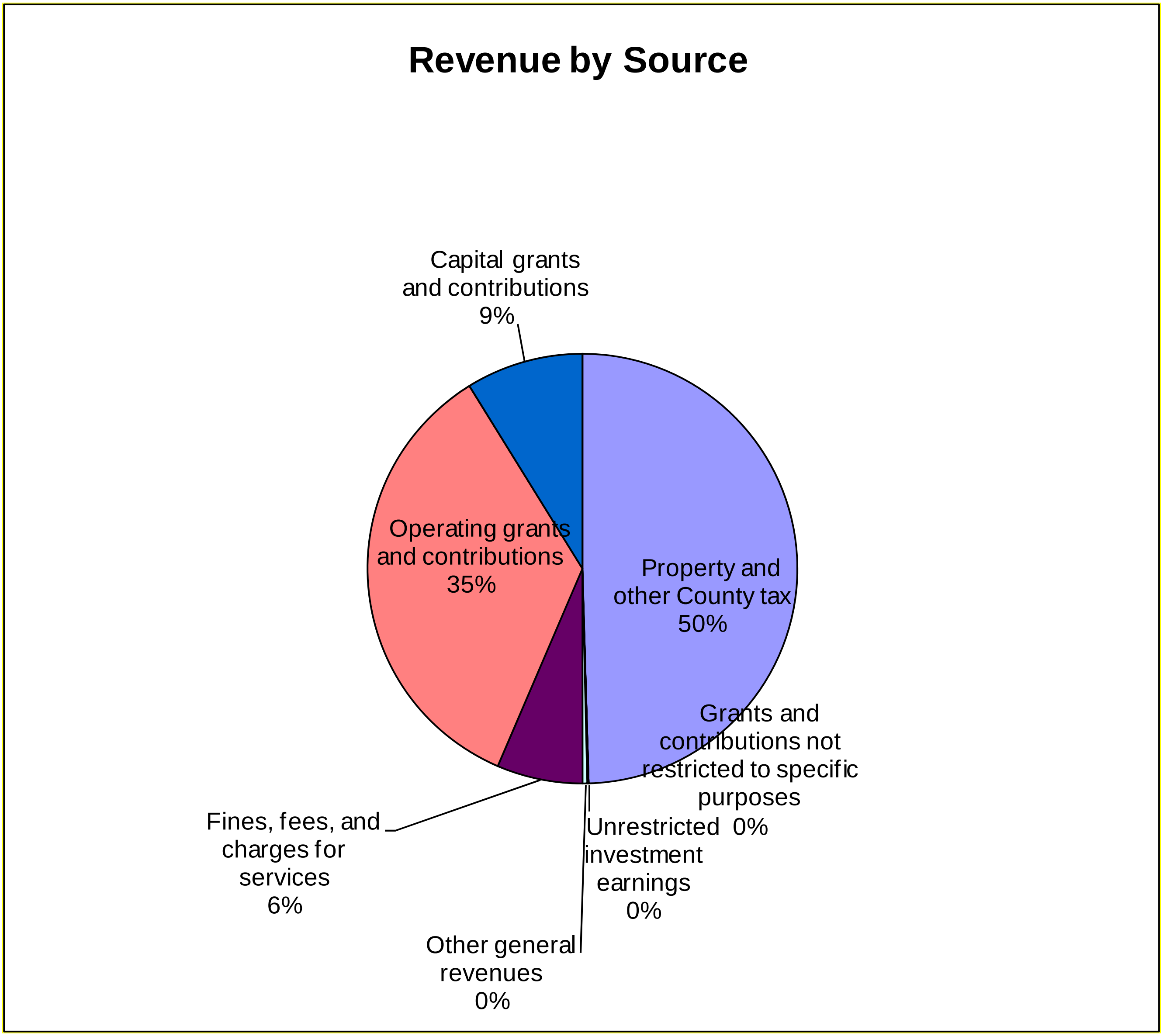


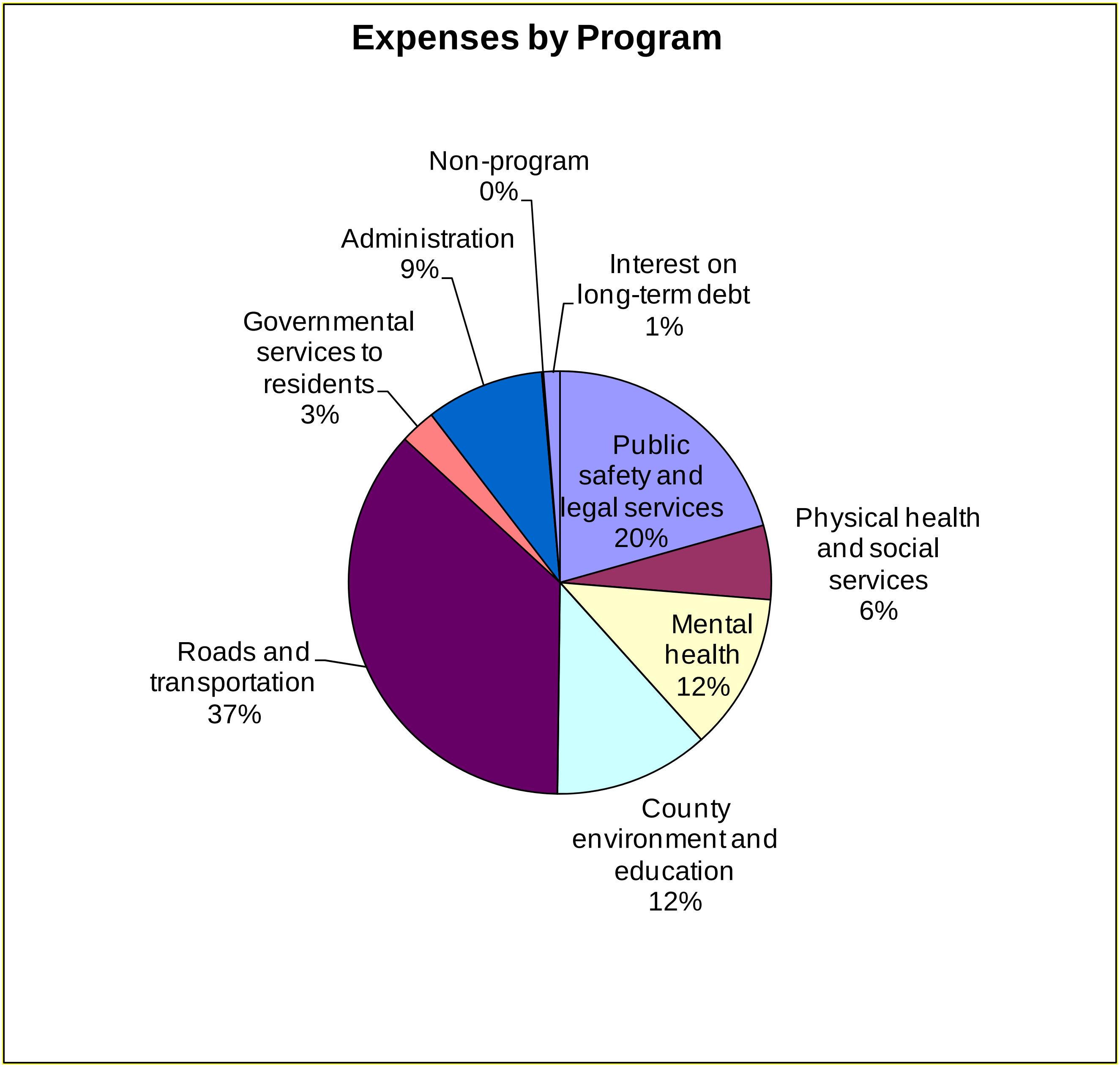
Net assets of Louisa County's governmental activities increased by 3% ($23.2 million compared to $22.6 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt Louisa County has at June 30, 2011, 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 $801,000 at June 30, 2010, to approximately $532,000 at the end of this year, a decrease of 34%.

Changes in Net Assets of Governmental Activities

(Expressed in Thousands)

	Year Ended June 30,	
	2011	2010
Program Revenues:		
Fines, fees, and charges for services	$ 751	$ 828
Operating grants and contributions	4,045	5,169
Capital grants and contributions	1,026	846
General Revenues:		
Property and other County tax	5,767	5,422
Grants and contributions not restricted to specific purposes	-	197
Unrestricted investment earnings	12	19
Other general revenues	41	55
Total revenues	11,642	12,536
Program Expenses:		
Public safety and legal services	2,277	3,330
Physical health and social services	626	631
Mental health	1,329	1,185
County environment and education	1,309	717
Roads and transportation	4,047	3,496
Governmental services to residents	300	297
Administration	997	1,885
Non-program	14	40
Interest on long-term debt	139	144
Total expenses	11,038	11,725
Increase in Net Assets	604	811
Net Assets July 1, 2010, as Restated	22,639	21,828
Net Assets June 30, 2011	$ 23,243	$ 22,639


Revenue by Source
Capital grants and contributions 9%
Operating grants and contributions 35%
Property and other County tax 50%
Grants and contributions not restricted to specific purposes 0%
Unrestricted investment earnings 0%
Fines, fees, and charges for services 6%
Other general revenues 0%


Expenses by Program
Non-program 0%
Administration 9%
Interest on long-term debt 1%
Governmental services to residents 3%
Public safety and legal services 20%
Physical health and social services 6%
Mental health 12%
Roads and transportation 37%
County environment and education 12%

Louisa County's net assets of governmental activities increased by approximately $605,000 during the year. Revenues for governmental activities decreased by approximately $894,000 over the prior year, which includes fines, fees and charges for sevices down $77,000, operating grants and contributions down from the prior year by approximately $1,124,000, and capital grants and contributions up from the prior year by approximately $180,000. General revenues were up $127,000.

The County property tax rates for 2011 were increased by .22142. The valuation increase of approximately $13 million coupled with an increase in costs made it necessary to increase the tax rate and therefore additional tax dollars by $35,000.

The cost of all governmental activities this year was $11.038 million compared to $11.726 million last year. However, as shown in the Statement of Activities on page 15, the amount taxpayers ultimately financed for these activities was $4.9 million because some of the cost was paid by those who directly benefited from the programs ($750,000), or by other governments and organizations that subsidized certain programs with grants and contributions ($5,070,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2011 from approximately $6,844,000 to $5,822,000, principally due to a decrease in operating grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with approximately $5,767,000 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 $4.2 million, a decrease of $453,000.

- General Fund revenues and expenditures fluctuated when compared to prior year. Revenue decreased by $1,819,000, and expenditures decreased by $1,990,000. The ending fund balance showed a decrease of approximately $402,000 from the prior year to approximately $608,000.

- Rural Services Fund revenues and expenditures remained stable, compared to prior year. The ending fund balance showed a decrease of approximately $19,000 from the prior year to approximately $22,600.

- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately $1,321,000, an increase of 12% from the prior year, and revenues totaled approximately $1,135,000, a decrease of 17% from the prior year. The Mental Health Fund balance at year end decreased by approximately $187,000 over the prior year. Our fund balance decreased to $505,000 from $692,000.

- Secondary Roads Fund expenditures increased by approximately $575,000 over the prior year, due to the increase in county road and bridge projects. Revenues decreased by approximately $90,000 over the prior year due to less Federal dollars from FEMA for flood expenditure reimbursement. The increase in expenditures and decrease in revenues resulted in a decrease in the Secondary Roads Fund's ending balance of approximately $264,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, the County amended the budget two times. The amendments were to allow increased appropriations and were made in March and May. In March appropriations were made for capital roads projects, roads salaries, materials, group health insurance and maintenance; Sheriff for purchase of an auto replacement due to accident; Jail for overtime, holiday pay, longevity, equipment maintenance and repairs; reimburse a bio-terrorism grant; courthouse tuckpointing; health insurance county share; interpretive center pass through grant, and various department small amounts. The total amendment was to increase appropriations by $397,395. This was offset by $452,546 in revenue, leaving an increase in budgeted fund balance of $55,151. The May amendment allowed an additional $400,000 in appropriations. This was not offset by revenue in the amendment. The amendment was for increased snow removal; consulting fees for a bridge project, increased fuel costs, repairs and parts, and unanticipated road work.

This information is available at the County Auditor’s Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the County had approximately $22 million invested in a broad range of capital assets, including buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year-End
(Expressed in Thousands)

	June 30, 2011	June 30, 2010
Land	$ 7,452	$ 6,585
Construction in Progress	631	310
Buildings and Improvements	4,570	4,549
Machinery and Equipment	974	1,093
Infrastructure	8,682	8,994
Total	$ 22,309	$ 21,531

The County had depreciation expense of $804,255 for the year ended June 30, 2011, and total accumulated depreciation as of June 30, 2011, of $7,880,033. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Liabilities

At June 30, 2011, Louisa County had approximately $3,624,000 in bond debt and other liabilities, as shown below.

Outstanding Liabilities of Governmental Activities at Year-End
(Expressed in Thousands)

	June 30,	
	2011	2010
General Obligation Bonds	$ 3,302	$ 3,518
Net OPEB Liability	38	19
Compensated Absences	284	277
Total	$ 3,624	$ 3,814

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 $28 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 2012 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. Louisa County has a very small population, 11,387, which decreased from 12,183 to 11,387 with the 2010 Census. The loss of 796 in population will affect the county in economic terms. 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 2012 there was an increase in salaries for the elected officials. In determining the budget for 2012, the tax rate for General Basic increased to $4.23970 from $3.93776 The General Supplemental levy increased to $1.9526 from $1.58122. The Rural Services Basic rate increased to $2.72366 from $2.60559. The transfer to Secondary Roads remained the same as fiscal year 2011, at $1,117,761. A transfer from General Basic to Secondary Roads was not made. The Mental Health levy decreased to $.91919 from $.94736. With an increase of valuation and tax rates, the tax revenue was increased by $593,299 for property tax and utility replacement dollars. The property taxes without the utility replacement dollars increased insignificantly by approximately $522,000.

The Sheriff and Secondary Roads departments have a union, which had a one year salary and health insurance clause, which was negotiated July 1, 2011. This allows more accurate budgeting for wages and insurance costs for those two departments over fiscal year 2011-2012.

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

	Governmental Activities
Assets	
Cash and Pooled Investments	$ 4,436,631
Receivables:	
Property tax:	
Delinquent	19,847
Succeeding year	5,492,015
Interest and penalty on property tax	32,548
Accounts	4,240
Accrued interest	1,640
Due from Other Governments	650,331
Prepaid Expenses	103,235
Capital Assets:	
Capital assets, not being depreciated	8,083,110
Capital assets (net of accumulated depreciation)	14,225,843
Total assets	33,049,440
Liabilities	
Accounts Payable	353,709
Salaries and Benefits Payable	144,881
Accrued Interest Payable	10,735
Due to Other Governments	181,317
Unearned Revenue:	
Succeeding year property tax	5,492,015
Long-Term Liabilities:	
Portion due or payable within one year:	
Bonds payable	230,000
Compensated absences	225,920
Portion due or payable after one year:	
Bonds payable	3,072,180
Compensated absences	57,777
Net OPEB liability	38,014
Total liabilities	9,806,548
Net Assets	
Invested in Capital Assets, Net of Related Debt	19,006,773
Restricted For:	
Rural services purposes	24,526
Mental health purposes	516,098
Secondary roads purposes	1,714,014
Debt service	1,183,402
Other purposes	266,553
Unrestricted	531,526
Total net assets	$ 23,242,892

	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
Functions/Programs:					
Governmental Activities:					
Public safety and legal services	$ 2,277,451	$ 165,740	$ 31,000	$ 212,654	$ (1,868,057)
Physical health and social services	626,231	315,154	155,490	-	(155,587)
Mental health	1,329,487	697	601,173	-	(727,617)
County environment and education	1,308,611	41,481	740,767	805,315	278,952
Roads and transportation	4,047,117	17,750	2,516,299	8,441	(1,504,627)
Governmental services to residents	299,750	183,700	144	-	(115,906)
Administration	997,299	26,396	75	-	(970,828)
Non-program	13,894	-	-	-	(13,894)
Interest on long-term debt	138,655	-	-	-	(138,655)
Total Governmental Activities	$ 11,038,495	$ 750,918	$ 4,044,948	$ 1,026,410	(5,216,219)
General Revenues:					
Property and other County tax levied for:					
General purposes					4,972,459
Local option sales tax					794,706
Unrestricted investment earnings					12,716
Miscellaneous					40,878
Total General Revenues					5,820,759
Change in Net Assets					604,540
Net Assets Beginning of Year, as Restated					22,638,352
Net Assets End of Year					$ 23,242,892

		Special	
	General	Rural Services	Secondary Roads
Assets			
Cash and Pooled Investments	$ 622,404	$ 22,741	$ 1,724,796
Receivables:			
Property tax:			
Delinquent	15,147	2,100	-
Succeeding year	3,650,000	1,300,000	-
Interest and penalty on property tax	32,548	-	-
Accounts	4,240	-	-
Accrued interest	1,617	-	-
Due From Other Governments	287,028	-	254,855
Prepaid Expenses	84,516	-	13,231
Total assets	$ 4,697,500	$ 1,324,841	$ 1,992,882
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 75,372	$ 315	$ 238,713
Salaries and benefits payable	97,419	-	40,065
Due to other governments	10,528	-	-
Deferred revenue:			
Succeeding year property tax	3,650,000	1,300,000	-
Other	255,715	1,925	94,888
Total liabilities	4,089,034	1,302,240	373,666
Fund Balances:			
Nonspendable	84,516	-	13,231
Restricted	-	22,601	1,605,985
Unassigned	523,950	-	-
Total fund balances	608,466	22,601	1,619,216
Total liabilities and fund balances	$ 4,697,500	$ 1,324,841	$ 1,992,882

Revenue				
Mental Health	Local Option Sales Tax	County Grants	Nonmajor Governmental Funds	Total Governmental Funds
$ 691,214	$ 1,107,991	$ 2,921	$ 264,564	$ 4,436,631
2,600	-	-	-	19,847
542,015	-	-	-	5,492,015
-	-	-	-	32,548
-	-	-	-	4,240
-	-	-	23	1,640
33,037	75,411	-	-	650,331
2,510	-	-	2,978	103,235
$ 1,271,376	$ 1,183,402	$ 2,921	$ 267,565	$ 10,740,487
$ 35,077	$ -	$ 3,246	$ 986	$ 353,709
7,397	-	-	-	144,881
170,789	-	-	-	181,317
542,015	-	-	-	5,492,015
11,276	-	-	-	363,804
766,554	-	3,246	986	6,535,726
	-	-		
2,510		-	2,978	103,235
502,312	1,183,402	-	263,601	3,577,901
-	-	(325)	-	523,625
504,822	1,183,402	(325)	266,579	4,204,761
$ 1,271,376	$ 1,183,402	$ 2,921	$ 267,565	$ 10,740,487

Total Governmental Fund Balances		$ 4,204,761
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	$ 7,452,060	
Construction in progress	631,050	
Infrastructure, net of $2,569,865 accumulated depreciation	8,682,194	
Buildings and improvements, net of $1,330,433 accumulated depreciation	4,569,668	
Machinery and equipment, net of $3,979,733 accumulated depreciation	973,981	
Total capital assets		22,308,953
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds:		
Property taxes and intergovernmental		363,804
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, 2011, are:		
Accrued interest on bonds	(10,735)	
Bonds payable	(3,302,180)	
Compensated absences	(283,697)	
Net OPEB liability	(38,014)	
Total long-term liabilities		(3,634,626)
Net Assets of Governmental Activities		$ 23,242,892

		Special	
	General	Rural Services	Secondary Roads
Revenues:			
Property and other County tax	$ 3,059,391	$ 1,173,988	$ -
Interest and penalty on property tax	54,854	-	-
Intergovernmental	501,736	31,718	2,424,096
Licenses and permits	10,109	-	670
Charges for service	613,524	-	61
Use of money and property	30,638	-	-
Miscellaneous	41,359	-	14,659
Total revenues	4,311,611	1,205,706	2,439,486
Expenditures:			
Operating:			
Public safety and legal services	2,224,274	-	-
Physical health and social services	619,104	-	-
Mental health	-	-	-
County environment and education	555,060	71,762	-
Roads and transportation	-	35,001	3,380,926
Governmental services to residents	282,332	-	-
Administration	892,421	-	-
Non-program	1,500	-	-
Debt service	-	-	-
Capital projects	143,688	-	439,957
Total expenditures	4,718,379	106,763	3,820,883
Excess (Deficiency) of Revenues Over (Under) Expenditures	(406,768)	1,098,943	(1,381,397)
Other Financing Sources (Uses):			
Sale of capital assets	144	-	-
Transfers in	4,238	-	1,117,761
Transfers out	-	(1,117,761)	-
Total Other Financing Sources (Uses)	4,382	(1,117,761)	1,117,761
Net Change in Fund Balances	(402,386)	(18,818)	(263,636)
Fund Balances Beginning of Year, as Restated	1,010,852	41,419	1,882,852
Fund Balances End of Year	$ 608,466	$ 22,601	$ 1,619,216

See Notes to Financial Statements

Revenue				
Mental Health	Local Option Sales Tax	County Grants	Nonmajor Governmental Funds	Total Governmental Funds
$ 524,596	$ 800,622	$ -	$ 4,232	$ 5,562,829
-	-	-	-	54,854
609,080	-	1,468,560	18,673	5,053,863
-	-	-	-	10,779
-	-	-	12,662	626,247
-	-	-	328	30,966
855	-	-	700	57,573
1,134,531	800,622	1,468,560	36,595	11,397,111
-	-	-	29,825	2,254,099
-	-	-	-	619,104
1,321,432	-	-	-	1,321,432
-	-	1,468,885	-	2,095,707
-	-	-	-	3,415,927
-	-	-	1,454	283,786
-	-	-	-	892,421
-	-	-	17,706	19,206
-	-	-	355,650	355,650
-	-	-	9,199	592,844
1,321,432	-	1,468,885	413,834	11,850,176
(186,901)	800,622	(325)	(377,239)	(453,065)
-	-	-	-	144
-	-	-	356,583	1,478,582
-	(355,650)	-	(5,171)	(1,478,582)
-	(355,650)	-	351,412	144
(186,901)	444,972	(325)	(25,827)	(452,921)
691,723	738,430	-	292,406	4,657,682
$ 504,822	$ 1,183,402	$ (325)	$ 266,579	$ 4,204,761

Net Change in Fund Balances - Total Governmental Funds		$ (452,921)
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	$ 1,424,609	
Contributed capital assets	162,039	
Depreciation expense	(804,255)	
		782,393
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 differ from the change in fund balances by the book value of assets being disposed.		(4,404)
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		220,000
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	(432)	
Charges for service	(15,216)	
Grant proceeds	103,793	
		88,145
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	530	
Amortization of bond discount	(3,985)	
Compensated absences	(6,211)	
Net OPEB liability	(19,007)	
		(28,673)
Change in Net Assets of Governmental Activities		$ 604,540

Assets	
Cash and Pooled Investments:	
County Treasurer	$ 879,815
Other County officials	8,965
Drainage districts	225,127
Receivables:	
Property tax:	
Delinquent	81,047
Succeeding year	11,938,614
Accounts	11,479
Accrued interest	59
Drainage assessments	1,426
Special assessments	28,459
Due from Other Governments	6,309
Prepaid Expenses	5,408
Total assets	13,186,708
Liabilities	
Accounts Payable	21,352
Salaries and Benefits Payable	8,186
Due to Other Governments	13,157,170
Total liabilities	13,186,708
Net Assets	$ -

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.

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.

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 the road use tax allocation from the state of Iowa, required transfers from the general and 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.

Additionally, the County reports the following fund types:

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

Debt Service– The Debt Service Fund is utilized to account for revenues to used for the payment of interest and principal on the County's general long term debt.

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.

When an expenditure is incurred in governmental funds which can be paid either using restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

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.

The County has changed accounting policies due to implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds. Accordingly, the beginning fund balance of certain governmental funds has been restated.

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, 2009, assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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 represent 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 represent 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.

Special Assessments Receivable – Special assessments receivable represent 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 represent 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, 2011, 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.

Asset Class	Amount
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:

Asset Class	Estimated Useful Lives (In Years)
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.

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, 2011. 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 – Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Supervisors has provided otherwise in its commitment or assignment actions.

Fund Balance Classification	Purpose	Fund	Amount
Nonspendable	Prepaids	General	$ 84,516
		Secondary Roads	13,231
		Mental Health	2,510
		Non-major Governmental Funds	2,978
			$ 103,235
Restricted	Rural Services	Rural Services	$ 22,601
	Secondary Roads	Secondary Roads	1,605,985
	Mental Health	Mental Health	502,312
	Debt Service	LOST	1,183,402
	Records Management	County Recorder Records Management	11,137
	Conservation	REAP	64,877
	Drainage	Draingage Districts	44,583
	Investigations	Confidential Investigations	66,043
	Projects	Capital Projects	76,961
			$ 3,577,901

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, 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, 2011, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants 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 $3,742,490 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 ended June 30, 2011.

Note 3 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011, is as follows:

Transfer to	Transfer from	Amount
General	Nonmajor Governmental Funds	$ 4,238
Special Revenue:	Special Revenue:	
Secondary roads	Rural services	1,117,761
Nonmajor Governmental Funds	Local Option Sales Tax	355,650
	Nonmajor Governmental Funds	933
		356,583
		$ 1,478,582

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, 2011, was as follows:

	Balance Beginning of Year (as Restated)	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	$ 6,584,728	$ 867,332	$ -	$ 7,452,060
Construction in progress	310,371	458,016	137,337	631,050
Total capital assets, not being depreciated	6,895,099	1,325,348	137,337	8,083,110
Capital assets being depreciated:				
Buildings and improvements	5,762,764	137,337	-	5,900,101
Machinery and equipment	4,772,767	202,966	22,017	4,953,716
Infrastructure	11,193,725	58,334	-	11,252,059
Total capital assets, being depreciated	21,729,256	398,637	22,017	22,105,876
Less accumulated depreciation for:				
Buildings and improvements	1,213,813	116,620	-	1,330,433
Machinery and equipment	3,679,521	317,827	17,613	3,979,735
Infrastructure	2,200,057	369,808	-	2,569,865
Total accumulated depreciation	7,093,391	804,255	17,613	7,880,033
Total capital assets, being depreciated, net	14,635,865	(405,618)	4,404	14,225,843
Governmental Activities Capital Assets, Net	$ 21,530,964	$ 919,730	$ 141,741	$ 22,308,953

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

Governmental Activities:		
Public safety and legal services	$	117,762
Physical health and social services		5,539
Mental health		2,986
County environment and education		32,622
Roads and transportation		589,994
Governmental services to residents		12,014
Administration		43,338
Total depreciation expense - governmental activities	$	804,255

Construction Commitment – The County has entered into contract totaling $1,999,525 for road construction. As of June 30, 2011 no costs on the contract have been incurred. The contract will be paid as work on the project progresses.

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	$	10,528
Special Revenue:	Services		
Mental health			170,789
Total for governmental funds		$	181,317
Agency:	Collections		
County recorder		$	7,497
County sheriff			1,701
Agricultural extension education			179,638
County assessor			442,312
Schools			9,363,470
Community colleges			609,124
Corporations			1,344,309
Townships			256,372

Fund	Description	Amount
Agency:	Collections	
Brucellosis and Tuberculosis eradication		$ 1,918
Auto liscense and use fund		214,454
Fire districts		141,861
E911 surcharge		154,808
Joint disaster services		4,759
City special assessments		30,848
Drainage districts		399,283
County recorder's electronic fee		443
Flex Benefits		1,229
Advaced Tax Payments		3,144
		$ 13,157,170

Note 6 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011, is as follows:

	General Obligation Bonds	Unamortized Bond Discounts	Compensated Absences	Net OPEB Liability	Total
Balance Beginning of Year	$ 3,570,000	$ (51,805)	$ 277,486	$ 19,007	$ 3,814,688
Increases	-	-	14,262	19,007	33,269
Decreases	220,000	(3,985)	8,051	-	224,066
Balance End of Year	$ 3,350,000	$ (47,820)	$ 283,697	$ 38,014	$ 3,623,891
Due Within One Year	$ 230,000	$ -	$ 225,920	$ -	$ 455,920

Bonds Payable

A summary of the County's June 30, 2011, general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
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	3.70%	260,000	96,848	356,848
2017-2021	3.85-4.15%	1,460,000	324,962	1,784,962
2022-2023	4.20-4.25%	670,000	42,760	712,760
Total		$ 3,350,000	$ 934,854	$ 4,284,854

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 4.50% of their annual covered salary and the County is required to contribute 6.95% 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, 2011, 2010, and 2009, were $257,059, $238,735, and $208,051, 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 645 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.

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 150 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, 2011, were $147,641.

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 $12,000,000, 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, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, 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.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $100,000 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, 2011.

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 Plan does not issue a stand-alone financial report.

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, 2011, 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	-
Annual OPEB cost (expense)	27,662
Contributions Made	(8,655)
Increase in net OPEB obligation	19,007
Net OPEB Obligation, Beginning of Year	19,007
Net OPEB Obligation, End of Year	$ 38,014

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, 2011.

For the year ended June 30, 2011, the County contributed an estimated $8,655 to the medical plan. Plan members eligible for benefits contributed $6,657 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, 2011, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$ 27,662	31.3%	$ 38,014
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 $3,372,434 and the ratio of the UAAL to covered payroll was 7.27%. As of June 30, 2011, 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.

Note 10 - Deficit Balance

At June 30, 2011, the County Grants fund had a deficit balance of $325 due to the timing of payables at year end.

Note 11 - Restatement of Equity

The beginning equity for the General Fund and Nonmajor funds were restated to reflect reclassifications for the combing of funds for GASB 54 implementation. Governmental Activities was restated to reflect a correction for land related to the 1993 flood buyout program, which was not included in land in the prior year.

	General Fund Fund Balance	Non-major Fund Balance	Governmental Activities Net Assets
Equity as of June 30, 2010, as Previously Reported	$ 968,114	$ 335,144	$ 17,366,748
Reclassification of Funds, GASB 54	42,738	(42,738)	-
Restatement of Land	-	-	5,271,604
Equity as of June 30, 2010, as Restated	$ 1,010,852	$ 292,406	$ 22,638,352

Note 12 - Prospective Accounting Pronouncement

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

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued December 2009, will be effective for the fiscal year ending June 30, 2012. This Statement permits an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; issued December 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, will be effective for the fiscal year ending June 30, 2013. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision – an amendment to GASB Statement No. 53,* issued June 2011, will be effective for the fiscal year ending June 30, 2012. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

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

Required Supplementary Information
June 30, 2011

Louisa County

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	Governmental Funds Actual	Budgeted Amounts Original	Final
Receipts:			
Property and other County tax	$ 5,542,264	$ 5,140,660	$ 5,146,848
Interest and penalty on property tax	74,657	40,500	40,500
Intergovernmental	5,041,743	6,900,896	7,250,878
Licenses and permits	15,479	18,475	19,975
Charges for service	630,028	493,785	575,099
Use of money and property	31,400	41,071	41,071
Miscellaneous	57,321	73,707	93,457
Total receipts	11,392,892	12,709,094	13,167,828
Disbursements:			
Public safety and legal services	2,247,083	2,179,058	2,276,670
Physical health and social services	610,289	652,202	697,520
Mental health	1,316,123	1,390,725	1,390,725
County environment and education	2,153,887	3,685,247	3,718,747
Roads and transportation	3,287,187	3,002,682	3,380,182
Governmental services to residents	279,099	264,112	279,112
Administration	916,764	1,130,731	1,159,446
Debt service	355,650	355,600	355,650
Capital projects	668,267	1,100,383	1,300,093
Total disbursements	11,834,349	13,760,740	14,558,145
Deficiency of Receipts Under Disbursements	(441,457)	(1,051,646)	(1,390,317)
Other Financing Sources, Net	144	-	-
Deficiency of Receipts and Other Financing Sources Under Disbursements and Other Financing Uses	(441,313)	(1,051,646)	(1,390,317)
Balance Beginning of Year	4,804,635	4,804,635	4,804,635
Balance End of Year	$ 4,363,322	$ 3,752,989	$ 3,414,318

Reconciliation Between Cash and Modified Accrual Basis:

	Governmental Funds Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 11,392,892	$ 4,219	$ 11,397,111
Expenditures	11,834,349	15,827	11,850,176
Net	(441,457)	(11,608)	(453,065)
Other Financing Sources, Net	144	(2,656)	144
Beginning Fund Balances	4,804,635	(941,628)	4,657,682
Ending Fund Balances	$ 4,363,322	$ (955,892)	$ 4,204,761

Final to Net Variance - Positive (Negative)
$ 395,416
34,157
(2,209,135)
(4,496)
54,929
(9,671)
(36,136)
(1,774,936)
29,587
87,231
74,602
1,564,860
92,995
13
242,682
-
631,826
2,723,796
948,860
6,724
955,584
-
$ 955,584

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, two budget amendments increased budgeted disbursements by $797,405. 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, 2011, disbursements did not exceed the amounts budgeted for any function.

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)
2011	7/1/2009	$ -	$ 245,137	$ 245,137	0.00%	$ 3,372,434	7.27%
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, 2011

Louisa County

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	County Recorder's Records Management	Resource Enhancement and Protecton	Drainage Districts	Confidential Investigation
Assets				
Cash and Pooled Investments	$ 11,135	$ 64,856	$ 44,583	$ 67,029
Receivables:				
Accrued interest	2	21	-	-
Prepaid Expenses	2,978	-	-	-
Total assets	$ 14,115	$ 64,877	$ 44,583	$ 67,029
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 986
Fund Balances:				
Nonspendable	2,978	-	-	-
Restricted	11,137	64,877	44,583	66,043
Total fund balances	14,115	64,877	44,583	66,043
Total liabilities and fund balances	$ 14,115	$ 64,877	$ 44,583	$ 67,029

Sheriff Patrol	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
$ -	$ 76,961	$ -	$ 264,564
-	-	-	23
-	-	-	2,978
$ -	$ 76,961	$ -	$ 267,565
$ -	$ -	$ -	$ 986
-	-	-	2,978
-	76,961	-	263,601
-	76,961	-	266,579
$ -	$ 76,961	$ -	$ 267,565

	County Recorder's Records Management	Resource Enhancement and Protecton	Drainage Districts	Confidential Investigation
Revenues:				
Property and other County tax	$ -	$ -	$ 4,232	$ -
Intergovernmental	-	13,094	-	5,579
Charges for service	2,220	-	-	10,442
Use of money and property	41	287	-	-
Miscellaneous	-	-	700	-
Total revenues	2,261	13,381	4,932	16,021
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	18,904
Governmental services to residents	1,454	-	-	-
Non-program	-	-	17,706	-
Debt Service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	1,454	-	17,706	18,904
Excess (Deficiency) of Revenues Over (Under) Expenditures	807	13,381	(12,774)	(2,883)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(933)
Total Other Financing Sources (Uses)	-	-	-	(933)
Net Change in Fund Balances	807	13,381	(12,774)	(3,816)
Fund Balances Beginning of Year, as Restated	13,308	51,496	57,357	69,859
Fund Balances End of Year	$ 14,115	$ 64,877	$ 44,583	$ 66,043

Sheriff Patrol	Capital Projects	Debt Service	Total
$ -	$ -	$ -	$ 4,232
-	-	-	18,673
-	-	-	12,662
-	-	-	328
-	-	-	700
-	-	-	36,595
10,921	-	-	29,825
-	-	-	1,454
-	-	-	17,706
-	-	355,650	355,650
-	9,199	-	9,199
10,921	9,199	355,650	413,834
(10,921)	(9,199)	(355,650)	(377,239)
933	-	355,650	356,583
(4,238)	-	-	(5,171)
(3,305)	-	355,650	351,412
(14,226)	(9,199)	-	(25,827)
14,226	86,160	-	292,406
$ -	$ 76,961	$ -	$ 266,579

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
County Auditor				
Assets:				
Cash and pooled investments:				
Other County officials	$ -	$ 873	$ 873	$ -
Liabilities:				
Due to other funds	$ -	$ 873	$ 873	$ -
County Recorder				
Assets:				
Cash and pooled investments:				
Other County officials	$ 9,298	$ 164,285	$ 166,319	$ 7,264
Accounts receivable	-	233	-	233
Total assets	$ 9,298	$ 164,518	$ 166,319	$ 7,497
Liabilities:				
Due to other funds	$ -	$ 65,307	$ 65,307	$ -
Due to other governments	9,298	99,211	101,012	7,497
Total liabilities	$ 9,298	$ 164,518	$ 166,319	$ 7,497
County Sheriff				
Assets:				
Cash and pooled investments:				
Other County officials	$ 31	$ 181,129	$ 179,459	$ 1,701
Liabilities:				
Due to other funds	$ -	$ 55,800	$ 55,800	$ -
Due to other governments	31	4,596	2,926	1,701
Trusts payable	-	120,733	120,733	-
Total liabilities	$ 31	$ 181,129	$ 179,459	$ 1,701

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Agricultural Extension Education Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 2,063	$ 171,603	$ 171,751	$ 1,915
Property tax receivable:				
Delinquent	1,061	823	1,061	823
Succeeding year	171,285	176,900	171,285	176,900
Total assets	$ 174,409	$ 349,326	$ 344,097	$ 179,638
Liabilities:				
Due to other governments	$ 174,409	$ 349,326	$ 344,097	$ 179,638
County Assessor Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 173,858	$ 261,323	$ 263,653	$ 171,528
Property tax receivable:				
Delinquent	1,509	1,245	1,509	1,245
Succeeding year	258,900	273,260	258,900	273,260
Prepaid expenses	2,634	3,883	2,634	3,883
Total assets	$ 436,901	$ 539,711	$ 526,696	$ 449,916
Liabilities:				
Accounts payable	$ 241	$ 707	$ 241	$ 707
Salaries and benefits payable	6,062	6,897	6,062	6,897
Due to other governments	430,598	532,107	520,393	442,312
Total liabilities	$ 436,901	$ 539,711	$ 526,696	$ 449,916
Schools Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 105,824	$ 9,269,635	$ 9,272,945	$ 102,514
Property tax receivable:				
Delinquent	55,525	45,036	55,525	45,036
Succeeding year	9,230,134	9,215,920	9,230,134	9,215,920
Total assets	$ 9,391,483	$ 18,530,591	$ 18,558,604	$ 9,363,470
Liabilities:				
Due to other governments	$ 9,391,483	$ 18,530,591	$ 18,558,604	$ 9,363,470

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Community Colleges Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 6,449	$ 552,212	$ 552,390	$ 6,271
Property tax receivable:				
Delinquent	3,290	2,713	3,290	2,713
Succeeding year	548,914	600,140	548,914	600,140
Total assets	$ 558,653	$ 1,155,065	$ 1,104,594	$ 609,124
Liabilities:				
Due to other governments	$ 558,653	$ 1,155,065	$ 1,104,594	$ 609,124
Corporations Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 29,891	$ 1,625,056	$ 1,617,960	$ 36,987
Property tax receivable:				
Delinquent	31,031	29,833	31,031	29,833
Succeeding year	1,224,530	1,277,489	1,224,530	1,277,489
Total assets	$ 1,285,452	$ 2,932,378	$ 2,873,521	$ 1,344,309
Liabilities:				
Due to other governments	$ 1,285,452	$ 2,932,378	$ 2,873,521	$ 1,344,309
Townships Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 3,214	$ 244,822	$ 245,441	$ 2,595
Property tax receivable:				
Delinquent	1,152	932	1,152	932
Succeeding year	246,516	252,845	246,516	252,845
Total assets	$ 250,882	$ 498,599	$ 493,109	$ 256,372
Liabilities:				
Due to other governments	$ 250,882	$ 498,599	$ 493,109	$ 256,372

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Auto License and Use Tax Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 193,233	$ 2,858,661	$ 2,837,440	$ 214,454
Liabilities:				
Due to other governments	$ 193,233	$ 2,858,661	$ 2,837,440	$ 214,454
Brucellosis and Tuberculosis Eradication Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ -	$ 1,945	$ 1,923	$ 22
Property tax receivable:				
Delinquent	11	9	11	9
Succeeding year	1,943	1,887	1,943	1,887
Total assets	$ 1,954	$ 3,841	$ 3,877	$ 1,918
Liabilities:				
Due to other governments	$ 1,954	$ 3,841	$ 3,877	$ 1,918
Fire Districts Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 1,316	$ 140,826	$ 140,910	$ 1,232
Property tax receivable:				
Delinquent	845	456	845	456
Succeeding year	138,166	140,173	138,166	140,173
Total assets	$ 140,327	$ 281,455	$ 279,921	$ 141,861
Liabilities:				
Due to other governments	$ 140,327	$ 281,455	$ 279,921	$ 141,861

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
E911 Surcharge Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 106,206	$ 76,455	$ 42,383	$ 140,278
Receivables:				
Accounts	7,736	11,246	7,736	11,246
Accrued interest	59	-	-	59
Due from other governments	6,291	6,309	6,291	6,309
Prepaid expenses	-	700	-	700
Total assets	$ 120,292	$ 94,710	$ 56,410	$ 158,592
Liabilities:				
Accounts payable	$ 3,274	$ 3,677	$ 3,274	$ 3,677
Salaries and benefits payable	-	107	-	107
Due to other governments	117,018	90,926	53,136	154,808
Total liabilities	$ 120,292	$ 94,710	$ 56,410	$ 158,592
Joint Disaster Services Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 3,519	$ 53,961	$ 52,213	$ 5,267
Prepaid expenses	-	825	-	825
Total assets	$ 3,519	$ 54,786	$ 52,213	$ 6,092
Liabilities:				
Accounts payable	$ 365	$ 151	$ 365	$ 151
Salaries and benefits payable	736	1,182	736	1,182
Due to other governments	2,418	53,453	51,112	4,759
Total liabilities	$ 3,519	$ 54,786	$ 52,213	$ 6,092
City Special Assessments Fund				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 2,948	$ 31,255	$ 31,814	$ 2,389
Special assessments receivable	26,792	28,459	26,792	28,459
Total assets	$ 29,740	$ 59,714	$ 58,606	$ 30,848
Liabilities:				
Due to other governments	$ 29,740	$ 59,714	$ 58,606	$ 30,848

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Drainage Districts				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 209,247	$ 505,827	$ 527,766	$ 187,308
Drainage districts	225,127	-	-	225,127
Drainage assessments receivable	7,084	1,426	7,084	1,426
Total assets	$ 441,458	$ 507,253	$ 534,850	$ 413,861
Liabilities:				
Accounts payable	$ 2,612	$ 14,578	$ 2,612	$ 14,578
Due to other governments	438,846	492,675	532,238	399,283
Total liabilities	$ 441,458	$ 507,253	$ 534,850	$ 413,861
Flexible Benefits				
Assets:				
Cash and pooled investments:				
County Treasurer	$ -	$ 35,127	$ 31,659	$ 3,468
Accounts receivable	1,911	-	1,911	-
Total assets	$ 1,911	$ 35,127	$ 33,570	$ 3,468
Liabilities:				
Accounts payable	$ 1,911	$ 2,239	$ 1,911	$ 2,239
Due to other governments	-	32,888	31,659	1,229
Total liabilities	$ 1,911	$ 35,127	$ 33,570	$ 3,468
County Recorder's Electronic Fee				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 558	$ 6,383	$ 6,498	$ 443
Liabilities:				
Due to other governments	$ 558	$ 6,383	$ 6,498	$ 443
Advance Tax Payments				
Assets:				
Cash and pooled investments:				
County Treasurer	$ -	$ 3,144	$ -	$ 3,144
Liabilities:				
Due to other governments	$ -	$ 3,144	$ -	$ 3,144

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Total Combined Funds				
Assets:				
Cash and pooled investments:				
County Treasurer	$ 838,326	$ 15,838,235	$ 15,796,746	$ 879,815
Other County officials	9,329	346,287	346,651	8,965
Drainage districts	225,127	-	-	225,127
Receivables:				
Property tax:				
Delinquent	94,424	81,047	94,424	81,047
Succeeding year	11,820,388	11,938,614	11,820,388	11,938,614
Accounts	9,647	11,479	9,647	11,479
Accrued interest	59	-	-	59
Drainage assessments	7,084	1,426	7,084	1,426
Special assessments	26,792	28,459	26,792	28,459
Due from other governments	6,291	6,309	6,291	6,309
Prepaid expenses	2,634	5,408	2,634	5,408
Total assets	$ 13,040,101	$ 28,257,264	$ 28,110,657	$ 13,186,708
Liabilities:				
Accounts payable	$ 8,403	$ 21,352	$ 8,403	$ 21,352
Salaries and benefits payable	6,798	8,186	6,798	8,186
Due to other funds	-	121,980	121,980	-
Due to other governments	13,024,900	27,985,013	27,852,743	13,157,170
Trusts payable	-	120,733	120,733	-
Total liabilities	$ 13,040,101	$ 28,257,264	$ 28,110,657	$ 13,186,708

	2011	2010	2009	2008
Revenues:				
Property and other County tax	$ 5,562,829	$ 5,219,053	$ 5,207,976	$ 4,552,144
Interest and penalty on property tax	54,854	45,754	37,700	37,207
Intergovernmental	5,053,863	5,656,433	5,220,827	3,526,956
Licenses and permits	10,779	17,987	21,962	18,288
Charges for service	626,247	610,413	690,813	581,086
Use of money and property	30,966	39,333	124,419	185,435
Miscellaneous	57,573	186,465	71,626	355,467
Total revenues	$ 11,397,111	$ 11,775,438	$ 11,375,323	$ 9,256,583
Expenditures:				
Operating:				
Public safety and legal services	$ 2,254,099	$ 2,139,384	$ 1,908,508	$ 1,761,007
Physical health and social services	619,104	634,659	567,081	568,800
Mental health	1,321,432	1,176,552	1,214,267	1,206,049
County environment and education	2,095,707	656,061	620,407	802,348
Roads and transportation	3,415,927	3,199,657	3,919,380	3,075,632
Governmental services to residents	283,786	281,186	259,047	253,424
Administration	892,421	1,498,709	1,039,659	1,012,531
Non-program	19,206	165,644	3,263	118
Debt service	355,650	356,298	364,940	277,914
Capital projects	592,844	1,760,774	3,333,855	685,925
Total expenditures	$ 11,850,176	$ 11,868,924	$ 13,230,407	$ 9,643,748

Louisa County
Schedule 4 – Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

2007	2006	2005	2004	2003	2002
$ 4,095,113	$ 4,062,904	$ 4,016,081	$ 3,974,544	$ 3,565,777	$ 3,234,444
44,251	44,075	52,560	53,614	44,767	46,314
3,297,773	3,150,350	3,201,525	3,102,126	2,936,091	2,833,171
13,813	23,267	23,495	13,536	6,306	6,835
550,392	498,654	518,622	543,139	531,469	514,165
250,059	200,662	108,758	94,856	74,963	130,236
174,214	139,439	115,537	126,886	176,335	117,765
$ 8,425,615	$ 8,119,351	$ 8,036,578	$ 7,908,701	$ 7,335,708	$ 6,882,930
$ 1,655,571	$ 1,537,041	$ 1,427,129	$ 1,395,700	$ 1,299,527	$ 1,333,264
524,944	555,735	516,955	500,516	557,905	560,544
1,019,139	948,009	972,379	980,403	1,066,924	1,090,925
769,636	435,290	487,359	412,848	590,961	430,828
2,781,601	2,497,345	2,536,698	2,415,685	1,954,414	2,206,303
269,935	338,758	270,838	242,403	232,307	219,644
947,402	822,266	749,756	750,025	893,410	801,807
204	95	-	-	95	452,175
165,061	175,581	71,998	57,940	54,165	53,241
1,107,875	823,623	797,104	341,914	933,419	1,279,187
$ 9,241,368	$ 8,133,743	$ 7,830,216	$ 7,097,434	$ 7,583,127	$ 8,427,918

Information Provided to Comply with *Government Auditing Standards* and OMB Circular A-133
June 30, 2011

Louisa County

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Officials of Louisa County:

We have audited the 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, 2011, which collectively comprise Louisa County's basic financial statements and have issued our report thereon dated February 14, 2012. 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 Louisa 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses 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 deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11, and II-B-11 to be material weaknesses.

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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-C-11 and II-D-11 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, 2011, 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.

Eide Bailly LLP

Dubuque, Iowa
February 14, 2012

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's 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, 2011. 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 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2011.

Internal Control over Compliance

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 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.

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

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
February 14, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal 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		$ 2,864
U.S. Department of Commerce			
Pass-through program from:			
Iowa Department of Economic Development			
Investments for Public Works and Economic Development Facilities	11.300	05-79-05008	89,384
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-DRHB-224	638,621
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRMH-258	208,425
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-214	17,619
Total U.S. Department of Housing and Urban Development			864,665
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	SBIA-C058(040)--2T-58	114,351
U.S. Department of Health and Human Services:			
Pass-through program from:			
Iowa Department of Human Services			
Public Health Emergency Preparedness	93.069	5881BT358	21,703
Public Health Emergency Preparedness	93.069	5880BT58	24,513
Immunization Grants	93.268	588I449	11,698

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services: (continued)			
Pass-through program from: (continued)			
Iowa Department of Human Services (continued)			
Refugee and Entrant Assistance - State Administered Programs	93.566		$ 3
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		744
Foster Care Title IV-E	93.658		1,210
Adoption Assistance	93.659		293
Social Services Block Grant	93.667	MHDS09-087	52,667
Social Services Block Grant	93.667		1,011
State Children's Insurance Program	93.767		14
Medical Assistance Program	93.778		2,842
Total U.S. Department of Health and Human Services			116,698
Corporation for National and Community Service:			
Pass-through program from:			
Linn County, Iowa			
AmeriCorps	94.006	06ACHA0010006	4,244
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	8,628
Hazard Mitigation Grants	97.039	HMGP-DR-1763-0058-01	618,594
Total U.S. Department of Homeland Security			627,222
Total			$ 1,819,428

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.

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 deficiencies	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:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
97.039	Hazard Mitigation Grants

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee	No

Part II: Findings Related to the Basic Financial Statements:

MATERIAL WEAKNESSES

II-A-11 **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.

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

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.

II-B-11 **Material Audit Adjustments**

Criteria – A properly designed system of internal control over financial reporting allows for the preparation of financial statements which are free from material misstatement and presented in conformity with generally accepted accounting principles (GAAP).

Condition – As a result of our audit procedures, we were required to propose material adjustments to the County's financial statements in the area of capital assets.

Cause – The cause of the adjustments appears to be due to lack of thorough review of accounting records when preparing the working trial balance.

Effect – Had the proposed adjustments not been made, the financial statements would have been materially misstated.

Recommendation – We recommend that those responsible for preparation of the working trial balance review accounting records thoroughly in order to obtain all necessary adjustments.

Response – The County acknowledges that our auditors were required to propose material adjustments to the County's financial statements in the area of capital assets. The County will continue to work to strengthen accounting functions.

Conclusion – Response accepted.

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

SIGNIFICANT DEFICIENCIES

II-C-11 **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.

II-D-11 **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.

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

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-11 **Certified Budget** – Disbursements at June 30, 2011, did not exceed the amount budgeted.

III-B-11 **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-11 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

III-D-11 **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
Joellen Yotter, employee, spouse is owner of Grandview Service	Services	$ 860
Staci Griffin, employee, owner of Stitches & Cream	Services	254
Staci Griffin, employee, spouse is Jason Griffin	Services	659
Linda Schafer, employee, spouse is Harlan Schafer	Services	163

In accordance with Chapter 331.342 (10) of the Code of Iowa, the transactions above do not appear to represent conflicts of interest since total transactions with each individual were less than $1,500 during the fiscal year.

III-E-11 **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-11 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not

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

III-G-11 **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

III-H-11 **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-11 **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, 2011, for the County Extension Office did not exceed the amount budgeted.

III-J-11 **Emergency Management** – The Louisa County Emergency Management Commission is operated under the authority of Chapter 357J of the Code of Iowa. This fund is separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011, for the Louisa County Emergency Management Commission exceeded the amount budgeted.

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

Response – We will amend the budget when required.

Conclusion – Response accepted.