



**Johnson ▲ Block**  
AND COMPANY, INC.

Certified Public Accountants

*Quality service through our commitment to clients and staff*

Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Kryszinski ▲ Janice L. Froelich

September 22, 2010

Roxie Hamilton, Finance Director  
Iowa County  
222 N. Iowa Street  
Dodgeville, WI 53533

Dear Roxie;

Enclosed are 12 copies of your Single Audit report. The Single Audit reporting package will be emailed to each of your granting agencies before September 30, 2010. Your reporting package will also be submitted online to the Federal Audit Clearinghouse before September 30, 2010. We will contact you with detailed instructions in order to complete the clearinghouse submission.

Your reporting package consists of the following:

- Financial Audit Report
- Additional schedules and reports required by OMB A-133
- Data Collection Form
- Corrective Active Plan

If you have any questions, please contact me.

Sincerely,

JOHNSON BLOCK AND COMPANY, INC.

AUDITED FINANCIAL STATEMENTS

IOWA COUNTY, WISCONSIN

DECEMBER 31, 2009

IOWA COUNTY, WISCONSIN  
DECEMBER 31, 2009  
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## INDEPENDENT AUDITOR'S REPORT

County Board of Supervisors  
Iowa County  
Dodgeville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin, as of and for the year ending December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2010, on our consideration of Iowa County, Wisconsin'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 the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16, and 56 through 58 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 financial statements. We do not express an opinion or provide 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 Iowa County Wisconsin's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are 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 the State Single Audit Guidelines and are also not a required part of the financial statements. The financial statements and schedules 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 as a whole.

*JOHNSON BLOCK AND COMPANY, INC.*

*Johnson Block and Company, Inc.*

September 22, 2010

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

As management of Iowa County, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2009. Iowa County adopted the provisions of the Governmental Accounting Standards Board Statement No. 34 and 37 *Basic Financial Statements – Management Discussion and Analysis for State and Local Governments* and No. 38 *Certain Financial Statement Disclosures* as of December 31, 2003. Comparison to prior year data has been provided for all key financial information.

**Financial Highlights**

- The assets of the County exceeded its liabilities as of December 31, 2009 by \$69,118,921 (net assets). Of this amount, \$8,336,272 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$1,389,542. The following factors contributed to the overall decrease:
  - Increase in Current and Other Assets by \$1,165,211.
  - Increase in capital assets by \$628,108 and an increase in accumulated depreciation of 3,184,241 for an overall decrease in noncurrent assets of \$2,556,133.
  - Increase in current liabilities for payables, deferred revenue and current portion of long term debt by \$188,978 and a decrease in noncurrent liabilities of \$187,956.
  - The County did experience a decrease return on investments during 2009 with an average interest rate of just above one half of a percent for the year with the rate at the beginning of the year at just above one percent and one quarter percent at the end of the year which was a decrease of two percent from the interest rate for 2008.
  - Cash was used to purchase additional capital assets. The County replaced four vehicles in the sheriff's department, replaced the phone system at the Department of Social Services, replaced network equipment, purchased a mower for the Iowa County Airport and began construction on the health and human services building which will continue into 2010.
- The property tax rate decreased 2.45% for the year ended December 31, 2009 compared to the property tax rate for the year ended December 31, 2008. The 2009 property tax rate was \$4.795659 per \$1,000 of equalized valuation compared to the 2008 property tax rate of \$4.915976 per \$1,000 of equalized valuation. The actual levy increased \$174,093 (2%) over the prior year's levy and the County's equalized value increased \$81,195,200 or 4.5% from 2008 combining for the decrease to the property tax rate.
- As of December 31, 2009, the County's governmental funds reported combined ending fund balances of \$6,618,018, an increase of \$659,043 from the prior year.
- As of December 31, 2009, unreserved fund balance for the general fund was \$1,681,368, or approximately 18.0% of total general fund expenditures.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Iowa County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Iowa County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Iowa County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of Iowa County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government; public safety; transportation facilities; public works, health and human services; education and leisure; and conservation and development. The business-type activities of the County include the Highway operations and Bloomfield Manor.

The government-wide financial statements include not only Iowa County itself (known as the *primary government*), but also Cobb-Highland Recreation Commission a component unit of the County which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-20 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Iowa County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Iowa County maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, social services fund, and real estate reduction fund, all of which are considered to be major funds. The special revenue fund including commission on aging, child support, CDBG revolving loan, Iowa County airport, Tri-County airport, Unified Community Services, dog license, and Wisconsin River Rail Transit, and the capital improvements capital projects fund are considered non-major governmental funds and are reported together in other governmental funds column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The detail of the nonmajor governmental funds detail can be found on page 60 and 61 of the report.

The County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

**Proprietary funds.** Iowa County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for Bloomfield Manor, and highway operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Iowa County has one internal service fund to account for the County's self-funded dental insurance fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Bloomfield Manor, and highway operations; all of which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 25-29 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-55 of this report.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

**Government-wide Financial Analysis**

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$69,118,921 at the close of 2009.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	15,148,985	14,394,685	5,482,876	5,071,965	20,631,861	19,466,650
Restricted Assets			726,296	722,545	726,296	722,545
Loan due from other governmental units	12,140	13,489			12,140	13,489
Capital assets net of Accumulated Depreciation	54,650,095	56,544,733	6,130,845	6,792,340	60,780,940	63,337,073
Total assets	69,811,220	70,952,907	12,340,017	12,586,850	82,151,237	83,539,757
Current Liabilities	8,054,197	7,898,240	3,176,299	3,143,278	11,230,496	11,041,518
Long-term Liabilities outstanding	629,777	630,057	1,172,043	1,359,719	1,801,820	1,989,776
Total Liabilities	8,683,974	8,528,297	4,348,342	4,502,997	13,032,316	13,031,294
Net Assets:						
Invested in capital assets, net of related debt	54,613,832	56,497,095	5,430,218	5,936,942	60,044,050	62,434,037
Restricted	12,303	12,093	726,296	722,545	738,599	734,638
Unrestricted	6,501,111	5,915,422	1,835,161	1,424,366	8,336,272	7,339,788
Total net assets	61,127,246	62,424,610	7,991,675	8,083,853	69,118,921	70,508,463

By far the largest portion of the County's net assets (87%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (1 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$8,336,272) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Iowa County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

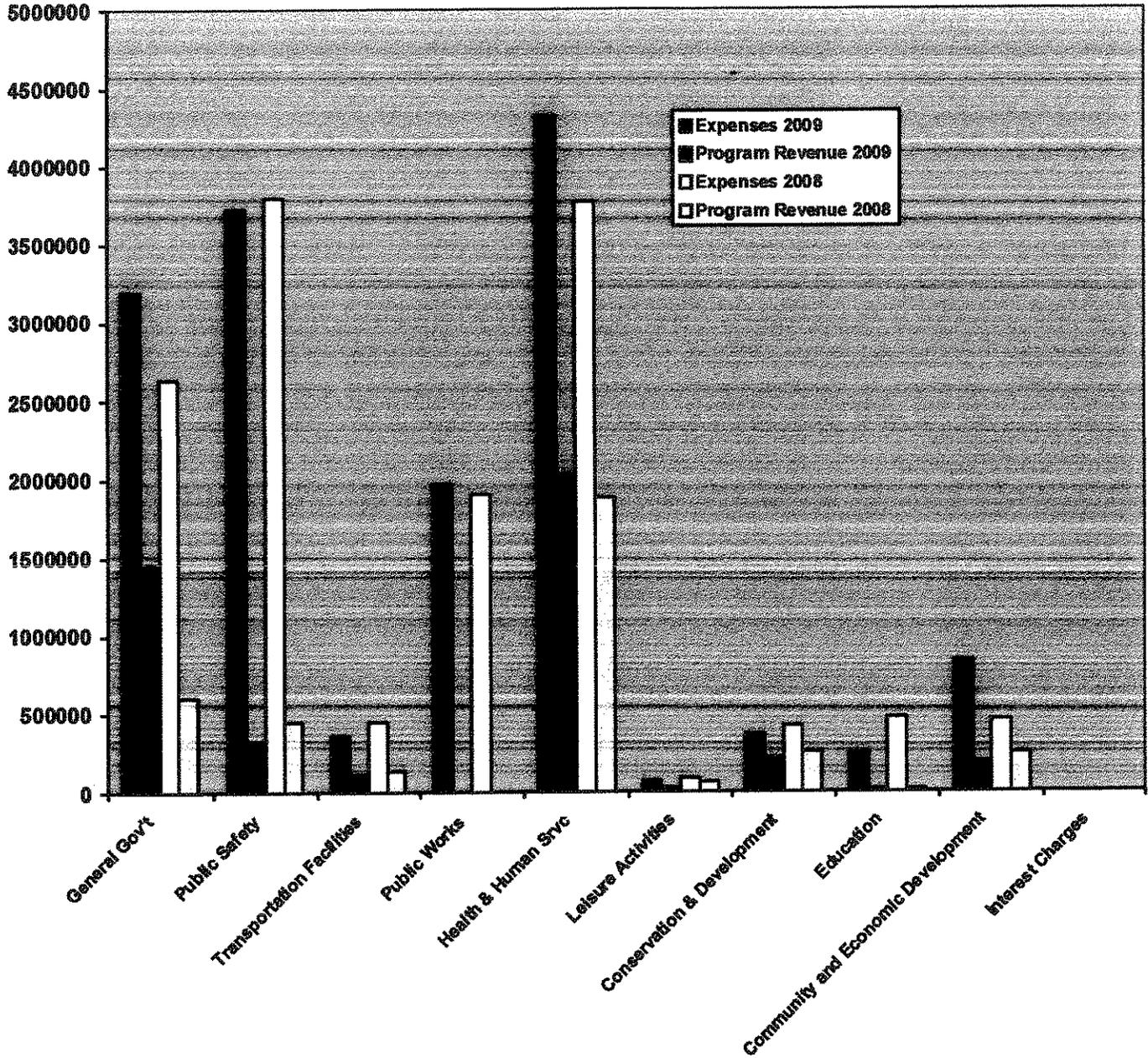
Iowa County's Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services and fees, fines and costs	1,143,916	1,255,939	7,644,974	8,359,858	8,788,890	9,615,797
Operating grants and contributions	3,222,642	2,341,196	1,634,041	1,918,741	4,856,683	4,259,937
Capital Grants and contributions	6,907	97,741			6,907	94,741
<b>General revenues:</b>						
Property taxes	6,741,034	6,326,710	2,277,331	2,543,323	9,018,365	8,870,033
Other Taxes	1,849,136	1,908,736			1,849,136	1,908,736
Grants and contributions not restricted to specific programs	274,083	292,454			274,083	292,454
Unrestricted Interest & Investment	64,454	259,075			64,454	259,075
Other	623,124	2,862,859	18,305	165,988	641,429	3,028,847
<b>Total revenues</b>	<b>13,925,296</b>	<b>15,341,710</b>	<b>11,574,651</b>	<b>12,987,910</b>	<b>25,499,947</b>	<b>28,329,620</b>
<b>Expenses:</b>						
General Government	3,192,248	2,630,419			3,192,248	2,630,419
Public Safety	3,728,707	3,794,943			3,728,707	3,794,943
Transportation facilities	360,351	443,453			360,351	443,453
Public Works	1,967,963	1,897,498			1,967,963	1,897,498
Health & human services	4,318,644	3,773,075	5,254,424	5,283,607	9,573,068	9,056,682
Leisure activities	69,308	93,145			69,308	93,145
Conservation and development	366,513	422,819			366,513	422,819
Education	247,987	475,137			247,987	475,137
Community and economic dev.	829,883	458,849			829,883	458,849
Interest on long-term debt						
Highway			6,553,461	9,390,886	6,553,461	9,390,886
<b>Total Expenses</b>	<b>15,081,604</b>	<b>13,989,338</b>	<b>11,807,885</b>	<b>14,674,493</b>	<b>26,889,489</b>	<b>28,663,831</b>
Increase (Decrease) in net assets before transfers	(1,156,308)	1,352,372	(233,234)	(1,686,583)	(1,389,542)	(334,211)
Transfers	(141,056)	(1,118,662)	141,056	1,118,662		
Increase (Decrease) in net assets	(1,297,364)	233,710	(92,178)	(567,921)	(1,389,542)	(334,211)
Net assets – January 1	62,424,610	62,190,900	8,083,853	8,651,774	70,508,463	70,842,674
Net assets – December 31	61,127,246	62,424,610	7,991,675	8,083,853	69,118,921	70,508,463

**Governmental Activities:** Governmental activities decreased the County's net assets by (\$1,297,364) and the business type activities decreased the County's net assets by (\$92,178). Key elements of this decrease are as follows:

- Decrease in charges in services and fees, fines and costs.
- Decrease in other income.
- Decrease in Interest and Investment Earnings.
- Decrease in Capitalized Infrastructure Costs.

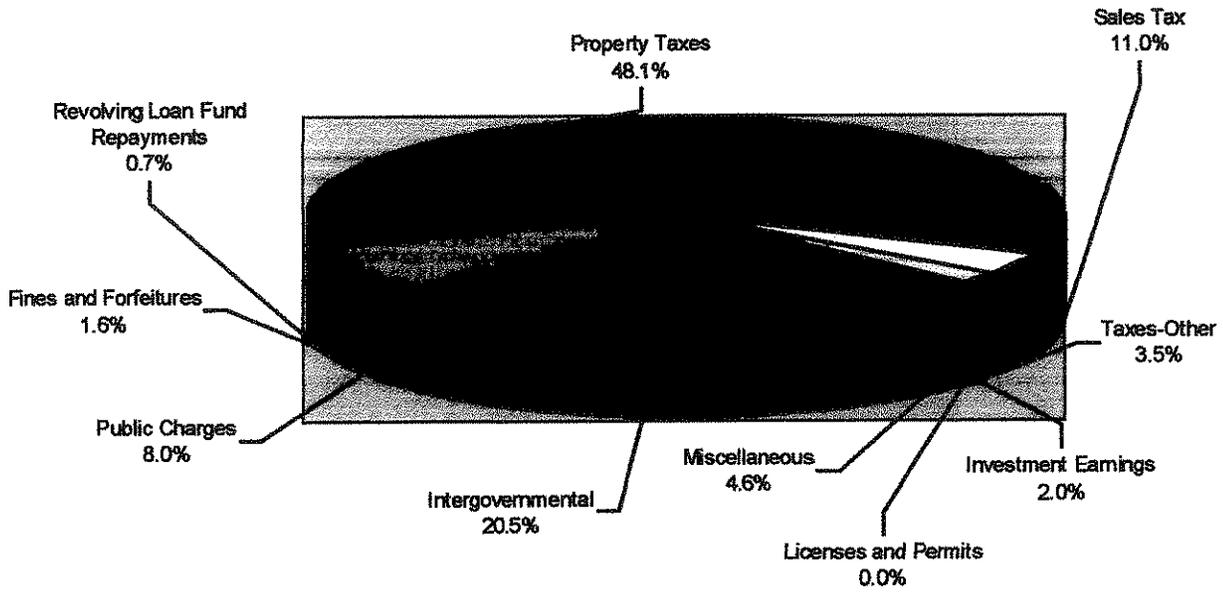
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**Management Discussion and Analysis**  
**December 31, 2009**

**Expenses and Program Revenues – Governmental Funds**



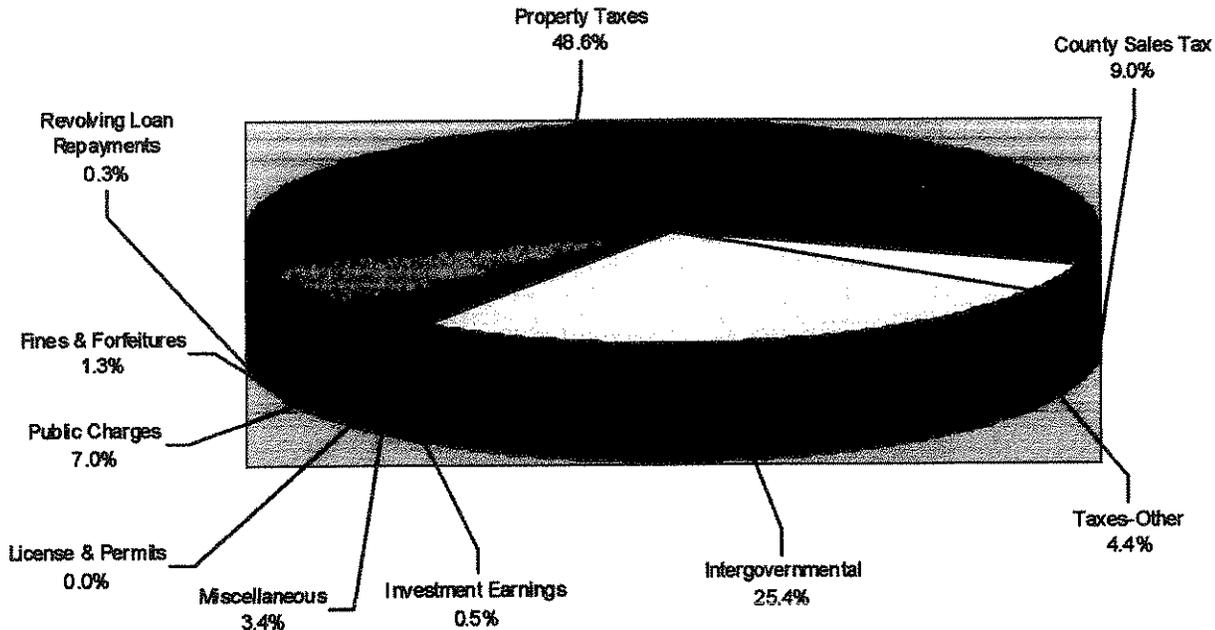
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2008 Revenues by Source-Governmental Funds



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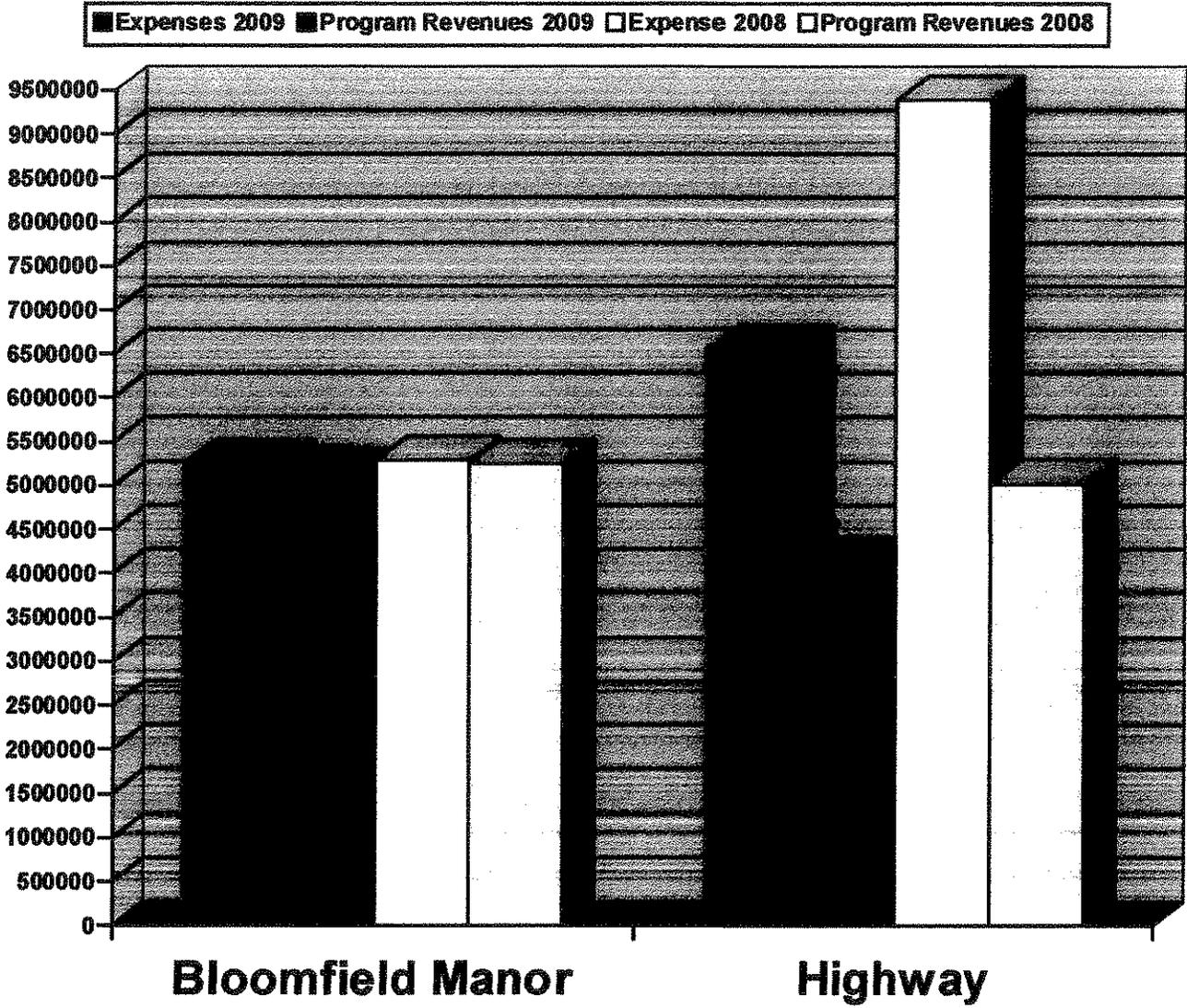
**2009 Revenues by Source-Governmental Funds**



**Business-type activities:** Business-type activities increased Iowa County's net assets by \$497,898. Key elements of this increase are as follows:

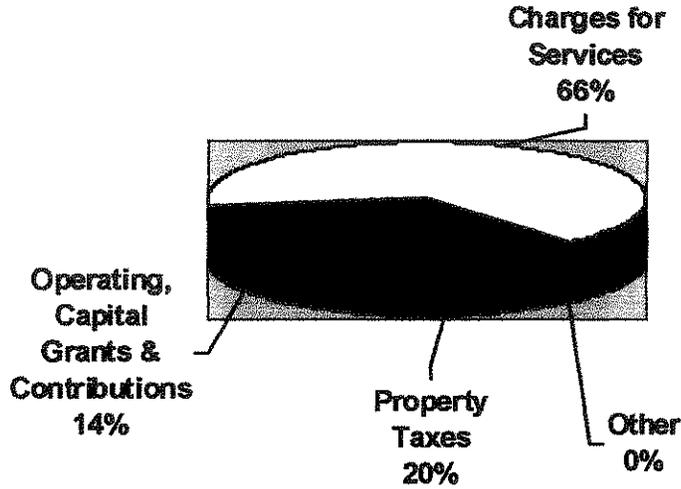
- Operating expenditures for the Highway Department decreased \$2,846,209.
- Operating expenditures for Bloomfield Manor increased \$31,895.
- Operating revenues for the Highway Department decreased \$548,585.
- Operating revenues for Bloomfield Manor decreased \$166,299.
- Property tax revenue for the business type activities decreased by \$265,992.
- Operating grants increased \$284,700. There was an increase in the intergovernmental transfer program grant at Bloomfield Manor of \$55,327 and a decrease in the intergovernmental grants to the Highway of \$340,027.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**  
**Expenses and Program Revenues – Business-type Activities**

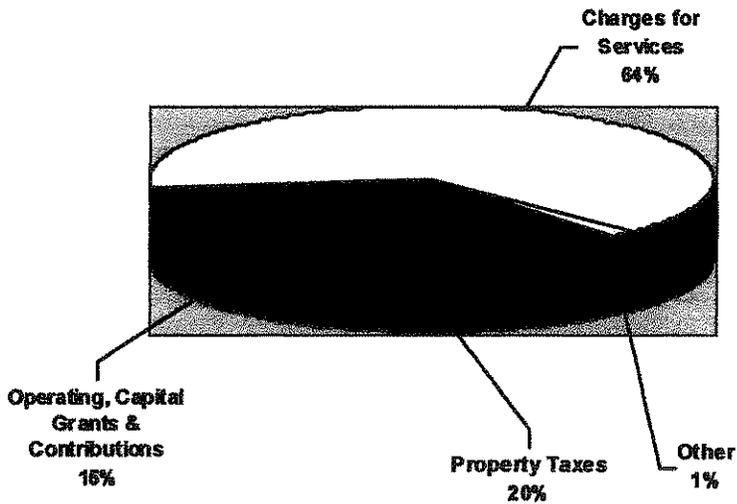


IOWA COUNTY, WISCONSIN  
Management Discussion and Analysis  
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**2009 Revenues by Source-  
Business type Activites**



**2008 Revenues by Source-  
Business type Activites**



**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

**Financial Analysis of the Iowa County's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Iowa County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2009, the County's governmental funds reported combined ending fund balances of \$6,618,018, an increase of \$659,043 from the prior year. Of the combined ending fund balance, \$3,166,780 or 48% constitutes *unreserved fund balance* that is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for the following: 1) for revolving loan funds (\$138,821), 2) for non-liquid delinquent taxes (\$1,145,556), 3) for real estate reduction funds which are available for future years (\$1,681,266), 4) dog license fees collected for the purpose of future related expenses in this area (\$1,000), 5) for donations received to be used for a specific purpose in future years (\$74,089), and 6) Drug Task Force Seizure Funds (\$410,506). The total reserved fund balance is \$3,451,238.

The general fund is the chief operating fund of the County. At the end of the current year, unreserved fund balance of the general fund was \$1,681,368 while total fund balance reached \$2,826,924. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18% of total general fund expenditures (a decrease of 20% from 2008), while total fund balance represents 31% of that same amount (down from 33% in 2008).

During the current year, the County's general fund balance increased by \$142,850.

The Social Services fund has a total fund balance of \$902,596. The total fund balance represents 36% of total Social Services expenditures. The Social Services annually returns all unused tax levy and they carryover balances in their donation fund, W-2 fund, general relief, and restitution fund. The 2009 unused tax levy was not transferred until 2010.

**Proprietary funds.** Iowa County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Unrestricted net assets for Bloomfield Manor and Highway operations were \$1,952,204 and (\$117,043) respectively. Total increase in net assets for Bloomfield Manor was \$155,926 and total decrease in net assets for Highway operations was \$248,104.

*Bloomfield Manor's* operating revenues decreased \$166,299 from 2008, or 4%. There was a decrease of 1,454 resident days for the year, and the daily average census decreased to 63.6 from 67.6.

Operating expenses decreased by \$31,895 or .1%.

Intergovernmental Transfer Program increased from \$523,697 in 2008 to 579,024 in 2009.

*Highway* net assets decreased (\$248,104) to \$4,213,924.

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General Fund Budgetary Highlights

Differences between the original General Fund budget and the final amended General Fund budget amounted to a \$367,392 increase in appropriations or a 4% increase over the original budget. Differences can be briefly summarized as follows:

- Carryovers from 2008 to use for 2009 expenditures in the amount of \$518,717. This amount consist of revenues generated for an specific purpose and have not yet been spent or there were dollars from the 2008 budget that were not spent as anticipated and were carried forward to 2009 due to timing.
- Some of the significant carryovers were Contingency for labor contracts that were not settled at year end \$113,021, Information System funds \$39,452, OWI Intensive Supervision Program \$50,000, Jail Assessment funds \$39,628, Building Project \$76,095, and County Wide Groundwater study in Planning and Development \$32,853.
- Transfer from the general fund departments to other funds in the amount of \$332,822.

Please note that many of the carryovers continue for many years and are not fully expended the next year.

During the year, actual revenues exceeded revised budgeted revenues by \$454,231. The primary reasons for these variances are as follows:

- Intergovernmental exceeded budget by \$557,498
- Investment Earnings did not meet budget by \$177,900
- Charges for services did not meet budget by \$154,129
- Fines and forfeiture did not meet budget by \$202,125
- Miscellaneous revenue exceeded budget by \$327,102

Actual expenditures were less than the revised budgeted expenditures by \$367,392. As mentioned earlier, carryovers from 2008 to 2009 were not completely expended in 2009.

Capital Asset and Debt Administration

**Capital assets.** Iowa County's investment in capital assets for its governmental and business-type activities as of December 31, 2009 amounts to \$60,780,940 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, public domain infrastructure (highway and bridges), and construction in progress. The net decrease in the County's investment in capital assets for the current year was \$2,389,987 or 3.8% over last year.

Major capital asset events during the current fiscal year included the following:

Governmental activities:

- Replaced network computer equipment for a total of (\$42,495)
- Purchased four vehicles for the Sheriff's Department (\$96,688)
- Department of Social Services replaced their phone system for a total of (\$20,258)
- Iowa County Airport purchased a new mower (\$11,100).
- Completed the design work on a Health and Human Services office building and began construction (\$60,813)

Business-type activities:

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

<b>Iowa County's Capital Assets</b> (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	1,329,233	1,329,233	46,557	46,557	1,375,790	1,375,790
Buildings & Improvements	5,154,980	5,400,937	2,002,018	2,164,636	7,156,998	7,565,573
Land Improvements			303,656	334,429	303,656	334,429
Machinery and Equipment	965,225	1,147,438	3,778,614	4,246,718	4,743,839	5,394,156
Infrastructure	46,762,307	48,289,588			46,762,307	48,289,588
Construction in progress	438,350	377,537			438,350	377,537
<b>Total</b>	<b>54,650,095</b>	<b>56,544,733</b>	<b>6,130,845</b>	<b>6,792,340</b>	<b>60,780,940</b>	<b>63,337,073</b>

Additional information on Iowa County's capital assets can be found in Note (5) on pages 45-46 of this report.

**Long-term debt.** At the end of the current fiscal year, Iowa County had total debt outstanding of \$582,143 all of which was backed by the full faith of the County.

<b>Iowa County's Outstanding Debt</b> General Obligation Debt						
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation debt:						
Clean Water Fund			\$99,058	\$129,693	\$99,058	\$129,693
Bloomfield Addition						
Refinancing Note			483,085	552,887	483,085	552,887
<b>Total</b>			<b>\$582,143</b>	<b>\$682,580</b>	<b>\$582,143</b>	<b>\$682,580</b>

During the fiscal year, Iowa County's debt decreased by \$100,437. The decrease was due to regular loan payments made during 2009.

The County did receive a rating of A3 by Moody's Investors Service in January 2010.

Additional information on Iowa County's long-term debt can be found in Note 4 on pages 43-44 of this report.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2009**

**Economic Factors and Next Year's Budgets and Rates**

- Iowa County's unemployment rate is 6.2% for August 2010 and 5.8% as of the end of 2009. This compares to the State of Wisconsin's average unemployment rate not seasonally adjusted of 7.9% for October 2009 and 8.5% as of the end of 2009. The State of Wisconsin's seasonally adjusted rate was 7.9% for August as compared to the national average of 9.5%. Iowa County's rate variations are due mainly to the seasonal nature of agriculture and Lands End, subsidiary of Sears Inc. Lands End, subsidiary of Sears Inc., continues to be the largest employer in Iowa County. Lands End, subsidiary of Sears, Inc., employs people from Iowa County and the surrounding counties.
- Iowa County has seen a minimal decline of growth in equalized valuation beginning in 2008 forward.
- Bloomfield Manor's financial results are dependent upon two main factors: Census – we are licensed for 85 beds and budget for a daily census of 64. An increase or a decrease of one resident can make a significant difference in revenue over the course of a year. And the Intergovernmental Transfer Program. If this program is reduced or eliminated, the County's finances would be significantly affected.

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

Limits have been imposed on property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenue and transportation aids.

With the adoption of the budget for 2010, the County's operating rate of \$4.92 is approximately \$.64 below the allowable operating rate of \$5.56. The debt service levy of \$.07 is well below the allowable rate of \$.60. Even though the County's operating and debt rate for 2010 were below the allowable rate the amounts levied utilized 100% of the imposed levy limits dictated by the State of Wisconsin.

**Contacting the County's Financial Management**

This financial report is designed to provide a general overview of the Iowa County's finances. Questions, concerning any of the information provided in this report or requests for additional information should be addressed to the Iowa County Finance Director, 222 North Iowa Street, Dodgeville, WI 53533.

Separate audit reports for the Cobb-Highland Recreation Commission and Bloomfield Manor are available through the Iowa County Finance Director.

## Financial Statements

Exhibit A-1  
Iowa County, Wisconsin  
Statement of Net Assets  
December 31, 2009

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 4,065,147	\$ 1,905,117	\$ 5,970,264	\$ 135,896
Receivables:				
Taxes receivable	8,745,258	2,308,037	11,053,295	
Accounts receivable	281,081	643,494	924,575	
Due from other governmental units	504,493	612,466	1,116,959	
Unbilled revenue		50,029	50,029	
Economic development loans	558,018		558,018	
Less: allowance for uncollectibles	(146,576)		(146,576)	
Interfunds	845,794	(845,794)		
Materials and supplies	30,950	809,527	840,477	
Prepaid expenses	264,820		264,820	
Total current assets	<u>15,148,985</u>	<u>5,482,876</u>	<u>20,631,861</u>	<u>135,896</u>
<b>Restricted assets:</b>				
Cash and Investments		726,296	726,296	
<b>Noncurrent assets:</b>				
Capital assets	115,099,846	15,913,206	131,013,052	835,814
Less: Accumulated Depreciation	(60,449,751)	(9,782,361)	(70,232,112)	(363,071)
Total noncurrent assets	<u>54,650,095</u>	<u>6,130,845</u>	<u>60,780,940</u>	<u>472,743</u>
Loan due from other governmental units		12,140	12,140	
<b>Total Assets</b>	<u>\$ 69,811,220</u>	<u>\$ 12,340,017</u>	<u>\$ 82,151,237</u>	<u>\$ 608,639</u>

Exhibit A-1 (Continued)  
Iowa County, Wisconsin  
Statement of Net Assets  
December 31, 2009

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$202,345	\$ 252,922	\$ 455,267	\$1,933
Accrued payroll	195,564	245,696	441,260	4,628
Accrued interest payable		14,951	14,951	
Due to other governments	186,845	107,948	294,793	1,435
Deferred revenue	7,271,663	2,311,557	9,583,220	
Deposits	257		257	
Current portion of long-term debt	197,523	243,225	440,748	
Total current liabilities	<u>8,054,197</u>	<u>3,176,299</u>	<u>11,230,496</u>	<u>7,996</u>
Noncurrent liabilities:				
Compensated absences	791,037	714,641	1,505,678	
General obligation debt		582,143	582,143	
Capital lease	36,263	118,484	154,747	
Less: Current portion	(197,523)	(243,225)	(440,748)	-
Total noncurrent liabilities	<u>629,777</u>	<u>1,172,043</u>	<u>1,801,820</u>	
Total Liabilities	<u>8,683,974</u>	<u>4,348,342</u>	<u>13,032,316</u>	<u>7,996</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	54,613,832	5,430,218	60,044,050	472,743
Restricted	12,303	726,296	738,599	
Unrestricted	6,501,111	1,835,161	8,336,272	127,900
Total Net Assets	<u>61,127,246</u>	<u>7,991,675</u>	<u>69,118,921</u>	<u>600,643</u>
Total Liabilities and Net Assets	<u>\$ 69,811,220</u>	<u>\$ 12,340,017</u>	<u>\$ 82,151,237</u>	<u>\$ 608,639</u>

Exhibit A-2  
Iowa County, Wisconsin  
Statement of Activities  
For the Year Ended December 31, 2009

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
<b>Governmental activities:</b>							
General government	\$ 3,192,248	\$ 520,038	\$ 935,038	\$ 6,907	\$ (1,737,172)	\$	\$ (1,737,172)
Public safety	3,728,707	216,765	92,895		(3,412,140)		(3,412,140)
Transportation facilities	360,351	114,299			(246,052)		(246,052)
Public works	1,967,963				(1,967,963)		(1,967,963)
Health and human services	4,318,644	84,257	1,947,133		(2,287,254)		(2,287,254)
Leisure activities	69,308		25,226		(44,082)		(44,082)
Conservation of natural resources	366,513	109	222,350		(144,054)		(144,054)
Education	247,987	16,342			(231,645)		(231,645)
Community and economic development	829,883	192,106			(637,777)		(637,777)
<b>Total governmental activities</b>	<b>\$ 15,081,604</b>	<b>\$ 1,143,916</b>	<b>\$ 3,222,642</b>	<b>\$ 6,907</b>	<b>\$ (10,708,139)</b>	<b>\$</b>	<b>\$ (10,708,139)</b>
<b>Business-type activities:</b>							
Bloomfield Manor	5,254,424	4,566,374	579,024		(109,026)		(109,026)
Highway	6,553,461	3,078,600	1,055,017		(2,419,844)		(2,419,844)
<b>Total business-type activities</b>	<b>11,807,885</b>	<b>7,644,974</b>	<b>1,634,041</b>		<b>(2,528,870)</b>		<b>(2,528,870)</b>
<b>Total primary government</b>	<b>\$ 26,889,489</b>	<b>\$ 8,788,890</b>	<b>\$ 4,856,683</b>	<b>\$ 6,907</b>	<b>(10,708,139)</b>	<b>(2,528,870)</b>	<b>(13,237,009)</b>
<b>Component Unit:</b>							
Cobb-Highland Recreation Commission	305,517	316,628					11,111
<b>Total component unit</b>	<b>305,517</b>	<b>316,628</b>					<b>11,111</b>
<b>General Revenues:</b>							
Property taxes					6,741,034	2,277,331	9,018,365
Sales taxes					1,240,859		1,240,859
Other taxes					608,277		608,277
State aid not restricted for specific purposes					274,083		274,083
Interest and investment earnings					64,454		64,454
Gain (loss) on sale of capital assets					19,374	(2,299)	17,075
Other revenue					163,068	20,604	183,672
Capitalized infrastructure costs					440,682		440,682
<b>Total General Revenues</b>					<b>9,551,831</b>	<b>2,295,636</b>	<b>11,847,467</b>
<b>Special items:</b>							
Transfers					(141,056)	141,056	
<b>Changes in net assets</b>					<b>(1,297,364)</b>	<b>(92,178)</b>	<b>(1,389,542)</b>
Net assets-beginning of year					62,424,610	8,083,853	70,508,463
Net assets-end of year					\$ 61,127,246	\$ 7,991,675	\$ 69,118,921
							\$ 600,643

See accompanying notes to the basic financial statements.

Exhibit A-3  
Iowa County, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2009

ASSETS	General	Social Services	Real Estate Tax Reduction	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	442,396	\$ 871,508	\$ 1,527,141	\$ 1,195,151	\$ 4,036,196
Receivables (net of allowances)					
Current property taxes	4,605,005	1,795,238		877,798	7,278,041
Accounts	165,256	112,045		3,780	281,081
Due from other governmental units	233,209		154,125	117,159	504,493
Delinquent property taxes	1,467,217				1,467,217
Economic development loans				558,018	558,018
Less: allowance for uncollectibles				(146,576)	(146,576)
Prepaid items	264,820				264,820
Inventories				30,950	30,950
Due from other funds	866,506				866,506
Loan due from other governmental units	12,140				12,140
<b>Total Assets</b>	<b>\$ 8,056,549</b>	<b>\$ 2,778,791</b>	<b>\$ 1,681,266</b>	<b>\$ 2,636,280</b>	<b>\$ 15,152,886</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 101,269	\$ 26,383		\$ 63,168	\$ 190,820
Accrued payroll	151,753	34,545		9,266	195,564
Due to other governments	120,154	20,029		46,662	186,845
Due to other funds				20,712	20,712
Deferred taxes-current	4,598,627	1,795,238		877,798	7,271,663
Deferred taxes-delinquent	257,565				257,565
Deferred revenue-other				411,442	411,442
Deposits	257				257
<b>Total Liabilities</b>	<b>5,229,625</b>	<b>1,876,195</b>		<b>1,429,048</b>	<b>8,534,868</b>
Fund Balances:					
Reserved	1,145,556	10,421	1,681,266	613,995	3,451,238
Unreserved:					
Designated, reported in:					
General fund	370,299				370,299
Special revenue funds		892,175		237,394	1,129,569
Capital projects fund				355,843	355,843
Undesignated	1,311,069				1,311,069
<b>Total Fund Balances</b>	<b>2,826,924</b>	<b>902,596</b>	<b>1,681,266</b>	<b>1,207,232</b>	<b>6,618,018</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,056,549</b>	<b>\$ 2,778,791</b>	<b>\$ 1,681,266</b>	<b>\$ 2,636,280</b>	<b>\$ 15,152,886</b>

Exhibit A-4  
Iowa County, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Assets  
December 31, 2009

Amounts reported for governmental activities in the statement of net assets  
are different because:

Total fund balances - governmental funds:		\$	6,618,018
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:			
Infrastructure		102,191,367	
Accumulated depreciation		(55,429,060)	46,762,307
Other governmental capital assets		12,908,479	
Accumulated depreciation		<u>(5,020,691)</u>	7,887,788
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:			
Delinquent property taxes		257,565	
Long term development loans		411,442	
			669,007
Internal service funds are used by the county to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.			
			17,426
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements:			
Capital lease payable		36,263	
Compensated absences		<u>791,037</u>	(827,300)
Total net assets - governmental activities		<u>\$</u>	<u>61,127,246</u>

Exhibit A-5  
Iowa County, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009

	General	Social Services	Real Estate Tax Reduction	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes					
Property	\$ 4,354,237	\$ 1,714,852	\$	623,980	\$ 6,693,069
Sales			1,240,859		1,240,859
Other	607,593				607,593
Intergovernmental	1,683,403	1,372,681		446,301	3,502,385
Charges for services	751,537	67,506		143,451	962,494
Fines and forfeitures	183,353				183,353
Investment earnings	49,100	1,083		14,064	64,247
Revolving loan repayments				41,642	41,642
Miscellaneous	447,740	4,523		20,736	472,999
<b>Total Revenues</b>	<b>8,076,963</b>	<b>3,160,645</b>	<b>1,240,859</b>	<b>1,290,174</b>	<b>13,768,641</b>
<b>Expenditures</b>					
Current:					
General government	3,378,132				3,378,132
Public safety	3,352,621			79,957	3,432,578
Transportation facilities				188,662	188,662
Health and human services	952,282	2,494,458		841,313	4,288,053
Leisure activities	69,308				69,308
Conservation of natural resources	390,239				390,239
Education	249,081				249,081
Community and Economic development	709,628			57,237	766,865
Capital Outlay				205,187	205,187
<b>Total Expenditures</b>	<b>9,101,291</b>	<b>2,494,458</b>		<b>1,372,356</b>	<b>12,968,105</b>
Excess (deficiency) of revenues over expenditures	(1,024,328)	666,187	1,240,859	(82,182)	800,536
Other Financing Sources (Uses):					
Transfers in	1,500,000			191,329	1,691,329
Transfers (out)	(332,822)		(1,500,000)		(1,832,822)
Net Change in Fund Balances	142,850	666,187	(259,141)	109,147	659,043
Fund Balance-Beginning of year	2,684,074	236,409	1,940,407	1,098,085	5,958,975
Fund Balance-End of year	\$ 2,826,924	\$ 902,596	\$ 1,681,266	\$ 1,207,232	\$ 6,618,018

See accompanying notes to the basic financial statements.

Exhibit A-6  
Iowa County, Wisconsin  
Reconciliation of Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2009

Net change in fund balances-total governmental funds	\$	659,043
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	231,353	
Capitalized infrastructure costs	440,682	
Depreciation expenses reported in the statement of activities	<u>(2,557,502)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(1,885,467)
The county sold property resulting in a reduction of capital assets and recapture of prior year depreciation expense and has no affect on the governmental funds balance sheet.		
The value of capital assets disposed of during the year was:	(97,479)	
The amount of depreciation recapture for the year was:	<u>88,308</u>	
The difference in the value of assets net of recaptured depreciation		(9,171)
Internal service fund gain (loss)		(9,119)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities		11,375
Compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year. The difference between the amount paid and earned was:		(15,243)
Repayment of CDBG economic development loans is reflected as revenues in governmental funds, but is reported as a reduction of CDBG economic development loans receivable in the statement of net assets and does not affect the statement of activities		(41,642)
Additional economic development loans are reflected as expenditures in governmental funds, but are reported as additions to loans receivable in the statement of net assets and does not affect the statement of activities. Additional loans net of writeoffs for the year were:		(55,105)
Revenues that provided current financial resources in the statement of activities in prior years, but are reported as revenues in the governmental funds when available.		47,965
Change in net assets-governmental activities	<u>\$</u>	<u>(1,297,364)</u>

Exhibit A-7  
Iowa County, Wisconsin  
Statement of Net Assets  
Proprietary Funds  
December 31, 2009

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Manor	Highway	Total	
<u>Assets</u>				
Current Assets:				
Cash	\$ 1,905,092	\$ 25	\$ 1,905,117	\$28,951
Receivables (net of allowance)				
Taxes-Current	92,529	2,215,508	2,308,037	
Accounts	625,135	18,359	643,494	
Due from other governments		612,466	612,466	
Unbilled revenue		50,029	50,029	
Materials and supplies	41,818	767,709	809,527	
Total Current Assets	2,664,574	3,664,096	6,328,670	28,951
Restricted Cash:				
Cash and investments	726,296		726,296	
Total Restricted Cash	726,296		726,296	
Noncurrent Assets:				
Capital assets:				
Property and plant	4,872,818	11,040,388	15,913,206	
Less: accumulated depreciation	(3,191,424)	(6,590,937)	(9,782,361)	
Net capital assets	1,681,394	4,449,451	6,130,845	
Total Assets	\$ 5,072,264	\$ 8,113,547	\$ 13,185,811	\$ 28,951

Exhibit A-7 (Continued)  
Iowa County, Wisconsin  
Statement of Net Assets  
Proprietary Funds  
December 31, 2009

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Manor	Highway	Total	
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$92,931	159,991	\$252,922	\$11,525
Due to other governments	61,431	46,517	107,948	
Accrued payroll	124,829	120,867	245,696	
Due to other funds		845,794	845,794	
Accrued interest payable	14,951		14,951	
Deferred taxes-current	92,529	2,215,508	2,308,037	
Unearned revenue		3,520	3,520	
Current maturities of Capital Lease		57,402	57,402	
Current maturities of long-term debt	108,323	77,500	185,823	
Total Current Liabilities	494,994	3,527,099	4,022,093	11,525
Noncurrent Liabilities:				
Compensated absences	325,699	388,942	714,641	
General obligation debt	582,143		582,143	
Capital Lease payable		118,484	118,484	
Less: current maturities of long-term debt	(108,323)	(134,902)	(243,225)	
Total noncurrent liabilities	799,519	372,524	1,172,043	
Total Liabilities	1,294,513	3,899,623	5,194,136	11,525
<u>Net Assets:</u>				
Investment in capital assets, net of related debt	1,099,251	4,330,967	5,430,218	
Restricted	726,296		726,296	
Unrestricted	1,952,204	(117,043)	1,835,161	17,426
Total Net Assets	3,777,751	4,213,924	7,991,675	17,426
Total Liabilities and Net Assets	\$ 5,072,264	\$ 8,113,547	\$ 13,185,811	\$ 28,951

Exhibit A-8  
Iowa County, Wisconsin  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2009

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Manor	Highway	Total	
Operating revenues:				
Charges for services	\$4,472,032	\$3,072,000	\$7,544,032	\$86,179
Other	94,342	6,600	100,942	
Total operating revenues	4,566,374	3,078,600	7,644,974	86,179
Operating expenses:				
Health care	5,007,615		5,007,615	
Insurance payments and claims				95,505
Highway		5,955,003	5,955,003	
Depreciation	219,889	589,674	809,563	
Total operating expenses	5,227,504	6,544,677	11,772,181	95,505
Operating Income (loss)	(661,130)	(3,466,077)	(4,127,207)	(9,326)
Nonoperating revenues (expenses):				
Property tax revenue	174,400	2,102,931	2,277,331	
Interest and fiscal charges	(27,786)	(8,355)	(36,141)	
Intergovernmental grants	579,024	1,055,017	1,634,041	
Investment earnings				207
Gain (loss) on sale of fixed assets	(866)	(1,433)	(2,299)	
Other	20,604		20,604	
Total nonoperating revenues (expenses)	745,376	3,148,160	3,893,536	207
Income (loss) before contributions and transfers	84,246	(317,917)	(233,671)	(9,119)
Transfers in	71,680	69,813	141,493	
Changes in net assets	155,926	(248,104)	(92,178)	(9,119)
Total net assets-beginning of year	3,621,825	4,462,028	8,083,853	26,545
Total net assets-end of year	\$3,777,751	\$4,213,924	\$7,991,675	\$17,426

Exhibit A-9  
Iowa County, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Manor	Highway	Totals	
<b>Cash Flows From (Used by) Operating Activities:</b>				
Receipts from customers	\$ 4,848,457	\$ 3,192,458	\$ 8,040,915	
Receipts from municipality				\$ 86,179
Payments to employees	(2,531,744)	(2,110,191)	(4,641,935)	
Payment for employee benefits	(1,248,853)	(972,842)	(2,221,695)	
Payments to suppliers and contractors	(1,147,160)	(3,175,108)	(4,322,268)	
Payments to internal service fund	(24,252)	(18,156)	(42,408)	
Cash payments for other operating expenses				(90,526)
Net cash (used by) operating activities	(103,552)	(3,083,839)	(3,187,391)	(4,347)
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Property tax levy	174,400	2,102,931	2,277,331	
Transfer from other funds	71,680	69,813	141,493	
Grants	579,024	1,055,017	1,634,041	
Net cash from non-capital financing activities	825,104	3,227,761	4,052,865	
<b>Cash Flows (Used by) Capital and Related Financing Activities:</b>				
Purchases of capital assets	(69,135)	(12,060)	(81,195)	
Payment for major repairs		(69,173)	(69,173)	
Principal payments on capital lease		(54,334)	(54,334)	
Principal payments on long-term debt	(100,437)		(100,437)	
Payment of interest	(30,159)	(8,355)	(38,514)	
Net cash (used by) capital and related financing	(199,731)	(143,922)	(343,653)	-
<b>Cash Flows From Investing Activities:</b>				
Receipt of interest	20,604		20,604	207
Net cash from investing activities	20,604		20,604	207
Net increase in cash and cash equivalents	542,425		542,425	(4,140)
Cash and cash equivalents-Beginning of year	2,088,963	25	2,088,988	33,091
Cash and cash equivalents-End of year	\$ 2,631,388	\$ 25	\$ 2,631,413	\$ 28,951

Exhibit A-9 (Continued)  
Iowa County, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Manor	Highway	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ (661,130)	\$ (3,466,077)	\$ (4,127,207)	(\$9,326)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	219,889	589,674	809,563	
Changes in assets and liabilities:				
Receivables	282,083	(3,463)	278,620	4,979
Due from other governments		284,065	284,065	
Unbilled revenue		(50,029)	(50,029)	
Inventories	(4,783)	(11,214)	(15,997)	
Accounts payable	(1,809)	(11,793)	(13,602)	
Accrued liabilities	21,012	33,222	54,234	
Due to other governments	37,456	(5,687)	31,769	
Due to other funds		(335,828)	(335,828)	
Unearned revenue		(116,715)	(116,715)	
Vested fringe benefits	3,730	10,006	13,736	
Net cash provided by operating activities	\$ (103,552)	\$ (3,083,839)	\$ (3,187,391)	\$ (4,347)
Reconciliation of Cash and Cash Equivalents to Balance Sheet:				
Cash	\$ 1,905,092	\$ 25	\$ 1,905,117	\$ 28,951
Cash and investments (restricted)	726,296		726,296	
Total	\$ 2,631,388	\$ 25	\$ 2,631,413	\$ 28,951

Exhibit A-10  
Iowa County, Wisconsin  
Statement of Net Assets  
Fiduciary Funds  
December 31, 2009

	<u>Agency Fund</u>
<b>Assets</b>	
Cash:	
Manor resident cash	\$8,824
Burial trust	1,400
Sheriff	74,816
Clerk of courts	229,667
District attorney	1,541
Treasurer	<u>74,765</u>
Total Cash	<u>391,013</u>
Receivables:	
Current property taxes	<u>327,992</u>
Total Assets	<u><u>\$719,005</u></u>
 <b>Liabilities</b>	
Due to other governments	\$402,757
Funds held for others	<u>316,248</u>
Total Liabilities	<u><u>\$719,005</u></u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Iowa County is governed by a twenty-one member county board of supervisors. Management of the County is directed by its chairperson who is also the administrative coordinator. Under direction of the County Administrator, department heads carry out administration and management functions subject to direction and oversight provided by their respective committees and the county board as a whole. The County provides many functions and services to citizens including law enforcement, administration of the courts, circuit court, health and human services, recreation and cultural activities, planning and zoning, education and general administrative services. Other activities include the operations of a highway department, a nursing home, and a senior citizens program.

Financial statements presented in this report conform to requirements of U.S. generally accepted accounting principles.

Significant accounting policies of Iowa County are summarized below:

A. Reporting Entity

This report includes all of the funds and account groups of Iowa County, Wisconsin. The reporting entity for the County consists of the (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financial accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Included in the Reporting Entity

The County has determined that the Blackhawk Lake Recreation Facility is a component unit of the County. The State of Wisconsin acquired approximately 380 acres of park land from the Cobb-Highland Recreation Commission in 1977 in exchange for payment of FHA revenue bond indebtedness of \$450,000. Under this agreement, Iowa County agreed to assume full operational responsibility and control of the Blackhawk Lake Recreation Area. Should the County ever fail to continue to operate the facility, the County would have to repay all State and Federal monies expended for land acquisition and development of the facility. The County also assumed responsibility for maintenance of the dam.

Through an operations agreement, the day-to-day operation and management of the facility is being performed by the Cobb-Highland Recreation Commission who is required to file an annual report with the County indicating the status of operations at the facility. The Commission charges user fees to the general public and expends these as necessary and appropriate for maintaining the facility. The Commission requires County approval for any expenditure in excess of \$5,000.

Financial statements for the Blackhawk Lake Recreation Facility can be obtained at the office of the Cobb-Highland Recreation Commission.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excluded From the Reporting Entity

Iowa County is a participating member of the Grant/Iowa Unified Board (Unified Community Services). The board provides services to citizens of the two counties in the areas of mental health, developmental disabilities, alcoholism and drug abuse under the provisions of Statute 51.42/.437. The board operates outpatient clinics in various locations in the two county area and contracts with various agencies for other client services.

The board is composed of ten members who are appointed by the County board chairmen of Grant and Iowa Counties. Six members are appointed by the Grant County board chairman and five members by the Iowa County board chairman. The Board is funded through state grant-in-aid, federal grants, fees for services rendered and County appropriations. County appropriations are based on population. The amount and percentage share of each County's appropriations for 2009 follows:

Grant County	67%
Iowa County	33%

Grant County acts as host county for the recording of financial transactions and for the deposit of receipts and payment of disbursements. For this reason, and because Grant County appoints a majority of the Board, this entity is not considered a component unit of Iowa County.

B. Government-Wide and Fund Financial Statements

**Government-Wide Financial Statements**

The government-wide financial statements (Exhibits A-1 and A-2) report information on all of the nonfiduciary activities of the County. The effect of most interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers for services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the requirements of a particular function. Taxes and other items not included in program revenues are reported as general revenues.

**Fund Financial Statements**

Financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds are organized in major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the county believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

*General Fund* - The general fund is used to account for all revenues and expenditures which are not required to be accounted for in other funds.

*Social Services Special Revenue Fund* – Accounts for programs of the County’s Department of Social Services. Substantial financing for this fund is provided by federal and state grants.

*Real Estate Reduction Fund* – Accounts for proceeds of the County-wide sales tax.

The County reports the following major proprietary funds:

*Enterprise Funds* – Bloomfield Manor Fund accounts for the operation of a long-term health care facility. The Highway fund accounts for activities of the County’s Highway Department which include maintenance of county, state and local roads.

The County reports the following non-major governmental funds:

**Non-Major Governmental Funds**

*Special Revenue Funds* – accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Commission on Aging
- Child Support
- Iowa County Airport
- Drug Task Force
- CDBG Revolving Loan
- Tri-County Airport
- Unified Community Services
- Dog License
- Wisconsin River Rail Transit

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Debt Service Fund* – accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

*Capital Improvements Capital Projects Fund* – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

*Internal Service Fund* – Accounts for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. Activity of the County's self-insurance plan are accounted for in the internal service fund.

The County also reports the following fiduciary funds:

*Agency Funds* – The County accounts for assets held as an agent for burial funds, manor residents trust, clerk of courts, sheriff, district attorney, unclaimed funds and other governmental units.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded when payment is due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges by the highway department and health department to other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected to follow only the Financial Accounting Standards Board pronouncements issued before November 30, 1989. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are patient charges for the nursing home and charges to the state and local governments for roadwork by the highway department. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to the standards in Governmental Accounting Standards Board Statement 33 (GASB-33).

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

D. Budgets

The County budget is adopted in accordance with state law. Budget amounts include appropriations authorized in the original budget resolution, subsequent revisions authorized by the County board of supervisors, and appropriations of prior year designated funds to expenditure accounts.

Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. This requirement applies at the department level for the County. The statutes also require publication of these budget revisions. Revisions require a two-thirds majority of the County Board. Material amendments in 2009 included the following additional appropriations in the general fund:

General Government	\$	(376,897)
Public Safety		285,229
Health and Human Services		427,393

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

E. Taxes Receivable

Property taxes are recorded in the year levied as a receivable and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are provided. The tax calendar is as follows:

Lien date and levy date	December, 2009
Tax bills mailed	December, 2009
Payment in full, or first installment due	January 31, 2010
Second installment due	July 31, 2010
Personal property taxes in full	January 31, 2010
Tax sale – 2009 delinquent real estate taxes	August, 2010

Under Wisconsin Statutes the County treasurer is responsible for the collection of all delinquent property taxes except delinquent personal property taxes which may be retained for collection by the local municipal district as is the case in Iowa County. On December 31, 2009 delinquent property taxes totaling \$1,467,218 were due Iowa County. The above amounts include not only the delinquent taxes for levies by Iowa County, but also the delinquent taxes for levies by state and other local governmental units (cities, villages, towns, school districts, special districts) within the County. As provided in the Statutes, Iowa County has paid the state and local governmental units for their equities in delinquent property taxes. Delinquent property taxes are aged as follow at December 31, 2009:

Tax Certificates:	
2009 Sale	\$ 971,201
2008 Sale	347,604
2007 Sale	95,774
2006 Sale	24,288
2005 Sale	14,529
2004 Sale	6,007
2003 Sale	3,678
2002 Sale and Prior	4,137
Total Tax Certificates	1,467,218
County Purchased – Reserved Fund Balance	(1,143,674)
County Levied	\$ 323,544

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred revenue at December 31, 2009 includes tax certificates and tax deeds not "available" at that date as follows:

County Portion of Tax certificates and deeds 12/31/09	\$ 323,544
Less: Tax certificates/deeds collected January and February 2010	<u>(65,979)</u>
Deferred Revenue 12/31/09 –Tax Certificates and Deeds	<u>\$ 257,565</u>

F. Compensated Absences

Vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. The liability for sick leave is the estimated amount that will be paid as a result of employee illness or retirement. The County does not accrue accumulated vacation or sick leave in governmental fund financial statements unless they have matured due to employee resignations or retirements.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined by the County as assets with an initial, individual cost of \$5,000 or higher and a useful life of 2 years or more. Infrastructure assets have a cost of \$25,000 or higher for culverts and \$100,000 or higher for roads and bridges. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Net interest costs during construction are capitalized.

Depreciation on all capital assets is charged to operations over the estimated service life of assets using the straight-line method as shown below:

<u>Governmental Activities:</u>		<u>Years</u>
Buildings		10-40
Equipment and improvements		3-10
Infrastructure		25-50
 <u>Business-Type Activities:</u>		
<u>Bloomfield Manor</u>		
Land improvements		5-30
Buildings		15-40
Equipment		5-25
Vehicles		4
 <u>Highway</u>		
Land improvements		25
Buildings		25
Machinery and equipment		5-30
Other fixed assets		10

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE I

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest is charged to expense as incurred except for interest expense from borrowings used for construction projects, which is capitalized to the extent that proceeds are used for construction purposes.

Assets acquired or constructed for general governmental services are reported as expenditures in the government fund financial statements.

H. Fund Equity

*Government-wide financial statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - amount of capital assets less accumulated depreciation and outstanding debt related to purchase, construction or improvement of assets.
- b. Restricted net assets - amount of net assets subject to restrictions that are imposed by external groups or law.
- c. Unrestricted net assets - net assets that are neither classified as restricted or invested in capital assets, net of related debt.

*Fund financial statements*

Governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

I. Client Revenues

The major portion of the Manor's revenues for patient care are funded pursuant to federal and state medical assistance programs. The continuation of these revenues is dependent upon governmental policies. Revenues received under these programs are based upon cost reimbursement principles which are subject to audits. It is not known what effect, if any, audit adjustments may have on the recorded revenue and receivables arising from services rendered under the Medicare and Medicaid programs.

Medicare is billed at actual rates established by the Federal Government. Any adjustments or write off's are recorded using the direct write-off method.

J. Inventories

Inventories of proprietary fund types are valued at the lower of cost or market using the first-in, first-out method and are charged as expenses or are capitalized when used.

K. Cash and Cash Equivalents/Investments

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

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County has implemented Government Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. This new standard establishes and modifies disclosure requirements related to deposit risks (custodial credit and foreign currency risks) and investment risks (credit, interest rate and foreign currency risks).

The County has pooled the cash resources of some funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the County's individual major funds, and in the aggregate for non-major and agency funds.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

L. Restricted Assets

Restricted assets of Bloomfield Manor are as follows:

Cash and Investments

Represents money donated to Bloomfield Manor to be used for client entertainment.

NOTE 2                      EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 3

CASH AND INVESTMENTS

At December 31, 2009, cash and investments included the following:

Deposits with financial institutions	\$ 5,922,486
Wisconsin Local Government Investment Pool	1,163,965
Petty Cash	1,122
Total	\$ 7,087,573

Cash and investments as of December 31, 2009 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 5,970,264
Restricted cash and investments	726,296
Exhibit A-10:	
Cash and investments	391,013
Total Cash and Investments	\$ 7,087,573

Investments Authorized by Wisconsin State Statutes

Investment of County funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
- Bonds are securities of any county, city, drainage district, technical college district, district, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district
- Bonds issued by a local professional baseball park district
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority
- Bonds issued by a local football stadium district
- Bonds issued by a local arts district
- Bonds issued by the Wisconsin Aerospace Authority

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The County's investment policy is to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than three years from the date of purchase.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Remaining Maturity (in Months)	
	Amount	12 Months or Less
Local Government Investment Pool	\$ 1,163,965	\$ 1,163,965
Certificates of Deposit	675,000	675,000
Totals	\$ 1,838,965	\$ 1,838,965

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2009, the County's investments were rated as follows:

	Amount	Rating
Wisconsin Local Government Investment Pool	\$ 1,163,965	Not Rated

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the County would not be able to recover the value of its investment of collateral securities that are in possession of another party.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for noninterest bearing accounts. In addition, the banks used by the County participate in the FDIC's transaction guarantee program. Under this program, the FDIC provides unlimited protection on all accounts earning less the .5% interest. This program is effective through December 31, 2010. Area banks have also provided bank deposit guaranty bonds and collateral which insure/secure all deposits in excess of FDIC limits. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2009, the fair value of the County's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the County.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of December 31, 2009 was: 88% in U.S. Government Securities, 12% in FDIC insured deposit accounts. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

The County's investment policy is to maintain all cash and investments, which includes authorized investment vehicles that are insured or registered or which are collateralized by or evidenced by securities held by the County, in the County's name. Mortgage backed securities, derivatives and mutual funds are not permitted. Collateralization shall cover those deposits in excess of \$500,000. Deposits and investments shall be secured by pledging as collateral, U.S. Treasury bills, notes, bonds, U.S. Government agencies or State of Wisconsin general obligation bonds. A bank deposit guaranty bond would also be considered.

As of December 31, 2009, \$757,896 of the County's deposits with financial instructions in excess of federal depository insurance limits were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 757,896</u>
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\$652,061 of this amount would be insured by the State of Wisconsin Guaranty Fund, providing funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 4

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2009 was as follows:

	Beginning 1/1/09	Increases	Decreases	Balance 12/31/09	Amounts Due Within One Year
<u>Governmental Activities</u>					
Other Liabilities:					
Capital Lease	\$ 47,638		\$ (11,375)	\$ 36,263	\$ 12,523
Compensated absences	775,794	197,243	(182,000)	791,037	185,000
Total Governmental Activities Long-Term Liabilities	<u>\$ 823,432</u>	<u>\$ 197,243</u>	<u>\$ (193,375)</u>	<u>\$ 827,300</u>	<u>\$ 197,523</u>
<u>Business-Type Activities</u>					
Bonds and Notes Payable:					
General obligation debt	\$ 682,580		\$ (100,437)	\$ 582,143	\$ 108,323
Other Liabilities:					
Capital Lease	172,818		(54,334)	118,484	57,402
Compensated absences	700,905	13,736		714,641	77,500
Total Other Liabilities	<u>873,723</u>	<u>13,736</u>	<u>(54,334)</u>	<u>833,125</u>	<u>134,902</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,556,303</u>	<u>\$ 13,736</u>	<u>\$ (154,771)</u>	<u>\$ 1,415,268</u>	<u>\$ 243,225</u>

All general obligation notes and bonds payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2009 was \$96,261,920. Total general obligation debt outstanding at year-end was \$582,143.

Business-Type Activities

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2009
General Obligation Debt:					
Note	6/10/1992	5/1/2012	3.795%	\$ 485,993	\$ 99,058
Note	3/31/2004	3/31/2014	3.9	824,046	483,085
Total Business-Type Activities- General Obligation Debt					<u>\$ 582,143</u>

Debt service requirements to maturity are as follows:

Years	Business-Type Activities		
	Principal	Interest	Total
2010	\$ 108,323	\$ 22,254	\$ 130,577
2011	112,556	17,998	130,554
2012	116,919	13,612	130,531
2013	85,966	9,658	95,624
2014	158,379	6,158	164,537
Totals	<u>\$ 582,143</u>	<u>\$ 69,680</u>	<u>\$ 651,823</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 4

LONG-TERM OBLIGATIONS (CONTINUED)

Capital Lease

The following is an analysis of the original cost of leased property under capital leases by major classes as of December 31, 2009.

Equipment                      \$ 349,731

The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2009.

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2010	\$ 15,478	\$ 64,532
2011	15,478	64,431
2012	10,318	
Total Payments	41,274	128,963
Less: Interest	(5,011)	(10,479)
Minimum lease payments	<u>\$ 36,263</u>	<u>\$ 118,484</u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 5

CAPITAL ASSETS

Total cost and accumulated depreciation of fixed assets at December 31, 2009 are as follows:

Governmental Activities	Balance 1/1/09	Additions	Reclassification/ Deletions	Balance 12/31/09
<u>Capital assets, not depreciated:</u>				
Land	\$ 520,848	\$	\$	\$ 520,848
Right of way	808,385			808,385
Construction work in progress	377,537	60,813		438,350
Total capital assets not being depreciated	1,706,770	60,813		1,767,583
<u>Capital assets, being depreciated</u>				
Infrastructure	101,750,685	440,682		102,191,367
Buildings & Improvements	8,010,498			8,010,498
Machinery & Equipment	3,057,337	170,540	(97,479)	3,130,398
Total	112,818,520	611,222	(97,479)	113,332,263
<u>Accumulated depreciation</u>				
Infrastructure	53,461,097	1,967,963		55,429,060
Buildings & Improvements	2,609,561	245,957		2,855,518
Machinery & Equipment	1,909,899	343,582	(88,308)	2,165,173
Total	57,980,557	2,557,502	(88,308)	60,449,751
Net capital assets, being depreciated	54,837,963	(1,946,280)	(9,171)	52,882,512
Capital Assets, net	\$ 56,544,733	\$(1,885,467)	\$ (9,171)	\$ 54,650,095

Depreciation expense was charged to functions as follows:

<u>Governmental Activities:</u>	
General Government	\$ 132,356
Public Safety	251,108
Public Works, which includes the depreciation of infrastructure	1,967,963
Transportation Facilities	181,608
Health and Human Services	23,399
Conservation of Natural Resources	1,068
Total Governmental Activities	<u>\$ 2,557,502</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 5

CAPITAL ASSETS (CONTINUED)

Business-Type Activities	Balance 1/1/09	Additions	Major Repair/ Deletions	Balance 12/31/09
<u>Capital assets, not depreciated</u>				
Land	\$ 46,557	\$	\$	\$ 46,557
Total capital assets, not depreciated	46,557			46,557
<u>Capital assets, being depreciated</u>				
Land Improvements	637,549			637,549
Buildings	4,889,771	3,067		4,892,838
Machinery and Equipment	10,285,777	78,126	(27,641)	10,336,262
Total capital assets, being depreciated	15,813,097	81,193	(27,641)	15,866,649
<u>Accumulated Depreciation</u>				
Land Improvements	303,120	30,773		333,893
Buildings	2,725,135	165,685		2,890,820
Machinery and Equipment	6,039,059	613,105	(94,516)	6,557,648
Total accumulated depreciation	9,067,314	809,563	(94,516)	9,782,361
Net capital assets, being depreciated	6,745,783	(728,370)	66,875	6,084,288
Capital assets, net	\$ 6,792,340	\$ (728,370)	\$ 66,875	\$ 6,130,845

Depreciation expense was charged to the following function:

Business-Type Activities:	
Bloomfield Manor	\$ 219,889
Highway	589,674
Total Business-Type Activities (Exhibit A-8)	<u>\$ 809,563</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 6

GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government wide statement of net assets at December 31, 2009 includes the following:

**GOVERNMENTAL ACTIVITIES**

Invested in capital assets, net of related debt	
Land and right-of-ways	\$ 1,329,233
Construction work in progress	438,350
Other capital assets, net of accumulated depreciation	52,882,512
Less: related long-term debt outstanding	<u>(36,263)</u>
Total Invested Capital Assets	54,613,832
Restricted:	
Donor restricted	12,303
Unrestricted	<u>6,501,111</u>
Total Governmental Activities Net Assets	<u>\$ 61,127,246</u>

Governmental fund balances reported on the fund financial statements at December 31, 2009 includes the following:

**GOVERNMENTAL FUND BALANCES**

<b>Reserved</b>	
Major Funds:	
General Fund:	
Delinquent taxes	\$ 1,143,674
Donor restricted	1,882
Special Revenue:	
Social services donations	10,421
Real estate reduction	1,681,266
CDBG revolving loan	<u>138,821</u>
Total Major Funds	<u>2,976,064</u>
Non-Major Funds	
Commission on aging	63,668
Drug Task Force	410,506
Dog license	<u>1,000</u>
Total Non-Major Funds	<u>475,174</u>
Total Reserved	<u>\$ 3,451,238</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 6      GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (CONTINUED)

Unreserved fund balance as of December 31, 2009 includes the following items:

Major Funds	Amount
General Fund	
Designated for:	
County Clerk election grant	\$     3,600
Jail Assessment	36,187
Veterans Relief	5,141
Land Conservation - Forestry	10,523
Bio-Terrorism Grant	9,239
UW Extension Corporate Grant	13,183
Sheriff – D.A.R.E Program	421
Sheriff – Out of County Prisoners	75,000
UW Extension Pesticide Program	6,947
Iowa County Farm Safety Day	305
Veterans Service Grant	3,242
County Treasurer – Archiving Records	10,435
Personnel Department	11,400
OWI Intensive Supervision	73,864
Information Systems	63,294
Land Records Grants	18,271
Emergency Management Department	29,247
Total Designated	370,299
Undesignated	1,311,069
Total General Fund	1,681,368
Special Revenue Fund:	
Designated for:	
Social Service	892,175
Total Unreserved Major Funds	2,573,543
Non-Major Funds:	
Special Revenue Funds:	
Designated for: (deficit)	
Commission on Aging	20,964
Child Support	91,737
Iowa County Airport	19,210
Unified Community Services	105,483
Capital Projects Fund:	
Designated for:	
Capital Improvements	355,843
Total Unreserved Non-Major Funds	593,237
Total Unreserved	\$ 3,166,780

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 7

BUSINESS-TYPE ACTIVITIES NET ASSETS

Net assets of the Bloomfield Manor Nursing Home (enterprise fund) have been restricted for the following uses:

Bequest for client entertainment	\$ 726,296
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The following calculation supports the proprietary net assets invested in capital assets, net of related debt:

Plant in Service	\$ 15,913,206
Accumulated Depreciation	(9,782,361)
Sub-Total	6,130,845
Less: Capital Related Debt	(700,627)
Total Net Assets Invested in Capital Assets, Net of Related Debt	\$ 5,430,218

NOTE 8

DEFINED BENEFIT PENSION PLAN

All eligible Iowa County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher category are required by statute to contribute 5.9% of their salary (3.0% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Iowa County employees covered by the WRS for the year ended December 31, 2009 was \$8,812,438; the employer's total payroll was \$9,628,320. The total required contribution for the year ended December 31, 2009 was \$1,038,496, which consisted of 11.8 percent of the covered payroll from the employer. Total contributions for the years ending December 31, 2008 and 2007 were \$1,033,651 and \$1,013,948, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, Post Office Box 7931, Madison, Wisconsin 53707-7931.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 9

JOINT VENTURE

Iowa County has entered into an agreement with the Village of Muscoda, Richland County and Iowa County to establish and utilize an incinerator for the recovery of resources from solid waste. The Muscoda Waste to Energy Facility ("the Facility") is a facility constructed for the purpose of disposal of solid waste by incineration and capture of the energy there from in the form of steam. A separate recycling center was also constructed.

The Facility was operated by the Muscoda Solid Waste Commission. The commission was established pursuant to the Agreement on Solid Waste Disposal and Section 66.30 of the Wisconsin Statutes, and includes members from Grant, Richland, and Iowa Counties and the Village of Muscoda. The purpose of the commission was to direct, supervise, control, operate, maintain and otherwise manage the Facility.

A study of the Facility by independent consultants raised doubts as to the safety and ability of the Facility to operate as an incinerator. The study indicated improvements in excess of \$8 million would be needed to allow the Facility to operate as intended. On November 1, 1995, the Facility ceased operations.

In prior years, Iowa County expended funds to finance its portion of the additional working capital needed by the Facility. The funds were put into an escrow account to be disbursed to the Facility as needed, with approval of the Counties involved. At December 31, 2009, the balance in the escrow account was \$19,676.

NOTE 10

DEFERRED REVENUES

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The County also defers revenue recognition in connection with taxes levied for future periods. The various components of deferred revenue reported at December 31, 2009 were as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Taxes levied for 2010	\$ 7,271,663	\$ 2,308,037
Delinquent property taxes	257,565	
Economic development loans	411,442	
Total	\$ 7,940,670	\$ 2,308,037

The economic development loans receivable of \$411,442 consist of loans made to business entities from the proceeds of Community Development Block grants. These are to be repaid, together with interest, to the County out of the revenue of the entities. These repayments are then being reloaned to entities based on pre-established criteria. Repayment of principal and interest on the loans is recorded as revenue when received in the funds statements.

NOTE 11

RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; employee health and accident insurance coverage; and natural disasters. These risks (except for collision coverage on vehicles) are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 11

RISK MANAGEMENT (CONTINUED)

The County maintains a self-funded dental plan for its employees with a maximum payment of \$300 per employee. The plan administrators, Medical Benefits Administration are responsible for the approval, processing and payment of claims, after which they bill the County for reimbursement. The County is also responsible for a monthly administrative fee.

As of December 31, 2009, estimated reported and unreported claims incurred on or before December 31, 2009 were \$11,525.

NOTE 12

VACATION AND SICK LEAVE LIABILITY

Employees earn one day of sick leave per month with a maximum accumulation of ninety (90) or one hundred twenty (120) days depending on union contract. All employees are entitled to payment of accumulated sick leave at retirement for paid-up health insurance. For Bloomfield Manor employees who maintain at least twenty-four (24) sick days for a twelve-month period, the employee, at the end of twelve months, may be paid for half of the sick leave not used, but accrued during that twelve-month period. The twelve-month period is from anniversary date to anniversary date.

The estimated value of the sick leave liability as of December 31, 2009 was \$1,243,469 as shown below:

General County Employees	\$ 606,396
Bloomfield Manor Employees	325,699
Highway Department Employees	311,374
Total	<u>\$ 1,243,469</u>

County employees are granted vacation in varying amounts based on length of service. Vacation pay accruals generally do not exceed the amount earned for one year; however, an employee may accumulate vacation time earned. The vested amount of vacation leave for general county and highway employees was \$184,641 and \$77,568 respectively at December 31, 2009. The value of vacation leave for other County employees at December 31, 2009 was not considered material.

NOTE 13

CONTINGENCIES

In connection with the Muscoda Waste to Energy Facility joint venture (See Note 10), the Wisconsin Department of Industry, Labor, and Human Relations issued a decision on May 3, 1996 finding the Muscoda Solid Waste Commission liable for unemployment compensation. On May 12, 1997, a judgment of approximately \$53,000 was entered against the Muscoda Solid Waste Commission for reimbursement of unemployment compensation. Since the Commission cannot impose a levy on the member counties, Iowa County's portion of any liability cannot be determined.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants.

From time to time, the county is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the county's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the county's financial position or results of operations.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 14

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General	Highway	\$ 845,794
General	Drug Task Force	9,784
General	Iowa County Airport	10,928
	Total	\$ 866,506

For the statement of net assets, interfund balances which are owned within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

Fund Transfer to	Fund Transfer From	Amount
Government Funds:		
Capital Projects	General	\$ 150,214
Aging Disability Resource Center	General	35,585
Child Support	General	4,575
Iowa County Airport	General	955
General	Real estate tax reduction	1,500,000
	Total	\$ 1,691,329
Fund Transfer to	Fund Transfer From	Amount
Enterprise Funds:		
Highway	General	\$ 69,813
Bloomfield Manor	General	71,680
	Total	\$ 141,493

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed.

NOTE 15

ECONOMIC DEPENDENCY

Bloomfield Manor receives reimbursement of its costs for the care of certain patients from different agencies of the federal government. During 2009, these reimbursements amounted to \$3,697,144 or 81% of total operating revenue.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

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NOTE 16

WISCONSIN COUNTY MUTUAL INSURANCE CORPORATION

Iowa County participates with other counties in the Wisconsin County Mutual Insurance Corporation. This joint venture began operation January 1, 1988 and provides liability insurance coverage to the counties. The creation of the mutual insurance corporation required the establishment of capital reserves. Each participating county deposited a portion of the required reserves. Iowa County's share of the capital reserves have been reported in the financial statements as an expenditure in the year of payment.

The governing body of the mutual insurance corporation is made up of twelve directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information as of, and for the year ended December 31, 2009 are available at the Corporation's offices in Madison, Wisconsin.

NOTE 17

TRI-COUNTY AIRPORT

Iowa County, Wisconsin is a participating member of the Tri-County Airport. Other members are Richland and Sauk Counties. The airport is operated under the supervision of a three member commission composed of one member from each county. Funding for the airport is provided by rentals and county appropriations which are shared equally by the three counties.

Financial transactions of the Tri-County Airport fund are handled as a separate fund by Sauk County.

NOTE 18

CONTINGENCY

An action was filed against the City of Dodgeville by a taxpayer requesting a refund of 2007, 2008 and 2009 property taxes based on an incorrect assessment value. The taxpayer is seeking refunds of \$565,000, \$724,283 and \$743,033 respectively. The City is contesting the claim. The County's portion of any potential refund is not determinable.

NOTE 19

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

The following expenditures exceeded budget appropriations:

Fund	Expenditure	Excess Expenditure
General	Community and Economic Development	\$ 355,346

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 20

SUBSEQUENT EVENT

Subsequent to December 31, 2010, the County issued the following debt to finance the construction of a building:

- A) On April 1, 2010 the County received board proceeds of \$5,310,000 with interest of 1.0% to 3.3% and due August 1, 2020. Future debt requirement requirements are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$ 400,000	\$ 160,273	\$ 560,273
2012	490,000	116,205	606,205
2013	500,000	110,325	610,325
2014	510,000	103,325	613,325
2015-2019	2,795,000	347,455	3,142,455
2020	615,000	20,295	635,295
Totals	<u>\$ 5,310,000</u>	<u>\$ 857,878</u>	<u>\$ 6,167,878</u>

- B) On March 19, 2010, the County obtained a loan from the State Trust Fund for \$789,000 at a rate of interest of 4.5% and due March 15, 2019. This loan qualifies as recovery zone economic development bonds with reimbursements of 45% of the interest from the U.S. Department of the Treasury. Future debt service requirements are as follows:

Year	Principal	Interest	Total
2011	\$ 78,572	\$ 35,116	\$ 113,688
2012	81,354	32,057	113,411
2013	83,416	28,308	111,724
2014	85,481	24,555	110,036
2015-2019	460,177	63,183	523,360
Totals	<u>\$ 789,000</u>	<u>\$ 183,219</u>	<u>\$ 972,219</u>

NOTE 21

COMPONENT UNIT

At December 31, 2009, the County was committed on construction contracts of approximately \$5.8 million to construct a new building.

NOTE 22 EFFECT OF NEW ACCOUNTING STANDARD ON CURRENT PERIOD FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) has approved GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Application of this standard may restate portions of these financial statements.

NOTE 23

COMMITMENTS

This report contains the Cobb-Highland Recreation Commission, which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and statement of activities. Audited financial statements of the Commission are available at the Commission's office.

In addition to the basic financial statements and the preceding notes to the financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2009

NOTE 23

COMMITMENTS (CONTINUED)

A. Summary of Significant Accounting Policies

1. Fixed Assets

Fixed assets are capitalized at cost (or fair market value at date of contribution). Depreciation is recorded using the straight-line method over the estimated lives (3-25 years).

NOTE 24

COMPONENT UNIT

Total cost and accumulated depreciation of fixed assets on December 31 is as follows:

	Balance 1/1/09	Additions	Removals	Balance 12/31/09	Accumulated Depreciation	Book Value 12/31/09
Buildings	\$ 590,085	\$ 32,852	\$	\$ 622,937	\$ (238,153)	\$ 384,784
Construction work in progress	4,386		(4,386)			
Equipment & Furnishings	175,587	6,812	(422)	181,977	(113,594)	68,383
Land Improvements	30,900			30,900	(11,324)	19,576
Totals	<u>\$ 800,958</u>	<u>\$ 39,664</u>	<u>\$ (4,808)</u>	<u>\$ 835,814</u>	<u>\$ (363,071)</u>	<u>\$ 472,743</u>

2. Income Tax

The Commission is exempt from income taxes and therefore no income tax liability is recorded.

3. Cash

The cash accounts of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area) are deposited in banks and are fully insured by FDIC insurance.

4. Compensated Absences

Payments for vacation will be made at rates in effect when benefits are used. Vacation does not vest and employees do not earn any sick leave.

B. Net Assets

The following calculation supports the Commission's net assets invested in capital assets, net of related debt at December 31, 2009:

Plant in Service	\$ 835,814
Accumulated Depreciation	(363,071)
Total Net Assets Invested in Capital Assets	<u>\$ 472,743</u>

C. Long-Term Obligations

The 2009 changes in long-term debt payable by the Commission are summarized as follows:

	Balance 1/1/09	Payments	Balance 12/31/09
Capital Lease	<u>\$ 4,375</u>	<u>\$ (4,375)</u>	<u>\$</u>

On February 9, 2005, the Commission approved a five-year lease purchase agreement for a tractor and loader. The cost of the equipment totaling \$20,600 is reflected in capital assets.

**Required Supplementary Information**

Schedule 1  
 Required Supplementary Information  
 Iowa County, Wisconsin  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance	Variance
	Original	Final		With Original Budget	With Final Budget
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ 4,642,925	\$ 4,642,925	\$ 4,354,237	\$ (288,688)	\$ (288,688)
Other	215,120	215,120	607,593	392,473	392,473
Intergovernmental	681,387	1,125,905	1,683,403	1,002,016	557,498
Charges for services	878,595	905,666	751,537	(127,058)	(154,129)
Fines and forfeitures	374,461	385,478	183,353	(191,108)	(202,125)
Investment earnings	227,000	227,000	49,100	(177,900)	(177,900)
Miscellaneous	120,038	120,638	447,740	327,702	327,102
<b>Total Revenues</b>	<b>7,139,526</b>	<b>7,622,732</b>	<b>8,076,963</b>	<b>937,437</b>	<b>454,231</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,261,088	3,884,191	3,378,132	882,956	506,059
Public safety	3,168,812	3,454,041	3,352,621	(183,809)	101,420
Health and human services	574,077	1,001,470	952,282	(378,205)	49,188
Leisure activities	79,275	79,275	69,308	9,967	9,967
Conservation of natural resources	429,109	453,843	390,239	38,870	63,604
Education	241,581	241,581	249,081	(7,500)	(7,500)
Community and economic development	347,433	354,282	709,628	(362,195)	(355,346)
<b>Total Expenditures</b>	<b>9,101,375</b>	<b>9,468,683</b>	<b>9,101,291</b>	<b>84</b>	<b>367,392</b>
Excess (deficiency) of revenues over expenditures	(1,961,849)	(1,845,951)	(1,024,328)	937,521	821,623
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,500,000	1,500,000	1,500,000		
Transfers out		(332,822)	(332,822)	(332,822)	
<b>Total other financing sources (uses)</b>	<b>1,500,000</b>	<b>1,167,178</b>	<b>1,167,178</b>	<b>(332,822)</b>	
Net change in fund balances	(461,849)	(678,773)	142,850	604,699	821,623
Fund balance-Beginning of year	2,684,074	2,684,074	2,684,074		
<b>Fund balance-End of year</b>	<b>\$ 2,222,225</b>	<b>\$ 2,005,301</b>	<b>\$ 2,826,924</b>	<b>\$ 604,699</b>	<b>\$ 821,623</b>

Schedule 2  
 Required Supplementary Information  
 Iowa County, Wisconsin  
 Budgetary Comparison Schedule for the Social Services Fund  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Original Budget	Variance With Final Budget
	Original	Final			
<b>Revenues:</b>					
Property Taxes	\$ 1,714,852	\$ 1,714,852	\$ 1,714,852		
Intergovernmental	1,342,380	1,342,380	1,372,681	30,301	30,301
Charges for services	125,650	125,650	67,506	(58,144)	(58,144)
Investment income			1,083	1,083	1,083
Miscellaneous			4,523	4,523	4,523
<b>Total Revenues</b>	<b>3,182,882</b>	<b>3,182,882</b>	<b>3,160,645</b>	<b>(22,237)</b>	<b>(22,237)</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Health and human services	3,218,186	3,218,186	2,494,458	723,728	723,728
<b>Total Expenditures</b>	<b>3,218,186</b>	<b>3,218,186</b>	<b>2,494,458</b>	<b>723,728</b>	<b>723,728</b>
 Excess (deficiency) of revenues over expenditures	 (35,304)	 (35,304)	 666,187	 701,491	 701,491
 Fund balance-Beginning of year	 236,409	 236,409	 236,409		
<b>Fund balance-End of year</b>	<b>\$201,105</b>	<b>\$201,105</b>	<b>\$902,596</b>	<b>\$701,491</b>	<b>\$701,491</b>

Schedule 3  
 Required Supplementary Information  
 Iowa County, Wisconsin  
 Budgetary Comparison Schedule for the Sales Tax Fund  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Original and Final Budget
	Original	Final		
Revenues:				
Sales Taxes	1,500,000	1,500,000	1,240,859	(259,141)
Total Revenues	1,500,000	1,500,000	1,240,859	(259,141)
Other financing sources (uses)				
Transfers out	(1,500,000)	(1,500,000)	(1,500,000)	
Net change in fund balances			(259,141)	(259,141)
Fund balance-Beginning of year	1,940,407	1,940,407	1,940,407	
Fund balance-End of year	1,940,407	1,940,407	1,681,266	(259,141)

## Supplementary Information

Exhibit B-1  
Iowa County, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2009

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Aging Disability Resource Center	Child Support	C.D.B.G Revolving Loan	Drug Task Force	Iowa County Airport	Tri-County Airport	Unified Community Services	Dog License	Wisconsin River Rail Transit	Capital Projects	
Cash and investments	\$ 13,128	\$ 83,650	\$ 138,821	\$ 439,490	\$ 289		\$ 105,483	\$ 13,880	\$ 400,410	\$ 1,195,151	
Receivables:											
Current property taxes	165,163				60,649	16,135	193,625		415,706	877,798	
Other					3,780			26,520		3,780	
Economic development loans			558,018							558,018	
Less: allowance for uncollectibles			(146,576)							(146,576)	
Due from other governments	100,873	13,240		3,046						117,159	
Inventories					30,950					30,950	
<b>Total Assets</b>	<b>\$ 279,164</b>	<b>\$ 96,890</b>	<b>\$ 550,263</b>	<b>\$ 442,536</b>	<b>\$ 95,668</b>	<b>\$ 16,135</b>	<b>\$ 299,108</b>	<b>\$ 13,880</b>	<b>\$ 816,116</b>	<b>\$ 2,636,280</b>	
<b>Liabilities and Fund Balances</b>											
Liabilities:											
Accounts payable	\$ 3,439	\$ 1,126			\$ 1,868			\$ 12,168	\$ 44,567	\$ 63,168	
Accrued payroll	5,435	2,469			1,362					9,266	
Due to other funds				\$ 9,784	10,928					20,712	
Deferred revenue-taxes	20,495	1,558		22,246	1,651			712		46,662	
Deferred revenue-other	165,163				60,649	16,135	193,625		415,706	877,798	
<b>Total Liabilities</b>	<b>194,532</b>	<b>5,153</b>	<b>411,442</b>	<b>32,030</b>	<b>76,458</b>	<b>16,135</b>	<b>193,625</b>	<b>12,880</b>	<b>460,273</b>	<b>1,429,048</b>	
Fund Balances:											
Reserved	63,668		138,821	410,506				1,000		613,995	
Unreserved	20,964	91,737			19,210		105,483		355,843	593,237	
<b>Total Fund Balances</b>	<b>84,632</b>	<b>91,737</b>	<b>138,821</b>	<b>410,506</b>	<b>19,210</b>		<b>105,483</b>	<b>1,000</b>	<b>355,843</b>	<b>1,207,232</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 279,164</b>	<b>\$ 96,890</b>	<b>\$ 550,263</b>	<b>\$ 442,536</b>	<b>\$ 95,668</b>	<b>\$ 16,135</b>	<b>\$ 299,108</b>	<b>\$ 13,880</b>	<b>\$ 816,116</b>	<b>\$ 2,636,280</b>	

Exhibit B-2  
Iowa County, Wisconsin  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2009

	Special Revenue Funds								Total Nonmajor Governmental Funds		
	Aging Disability Resource Center	Child Support	C.D.B.G. Revolving Loan	Drug Task Force	Iowa County Airport	Tri-County Airport	Unified Community Services	Dog License		Wisconsin River Rail Transit	Capital Projects
Revenues:											
Taxes:											
Property taxes	\$ 155,329	\$ 23,829			\$ 59,409	\$ 17,768	\$ 253,625		\$ 26,520	\$ 87,500	\$ 623,980
Intergovernmental	268,038	155,121		23,142							446,301
Public charges for services				14,910	114,299		14,242				143,451
Interest income	412		11,639	2,013							14,064
Revolving loan repayments			41,642								41,642
Miscellaneous income	16,995			1,741						2,000	20,736
<b>Total Revenues</b>	<b>440,774</b>	<b>178,950</b>	<b>53,281</b>	<b>41,806</b>	<b>173,708</b>	<b>17,768</b>	<b>253,625</b>	<b>14,242</b>	<b>26,520</b>	<b>89,500</b>	<b>1,290,174</b>
Expenditures:											
Current:											
Transportation facilities					170,894	17,768		14,242			188,662
Public safety				65,715			253,625				79,957
Health and human services	448,651	139,037							26,520		841,313
Community and Economic development										205,187	57,237
Capital outlay			30,717								205,187
<b>Total Expenditures</b>	<b>448,651</b>	<b>139,037</b>	<b>30,717</b>	<b>65,715</b>	<b>170,894</b>	<b>17,768</b>	<b>253,625</b>	<b>14,242</b>	<b>26,520</b>	<b>205,187</b>	<b>1,372,356</b>
Excess (deficiency) of revenues over expenditures	(7,877)	39,913	22,564	(23,909)	2,814					(115,687)	(82,182)
Other financing sources (Uses):											
Transfers in	35,585	4,575			955					150,214	191,329
Net Change in Fund Balances	27,708	44,488	22,564	(23,909)	3,769					34,527	109,147
Fund Balances-Beginning of year	56,924	47,249	116,257	434,415	15,441		105,483	1,000		321,316	1,098,085
Fund Balances-End of year	\$ 84,632	\$ 91,737	\$ 138,821	\$ 410,506	\$ 19,210		\$ 105,483	\$ 1,000		\$ 355,843	\$ 1,207,232

Exhibit C-1  
Iowa County, Wisconsin  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2009

Federal Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Passed Through State of Wisconsin - Department of Health Services:						
Social Services Block Grant	93.667		19,666		19,666	19,666
Foster Care - Title IV-E	93.658		4,775		4,775	4,775
Medical Assistance Program	93.778		20,906		20,906	20,906
BIOT FOCUS A PLANNING	93.069		32,657		32,657	32,657
PHER 3 LOCAL PUBLIC HEALTH	93.069		6,891	5,744	12,635	12,635
PHER LOCAL PUBLIC HEALTH	93.069		13,383	863	14,246	14,246
Immunization Grants	93.268		7,772		7,772	7,772
Public Health Emergency Preparedness	93.268		20,274	6,607	26,881	26,881
Medical Assistance Program	93.778		650		650	650
Maternal and Child Health Service Block Grant to the States	93.994		8,908		8,908	8,908
State Children's Insurance Program	93.767		10,100		10,100	10,100
Medical Assistance Program	93.778		158,282		158,282	158,282
Passed Through State of Wisconsin - Department of Family Services						
Promoting Safe and Stable Families	93.556		41,200		41,200	41,200
Temporary Assistance for Needy Families	93.558		39,989		39,989	39,989
Chafee Education & Training Vouchers Program	93.599		723		723	723
Child Welfare - State Grants	93.645		13,801		13,801	13,801
Foster Care - Title IV-E	93.658		126,186		126,186	126,186
Social Service Block Grant	93.667		18,957		18,957	18,957
Youth Independent Living	93.674		7,270		7,270	7,270
Passed Through State of Wisconsin - Department of Corrections						
Foster Care - Title IV-E - Community Intervention Program	93.658		2,654		2,654	2,654
Child Welfare Services - State Grants - Community Intervention Program	93.645		2,123		2,123	2,123
Passed Through State of Wisconsin - Department of Workforce Development Through Grant County:						
Block Grants for Temporary Assistance for Needy Families	93.558		16,963		16,963	16,963
Passed Through State of Wisconsin - Department of Administration:						
Low-Income Home Energy Assistance	93.568		47,624		47,624	47,624
Passed Through State of Wisconsin - Age AdvantAge-Area Agency on Aging:						
Special Programs for the Aging Title III-B	93.044	(60)	60	30,514	30,514	30,514
Title III-E National Family Caregiver Support Program	93.052	(5,569)	5,569	10,709	10,709	10,709
Medicare Prescription Drug, Improvement and Modernization (MMA)	93.779	(680)	680	586	586	586

Exhibit C-1 (continued)  
 Iowa County, Wisconsin  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2009

Federal Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>Passed Through State of Wisconsin - Department of Workforce Development:</b>						
Child Support Program - Direct Cost	93.563	(12,941)	38,964	10,599	36,622	36,622
Child Support Program - County Cooperative Agreement	93.563		6,047	546	6,593	6,593
Child Support Program - Indirect Cost	93.563	(2,269)	23,795	1,959	23,485	23,485
Child Support Program - Fees	93.563	552	(3,190)	(667)	(3,305)	
Child Support Program - Direct Cost - Federal Share - ARRA Funded	93.563		2,029	(1)	2,028	2,028
Child Support Program - ARRA Plan	93.563		1,044		1,044	2,028
Child Support Program - Direct Cost - ARRA Funded	93.563		50,172	192	50,364	50,364
Child Support Program - Incentives	93.563	(232)	7,725	448	7,941	7,941
Child Support Program - ARRA Funded Incentives	93.563		25,846	99	25,945	25,945
Child Support Program - Family Parent Locate Fees	93.563	104	(526)	(34)	(456)	
Child Care Administration	96.596		19,076		19,076	19,076
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>(21,095)</b>	<b>799,045</b>	<b>68,164</b>	<b>846,114</b>	<b>842,918</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through The Board of Regents - University of Wisconsin System:						
County Farm Safety Grant	xxxx		500		500	500
Passed Through State of Wisconsin - Department of Health Services:						
State Administration Matching Grants for Food Stamp Program	10.561		90,411		90,411	90,411
Passed Through State of Wisconsin - Department of Workforce Development and Grant County, Wisconsin Department of Social Services:						
State Administration Matching Grants for Food Stamp Program	10.561				0	0
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>90,911</b>		<b>90,911</b>	<b>90,911</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Passed Through State of Wisconsin - Department of Revenue						
State Fiscal Stabilization Fund - Government Services	84.397A		89,129		89,129	89,129
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<b>0</b>	<b>89,129</b>	<b>0</b>	<b>89,129</b>	<b>89,129</b>

Exhibit C-1 (continued)  
 Iowa County, Wisconsin  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2009

Federal Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Passed Through State of Wisconsin - Department of Commerce						
Community Development Block Grant - Public Facilities	14.228		338,559		338,559	338,559
Community Development Block Grant - Emergency Assistance Contract	14.228		280,332	130,733	411,065	411,065
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		0	618,891	130,733	749,624	749,624
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Bulletproof Vest Program						
Passed Through State of Wisconsin - Department of Justice and Homeland Security:						
Federal Cease Grant	16.607	(2,219)	2,219	1,637	1,637	1,637
Passed through State of Wisconsin - Office of Justice Assistance: Byrne Memorial Justice Assistance	16.000		1,804		1,804	1,804
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>		(997)	19,215	3,046	21,264	21,264
		(3,216)	23,238	4,683	24,705	24,705
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed Through State of Wisconsin - Department of Transportation						
Highway Safety Project - Intensive Supervision Program	20.600		39,754	8,980	48,734	48,734
Speed Enforcement Grant	20.600		14,581	759	15,340	15,340
Click it or Ticket Enforcement Grant	20.600			337	337	337
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>		0	54,335	10,076	64,411	64,411

Exhibit C-1 (continued)  
Iowa County, Wisconsin  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2009

Federal Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Passed through State of Wisconsin - Office of Justice Assistance						
Homeland Security Grant - Mutual Aid Radio Replacement	97.004	0		21,848	21,848	21,848
Homeland Security Grant - Homeland Security/Mass Casualty Grant						
Homeland Security Program Grant	97.067	(4,548)	4,548		0	0
Passed Through State of Wisconsin - Department of Military Affairs:						
Disaster Grants - Public Assistance Presidential Disaster Declaration FEMA-1768-DR-WI	97.036	(147,427)	147,427		0	0
Passed Through United Way - FEMA:						
Emergency Food & Shelter Program	97.024		3,870		3,870	3,870
Emergency Management - Performance Grant	97.042	(7,114)	15,744		8,630	8,630
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
		<b>(169,513)</b>	<b>182,013</b>	<b>21,848</b>	<b>34,348</b>	<b>34,348</b>
<b>TOTAL - ALL FEDERAL AWARDS</b>						
		<b>(193,824)</b>	<b>1,857,562</b>	<b>235,504</b>	<b>1,899,242</b>	<b>1,896,046</b>

Exhibit C-2  
Iowa County, Wisconsin  
Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2009

State Agency/ Pass-Through Agency/ Program Title	State Grant/ Pass Through Program Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>						
Basic County Allocation	435.561		104,263		104,263	104,263
CLTS MH Non Federal	435.461		4,784		4,784	4,784
CLTS PD Non Federal	435.462		8,809		8,809	8,809
Maternal & Child Health Service Block Grant	435.159320		649		649	649
CC WWWP Service Coord GPR FED	435.157000		11,664	1	11,665	11,665
WISCONSIN WINS Enforcement	435.158116		340		340	340
WISCONSIN WINS Initiative	435.158117	(1)	1		0	0
TPCP - COM INTRVNTNS-LHD	435.158125		14,000		14,000	14,000
TPCP WISCONSIN WINS	435.158127		2,350		2,350	2,350
General Relief	435.990		7,803		7,803	7,803
State/County Match	435.681		18,291		18,291	18,291
ACT 318 Adjustment	435.684		(7,389)		(7,389)	(7,389)
Funeral/Cemetery	435.105		21,025		21,025	21,025
MA Transportation	435.131		29,993		29,993	29,993
Supplemental Nutrition Assistance Program	435.233		12		12	12
Medical Assistance Program	435.283		101,291		101,291	101,291
Medicaid Subrogation Collection	435.283		(2,803)		(2,803)	(2,803)
Program Integrity	435.281		372		372	372
Wisconsin Medicaid Cost Reporting (WIMCR)	435.750		9,184		9,184	9,184
Passed Through AgeAdvantAge - Area Agency:						
State Benefit Specialist	435.560320	0		28,215	28,215	28,215
Senior Community Services	435.560330			5,836	5,836	5,836
State Health Insurance Assistance Program-Supplemental				3,035	3,035	3,035
State Health Insurance Assistance Program				2,743	2,743	2,743
State Pharmaceutical Assistance Program				3,275	3,275	3,275
Elder Abuse Direct Services	435.564900	(3,739)	12,406	1,333	10,000	10,000
<b>TOTAL WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>		<b>(3,740)</b>	<b>337,045</b>	<b>44,438</b>	<b>377,743</b>	<b>377,743</b>
<b>WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES</b>						
Children & Family Incentives	437.3342		104,299		104,299	104,299
Basic County Allocation	435.3561		93,407		93,407	93,407
State/County Match	435.3681		30,179		30,179	30,179
<b>TOTAL WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES</b>		<b>0</b>	<b>227,885</b>	<b>0</b>	<b>227,885</b>	<b>227,885</b>
<b>WISCONSIN DEPARTMENT OF AGRICULTURE</b>						
Soil and Water Conservation Project	115.15	(45,022)	130,854	24,553	110,385	110,385
Land and Water Resource Management - Plan Implementation	115.40	(57,526)	91,333	23,677	57,484	57,484
SEG / Nutrient Management Planning Funds	115.40	(43,729)	43,729	0	0	0
<b>TOTAL WISCONSIN DEPARTMENT OF AGRICULTURE</b>		<b>(146,277)</b>	<b>265,916</b>	<b>48,230</b>	<b>167,869</b>	<b>167,869</b>

Exhibit C-2 (continued)  
 Iowa County, Wisconsin  
 Schedule of Expenditures of State Awards  
 For the Year Ended December 31, 2009

State Agency/ Pass-Through Agency/ Program Title	State Grant/ Pass Through Program Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>WISCONSIN DEPARTMENT OF CORRECTIONS</b>						
Youth Aids - Community Intervention	410.302		2,984		2,984	2,984
Community Youth and Family Aids	410.313		172,128		172,128	172,128
<b>TOTAL WISCONSIN DEPARTMENT OF CORRECTIONS</b>			<b>175,112</b>		<b>175,112</b>	<b>175,112</b>
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPEMENT</b>						
Child Support Enforcement	437.202	(134)	134	0	0	
Child Support Enforcement	445.334	7	(52)	(5)	(50)	
Passed Through: Grant County, Wisconsin Department of Social Services: Wisconsin Works (W-2)	437.215		9,489		9,489	9,489
<b>TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPEMENT</b>		<b>(127)</b>	<b>9,571</b>	<b>(5)</b>	<b>9,439</b>	<b>9,489</b>
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>						
Specialized Transportation Assistance Program - Elderly and Handicapped Aids for Counties	395.101	10,076	64,551	(13,521)	61,106	61,106
<b>TOTAL WISCONSIN DEPARTMENT OF TRANSPORTATION</b>		<b>10,076</b>	<b>64,551</b>	<b>(13,521)</b>	<b>61,106</b>	<b>61,106</b>
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>						
Wildlife Damage Claims	370.553	(5,115)	13,889	1,413	10,187	10,187
Conservation Aids	370.563		15,226	810	16,036	16,036
Boat Landing-Lake Access Grant	370.573		301	679	980	980
Snowmobile Aids	370.574		25,226	819	26,045	26,045
<b>TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>		<b>(5,115)</b>	<b>54,642</b>	<b>3,721</b>	<b>53,248</b>	<b>53,248</b>
<b>WISCONSIN DEPARTMENT OF COMMERCE</b>						
Wisconsin Fund Private Sewage System	143.110		45,608		45,608	45,608
<b>TOTAL WISCONSIN DEPARTMENT OF COMMERCE</b>			<b>45,608</b>		<b>45,608</b>	<b>45,608</b>
<b>WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</b>						
EPCRA Emergency Planning Grant	465.337	(5,190)	8,669	3,428	6,907	6,907
Computer and Hazmat Response Equipment Grant	465.367	(1,845)			(1,845)	(1,845)
Presidential Disaster Declaration FEMA-1768-DR-WI	465.305	(20,762)	20,762	0	0	0
<b>TOTAL WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</b>		<b>(27,797)</b>	<b>29,431</b>	<b>3,428</b>	<b>5,062</b>	<b>5,062</b>
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>						
Land Information Board - Training Grant	505.118		300		300	300
Land Information Board - Grants-in-Aid	505.438	1,776	23,984	(16,524)	9,236	9,236
Public Benefits Fund	505.371		23,685		23,685	23,685
<b>TOTAL WISCONSIN DEPARTMENT OF ADMINISTRATION</b>		<b>1,776</b>	<b>47,969</b>	<b>(16,524)</b>	<b>33,221</b>	<b>33,221</b>

Exhibit C-2 (continued)  
 Iowa County, Wisconsin  
 Schedule of Expenditures of State Awards  
 For the Year Ended December 31, 2009

State Agency/ Pass-Through Agency/ Program Title	State Grant/ Pass Through Program Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>WISCONSIN PUBLIC SERVICE COMMISSION</b> E911 Grant		(37,181)	37,181	0		0
<b>TOTAL WISCONSIN PUBLIC SERVICE COMMISSION</b>		(37,181)	37,181	0	0	0
<b>WI DEPARTMENT OF ADMINISTRATION-OFFICE OF JUSTICE ASSISTANCE</b> Justice Gateway Grant	501.636	0	0	8,720	8,720	8,720
<b>TOTAL WISCONSIN DEPARTMENT OF JUSTICE</b>		0	0	8,720	8,720	8,720
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>						
Crime Victim & Witness Assistance Surcharge	455.503					
	455.532					
	455.539	(14,268)	28,662	16,312	30,706	30,706
<b>TOTAL WISCONSIN DEPARTMENT OF JUSTICE</b>		(14,268)	28,662	16,312	30,706	30,706
<b>TOTAL - ALL STATE AWARDS</b>		(222,653)	1,323,573	94,799	1,195,719	1,195,769



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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

The County Board of Supervisors  
Iowa County  
Dodgeville, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin, as of and for the year ended December 31, 2009, which collectively comprise Iowa County, Wisconsin's basic financial statements and have issued our report thereon dated September 22, 2010. 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 Iowa County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item #09-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

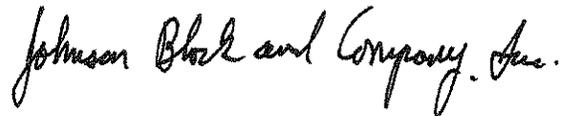
As part of obtaining reasonable assurance about whether Iowa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item #09-2.

We noted certain matters that we reported to management of Iowa County in a separate letter dated September 22, 2010

Iowa County's response to finding #09-1 identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Iowa County's response, and accordingly, we express no opinion on it.

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

*JOHNSON BLOCK AND COMPANY, INC.*



September 22, 2010



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Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133 and the  
State Single Audit Guidelines

To the County Board of Supervisors  
Iowa County, Wisconsin  
Dodgeville, Wisconsin

Compliance

We have audited the compliance of the Iowa County, Wisconsin with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended December 31, 2009. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state 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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the State Single Audit Guidelines 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 or state 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 of the County's compliance with those requirements.

As described in item #09-2 in the accompanying schedule of findings and questioned costs, Iowa County, Wisconsin, did not comply with requirements regarding subrecipient monitoring that are applicable to its Community Development Block Grant program. Compliance with such requirements is necessary, in our opinion, for Iowa County, Wisconsin to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Iowa County, Wisconsin complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2009.

### Internal Control Over Compliance

Management of the Iowa County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Iowa County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines, 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 Iowa County's internal control over compliance.

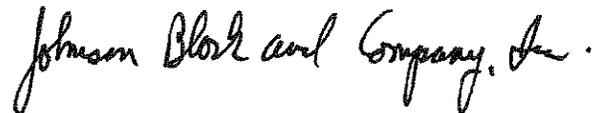
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 or state 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 or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #09-2 to be a material weakness.

Iowa County's response to finding #09-1 identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Iowa County's response and, accordingly, we express no opinion on the response.

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

JOHNSON BLOCK AND COMPANY, INC.



Mineral Point, Wisconsin  
September 22, 2010

Iowa County, Wisconsin  
Notes to the Schedules of Expenditures of  
Federal and State Awards  
For the Year Ended December 31, 2009

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1. The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Iowa County, Wisconsin 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 financial statements.
2. Title XIX Medical Assistance payments to Iowa County for the year ended December 31, 2009 were \$2,559,644.
3. The Iowa County Fair Association is considered a separate entity. Therefore, state aid and related expenditures of the Fair Association are not reflected in this schedule.
4. Matching costs for State program #395.101 for the year ended December 31, 2009 was \$20,651.
5. Expenditures for child support are comprised of the following:

	Expenditures
Direct Costs	\$ 36,622
Indirect Costs	23,485
MSL Incentives	(7,941)
Fees	(3,305)
Cooperative Agreements	6,593
AARA Funded	79,381
FPLS Fees	(456)
Totals per Schedule of Expenditures of Federal and State Awards	\$ 134,379

6. Iowa County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Community Development Block Grant- Public Facility	14.228	\$ 338,559

Iowa County, Wisconsin  
 Schedule of Findings and Questioned Cost  
 For the Year Ended December 31, 2009

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Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material Weakness(es) identified?  Yes  No
- Significant deficiency (ies) identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal Control over major programs:

- Material Weakness(es) identified?  Yes  No
- Significant deficiency (ies) identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditor’s report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar Threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

State Awards

Internal Control over major programs:

- Material Weakness(es) identified?  Yes  No
- Significant deficiency (ies) identified that are not considered to be material weaknesses?  Yes  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 the State of Wisconsin Single Audit Guidelines  Yes  No

Management Letter Issued?  Yes  No

Iowa County, Wisconsin  
 Schedule of Findings and Questioned Cost (Continued)  
 For the Year Ended December 31, 2009

Section I – Summary of Auditor’s Results (Continued)

Identification of major programs:

State Number	Name of Program
445.334	Child Support
435.283	Medical Assistance Program/IMAA
437.3342	Children and Family Incentives
115.15	Soil and Water Conservation
410.313	Community and Youth Aids
435.561	Basic County Allocation
445.347	Child Care
N/A	Children’s Long-Term Support Waivers
115.40	Land and Water Resource Management

Dollar threshold to distinguish between type A and type B programs: \$100,000

Auditee qualified as low-risk auditee   X   Yes        No

Section II - Financial Statement Findings

Finding #09-1- Preparation of Financial Statements

- Condition: The County’s staff does not prepare the financial statements and accompanying notes.
- Effect: Because management relies on the auditor to assist with the preparation of the financial statements, the County’s system of internal control may not prevent, detect, or correct misstatements in the financial statements.
- Cause: The County does not prepare the financial statements and related notes.
- Criteria: Internal controls over preparation of the financial statements, including note disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.
- Recommendation: The County remain informed about its responsibility for the financial statements and assign a person with suitable skills to review and accept responsibility for the financial statements.
- Response: The auditors prepare the financial statements but we review and accept the statements prior to them being issued. We prepare financial reports that are reviewed by management and the County Finance Committee on a monthly basis. Any concerns or questions are addressed throughout the year.

Iowa County, Wisconsin  
Schedule of Findings and Questioned Cost (Continued)  
For the Year Ended December 31, 2009

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Section III – Federal Award Findings and Questioned Costs

Finding #09-2- CDBG #14.228

Condition: The County did not monitor subrecipient activities to provide reasonable assurance that the subrecipient complied with the grant requirements.

Effect: Subrecipient did not comply with compliance requirements of the grant.

Cause: The County passed through grant proceeds to the subrecipient as they were received by the County. The subrecipient was not required to have a Single Audit and no other oversight was performed by the County.

Criteria: County was to monitor the subrecipient's use of the federal award through reporting, site visits, regular contact or other means to provide reasonable assurance that the subrecipient administered the federal award in compliance with laws, regulations and the provisions of contracts and grant agreements.

Questioned Costs: Unknown.

Recommendation: The County monitor the subrecipient to determine compliance with laws, regulations and the provisions of contracts and the grant.

Response: See corrective action plan.

Section IV – State Award Findings and Questioned Costs

None

STATUS OF PRIOR YEAR  
FINDINGS AND QUESTIONED COSTS

Iowa County, Wisconsin  
Summary of Prior Audit Findings  
For the Year Ended December 31, 2009

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#08-1 – This is still a finding. See finding #09-1.



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## Communication of Internal Control Matters

The County Board of Supervisors  
Iowa County, Wisconsin  
Dodgeville, Wisconsin

In planning and performing our audit of the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Iowa County, Wisconsin's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 deficiency in Iowa County's internal control to be a significant deficiency:

### Preparation of Financial Statements

County staff does not prepare the financial statements and accompanying notes. The County has designated an individual responsible for reviewing and accepting the financial statements and related notes.

Other observations are noted on the following pages.

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

September 22, 2010

JOHNSON BLOCK AND COMPANY, INC.

*Johnson Block and Company, Inc.*

A. Use of Federal I.D. Number

There is one employee group that is using the County's federal I.D. number on its bank account. The use of the County's federal I.D. number should be limited to County operations only. Any funds not belonging to the County should be reported under their own federal I.D. number.

B. Grant Procedures

Each department in the County files its own grant applications and subsequent grant reports. As such, there is no way for management to control the grants being applied for, nor to know the status of grants.

We recommend that the County consider a grant administration policy to address this issue. Part of this policy may be designating one individual responsibility for monitoring the status of grants within the County to include the initial application, approval, reporting, reimbursement and completion of grants.

C. Sheriff Cash

- 1) At December 31, 2009, the bank reconciliation for the sheriff's canteen account included several outstanding checks from 2001 through 2008 totaling \$2,407. These should be reviewed, the checks voided and either the checks reissued or added back to cash.
- 2) The canteen account is being used to hold inmate deposits (Huber accounts) and to deposit receipts from various sheriff department activities such as the vending machines. Purchases for the sheriff's department are also being made from this account. The balance of this account at December 31, 2009 was approximately \$75,000.

We recommend that this account only be used for inmate accounts and reconciled to individual inmate balances on a monthly basis. Other sheriff revenues and expenditures should follow existing County procedures for cash receipts and disbursements. If the account is maintained as is, the activity should be recorded on the County general ledger monthly and a reconciliation performed between inmate balances and County funds. Purchases from the account representing County funds should still follow regular County procedures for cash disbursements.

D. Grant Claims

During 2009, the Aging and Disability Resource Center did not file claims monthly, resulting in a receivable balance of \$87,119 at December 31.

We recommend claims be filed monthly to provide proper cash flow.

E. Future Accounting Standard

The Governmental Accounting Standards Board recently issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions effective for periods beginning after June 15, 2010. Some of the major changes are as follows:

1). Governmental Fund Balance Reporting

The reporting of governmental fund balances as reserved, unreserved or designated will be replaced with five possible classifications of governmental fund balances. They are as follows:

- Nonspendable Fund Balance
- Restricted Fund Balance
- Committed Fund Balance
- Assigned Fund Balance
- Unassigned Fund Balance

The goal of these new classifications is to report governmental balances based on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and, accordingly, the extent to which the government is bound to honor them.

In order to report fund balance as committed, the amounts must be constrained for a specific purpose by the government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. In addition, action to constrain resources must occur prior to year-end, however, the amount can be determined in the subsequent period.

Statement No. 54 requires fund balances to be restated for the prior year when comparative financial statements are presented.

## 2). Fund Definition

The most significant change is the definition of a special revenue fund. The definition under GASB No. 54 is: "Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The basis for the special revenue fund should be from a revenue source that is either restricted or committed. That restricted or committed revenue source should be expected to represent a substantial portion of the inflows reported in that fund. Those that do not have a significant committed revenue source or that receive most or all of their revenue as a transfer from another fund would likely not meet the revised definition for a special revenue fund and would then be reported in the general fund.

## 3). Disclosure

The new standard requires disclosure of :

- a description of the authority for and actions that lead to committed and assigned fund balance.
- the government's policy regarding order of spending for committed, assigned and unassigned funds.
- description of any formally adopted minimum fund balance policies.
- purpose of each major special revenue fund and which revenues or other sources are reported in each of those funds.

### Actions to consider before year end in the year of implementation

- In order to report fund balance as committed, the government's highest level of decision making authority must act to establish committed fund balances, including stabilization arrangements.
- Decide which person(s) have direct or delegated authority to assign fund balance.
- Review any formal minimum fund balance policy and possible changes required as it relates to this new standard.
- Determine if special revenue funds meet the revised definition in the standard.
- Establish a policy on the order in which unrestricted resources are to be used when any of these amounts are available for expenditure. If no policy exists, the default assumes committed funds are used first, followed by assigned and then unassigned amounts.

## F. Cash and Investments

There were instances when the average daily bank balance exceeded the coverage provided by federal depository insurance. In addition, the balance of the State Deposit Guaranty Fund (state depository insurance) is limited. As such, a material amount of losses by individual municipalities may exhaust the fund so that recovery by individual municipalities would not be significant. We recommend the County consider the following to reduce this risk:

- A. Determine whether its present depositories can obtain additional insurance coverage. We have noted several banks which have now obtained a bank deposit guaranty bond to insure public entity deposits.
- B. Develop a system to analyze the financial stability of potential depositories. This would include receiving rating reports from credit rating bureaus such as Standard and Poor's, Moody's, etc. County policy could then be to not use any depository with a rating below a certain level.
- C. Depending on interest rates, consider investing more funds in U.S. securities versus certificates of deposits.
- D. Investigating the use of repurchase agreements to invest excess daily funds. This would also result in increased interest earnings for the county.



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September 22, 2010

To the Finance Committee  
Iowa County  
Dodgeville, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Iowa County, Wisconsin for the year ended December 31, 2009. Professional standards require that we provide you with the following information related to the audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards OMB Circular A-133, and the State Single Audit Guidelines

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

In planning and performing our audit, we considered Iowa County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct or material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines.

As part of obtaining reasonable assurance about whether Iowa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct or 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. Also in accordance with OMB Circular A-133 and the State Single Audit Guidelines, we examined, on a test basis, evidence about Grant County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State Single Audit Guidelines" applicable to each of its major federal and state programs for the purpose of expressing an opinion on Grant County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Grant County's compliance with those requirements.

### Plan Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

### Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Iowa County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Management's estimate of the allowance for doubtful accounts is based on an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The County's accrued liability for vested sick leave was based on the age of the person and the probability that they would be working for the County until retirement. We are not aware of any other particularly sensitive accounting estimate utilized by management.

### Difficulties Encountered in Performing the Audit

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

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Adjust highway inventory to actual
- Adjust for prior year retro-pay
- Record 2009 tax roll collected in 2010

### Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2010.

Management Consultations with Other Independent Accountants

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

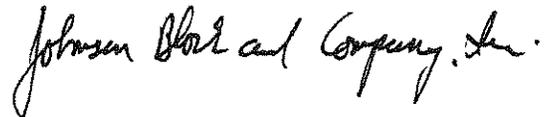
Other Audit Findings or Issues

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

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

Very truly yours,

JOHNSON BLOCK AND COMPANY, INC.

A handwritten signature in cursive script that reads "Johnson Block and Company, Inc." The signature is written in dark ink and is positioned below the printed name of the company.

**Iowa County Highway  
Adjusting Journal Entries**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect
PJE01	Potential	12/31/09				
		710-70-53330-00027-533	Other Local Governments-EQUIP	4,032.00		
		710-00-29150-00000-000	LEASES PAYABLE		4,032.00	
						(4,032.00)
			Entry to record accrued interest payable at 12/31/09. FF-1			
PJE02	Potential	12/31/09				
		710-70-48000-00000-000	MISCELLANEOUS REVENUE	7,966.00		
		710-00-13100-00006-000	GRANT CO HIGHWAY DEPT		7,966.00	
						(7,966.00)
			Entry to adjust receivable to correct amount at 12/31/09, D-1/3			
		TOTAL		11,998.00	11,998.00	(11,998.00)

Mi.

Iowa County, Wisconsin  
 Adjusting Journal Entries

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper	Misstatement
PJE01	Potential	12/31/09						
		100-00-11110-00420-000	CASH - CLERK OF COURT	1,080.31				
		100-00-28900-00000-000	Court Deposits		1,080.31			
			To record interest on COC CD. Ref A- 7/1			0.00		
PJE02	Potential	12/31/09						
		100-00-11115-00003-000	MOUND CITY BANK INVESTM	2,061.02				
		100-20-48110-00000-000	INTEREST ON GENERAL FUNI		2,061.02			
			To record interest on CDARS. Ref A- 1/10			2,061.02		
TOTAL				<u>3,141.33</u>	<u>3,141.33</u>	<u>2,061.02</u>		

Bloomfield Manor

Potential Journal Entries  
for the period ended December 31, 2009

Account #	Account Name / Description	Debits	Credits
12/31/2009	PJE 1		
1040	Bob Campbell Estate Investments	1,773.00	
3999	Interest income		1,773.00
Adjust accrued interest at 12/31/09. A-5			
12/31/2009	PJE 2		
2913	State Trust Fund Loan-Bldg. Addition	2,717.00	
9817	Interest Expense		2,717.00
Adjust principal balance to actual. FF-1			
Totals		4,490.00	4,490.00

# **FINANCE DEPARTMENT OF IOWA COUNTY**

•COURTHOUSE • 222 NORTH IOWA STREET • DODGEVILLE, WI 53533 •

•TELEPHONE (608) 935-0303 • FAX (608) 935-3024•

Roxanne R. Hamilton, CPA, Finance Director

September 30, 2010

Single Audit Clearinghouse  
1201 E. 10<sup>th</sup> Street  
Jeffersonville, IN 47132

Dear Sir or Madam:

Iowa County, Wisconsin respectfully submits the following corrective action plan for the year ended December 31, 2009.

Name and address of independent public accounting firm: Johnson Block and Company, Inc.,  
2500 Business Park Road, Mineral Point, Wisconsin, 53565.

Audit Period: December 31, 2009

The findings from the December 31, 2009 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## Section II: Findings – Financial Statement Audit

### **Finding #09-01 – Preparation of Financial Statements**

See response in schedule of findings and questioned cost.

## Section III: Findings Federal Award Findings and Questioned Costs

### **Finding #09-2 – CDBG #14,228**

The County is monitoring the sub recipient to determine compliance with laws, regulations, and the provisions of contracts and the grant in 2010.

## Section IV – State Award Findings and Questioned Costs

**None**

If you have any questions regarding this plan, please call Roxanne Hamilton at (608) 935-0303.

Sincerely,



Roxanne R. Hamilton, CPA  
Finance Director