



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

March 20, 2012

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Clinton County, Iowa.

The County had local tax revenue of \$78,229,091 for the year ended June 30, 2011, which included \$2,213,698 in tax credits from the state. The County forwarded \$61,444,372 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$16,784,719 of the local tax revenue to finance County operations, a 6.6% increase over the prior year. Other revenues included charges for service of \$2,638,339, operating grants, contributions and restricted interest of \$9,657,395, capital grants, contributions and restricted interest of \$863,605, local option sales tax of \$1,568,149, unrestricted investment earnings of \$189,733 and other general revenues of \$775,500.

Expenses for County operations totaled \$30,865,546, a 6.6% increase over the prior year. Expenses included \$7,905,376 for mental health, \$6,978,516 for roads and transportation and \$6,862,572 for public safety and legal services.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1110-0023-B00F.pdf>.

###

CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	17
Statement of Activities	B	18-19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	27
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	30
Notes to Financial Statements		31-47
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		50-51
Budget to GAAP Reconciliation		52
Notes to Required Supplementary Information – Budgetary Reporting		53
Schedule of Funding Progress for the Retiree Health Plan		54
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	56-57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	58-59
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	60-61
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	62-63
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	64-65
Schedule of Expenditures of Federal Awards	6	66-67
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		69-70
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		73-74
Schedule of Findings and Questioned Costs		75-83
Staff		84

Clinton County

Officials

(Before January 2011)

Jill Davisson	Board of Supervisors	Jan 2011
Dennis Starling	Board of Supervisors	Jan 2011
John Staszewski	Board of Supervisors	Jan 2013
Eric Van Lancker	County Auditor	Jan 2013
Rhonda McIntyre	County Treasurer	Jan 2011
Stephen Managan	County Recorder	Jan 2011
Rick Lincoln	County Sheriff	Jan 2013
Michael Wolf	County Attorney	Jan 2011
Roland Ehm	County Assessor	Jan 2016
John Moreland	City Assessor	Jan 2016

(After January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Staszewski	Board of Supervisors	Jan 2013
Jill Davisson	Board of Supervisors	Jan 2015
Brian Schmidt	Board of Supervisors	Jan 2015
Eric Van Lancker	County Auditor	Jan 2013
Rhonda McIntyre	County Treasurer	Jan 2015
Stephen Managan	County Recorder	Jan 2015
Rick Lincoln	County Sheriff	Jan 2013
Michael Wolf	County Attorney	Jan 2015
Roland Ehm	County Assessor	Jan 2016
John Moreland	City Assessor	Jan 2016

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Officials of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Clinton County's management. Our responsibility is to express opinions on these financial statements based on our audit.

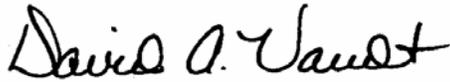
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 29, 2012 on our consideration of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 50 through 54 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clinton County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 1.4 %, or approximately \$448,000, from fiscal year 2010 to fiscal year 2011. Property tax increased approximately \$1,069,000, operating grants, contributions and restricted interest increased approximately \$633,000, capital grants, contributions and restricted interest decreased approximately \$2,042,000 and local option sales tax increased approximately \$75,000.
- Program expenses of the County's governmental activities increased 6.6%, or approximately \$1,909,000. Public safety and legal services expenses increased approximately \$409,000 and roads and transportation expenses increased approximately \$1,013,000.
- The County's governmental activities net assets increased 3.3%, or approximately \$1,628,000, from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clinton County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clinton County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clinton County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund and the Enterprise, Rock Creek Marina Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Clinton County's combined net assets increased from a year ago, from approximately \$50.3 million to approximately \$51.9 million. The analysis that follows focuses on the changes in net assets.

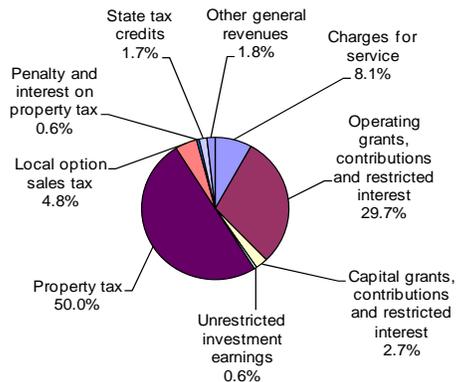
Net Assets of Governmental and Business Type Activities						
(Expressed in Thousands)						
	Governmental		Business Type		Total	
	Activities		Activities		June 30,	
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 39,275	40,263	40	34	39,315	40,297
Capital assets	44,534	41,872	229	251	44,763	42,123
Total assets	83,809	82,135	269	285	84,078	82,420
Long-term liabilities	12,289	13,267	6	13	12,295	13,280
Other liabilities	19,860	18,836	16	-	19,876	18,836
Total liabilities	32,149	32,103	22	13	32,171	32,116
Net assets:						
Invested in capital assets, net of related debt	40,108	40,200	229	251	40,337	40,451
Restricted	10,358	5,537	-	-	10,358	5,537
Unrestricted	1,194	4,295	18	21	1,212	4,316
Total net assets	\$ 51,660	50,032	247	272	51,907	50,304

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately \$4,316,000 at June 30, 2010 to approximately \$1,212,000 at the end of this year, a decrease of 71.9%. The County has adopted a five year plan to replace aging equipment.

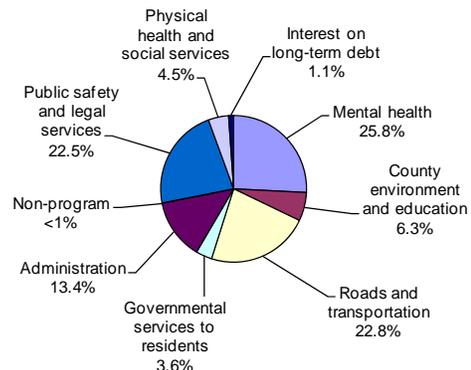
Changes in Net Assets of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental		Business Type		Total	
	Activities		Activities			
	Year ended		Year ended		Year ended	
	June 30,		June 30,		June 30,	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for service	\$ 2,501	2,095	137	155	2,638	2,250
Operating grants, contributions and restricted interest	9,657	9,024	-	-	9,657	9,024
Capital grants, contributions and restricted interest	864	2,906	-	-	864	2,906
General revenues:						
Property tax	16,224	15,155	-	-	16,224	15,155
Penalty and interest on property tax	187	153	-	-	187	153
State tax credits	560	592	-	-	560	592
Local option sales tax	1,568	1,493	-	-	1,568	1,493
Unrestricted investment earnings	190	221	-	-	190	221
Other general revenues	580	244	-	-	580	244
Total revenues	32,331	31,883	137	155	32,468	32,038
Program expenses:						
Public safety and legal services	6,863	6,454	-	-	6,863	6,454
Physical health and social services	1,377	1,536	-	-	1,377	1,536
Mental health	7,905	7,652	-	-	7,905	7,652
County environment and education	1,910	1,905	-	-	1,910	1,905
Roads and transportation	6,978	5,965	-	-	6,978	5,965
Governmental services to residents	1,098	1,144	-	-	1,098	1,144
Administration	4,095	3,869	-	-	4,095	3,869
Non-program	149	60	-	-	149	60
Interest on long-term debt	328	209	-	-	328	209
Rock Creek Marina	-	-	162	168	162	168
Total expenses	30,703	28,794	162	168	30,865	28,962
Increase (decrease) in net assets before transfers	1,628	3,089	(25)	(13)	1,603	3,076
Transfers	-	(18)	-	18	-	-
Increase (decrease) in net assets	1,628	3,071	(25)	5	1,603	3,076
Net assets beginning of year	50,032	46,961	272	267	50,304	47,228
Net assets end of year	\$ 51,660	50,032	247	272	51,907	50,304

Revenues by Source



Expenses by Function



Clinton County's net assets of governmental activities increased approximately \$1,628,000 during the year. Revenues for governmental activities increased approximately \$448,000 from the prior year, operating grants, contributions and restricted interest increased approximately \$633,000, or 7.0%, and capital grants, contributions and restricted interest revenue decreased approximately \$2,042,000, or 70.3 %, from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Clinton County completed the year, its governmental funds reported a combined fund balance of approximately \$15.8 million, a decrease of approximately \$2,634,000 under last year's total of approximately \$18.5 million. The decrease in fund balance is primarily attributable to an increase in various road projects during fiscal year 2011. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues exceeded expenditures by approximately \$548,000. The ending fund balance increased \$455,592 over the prior year to approximately \$6,126,000. General Fund revenues increased primarily due to increases in property and other county tax.
- Special Revenue, Mental Health Fund expenditures totaled approximately \$7,917,000, an increase of 3.6% over the prior year. The increase is due to increased cost in mental retardation (MR) services. The Mental Health Fund balance at year end increased approximately \$236,000 over the prior year to \$819,972 at June 30, 2011.
- Special Revenue, Rural Services Fund expenditures totaled approximately \$697,000, an increase of 14.2% over the prior year.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$1,482,000 over the prior year, mainly due to an increase in various projects. The Secondary Roads Fund balance at year end increased approximately \$237,000 from the prior year end balance.
- Debt Service Fund expenditures were approximately \$1,397,000 in fiscal year 2011, an increase of 56% over the prior year. The Debt Service Fund balance at year end increased approximately \$3,943,000 over the prior year fund balance, primarily due to the long-term receivable of \$3,972,973 from the City of Clinton.
- The Capital Projects Fund was established in fiscal year 2010. Transfers of \$3,972,973 to the Debt Service Fund were the result of payments to the City of Clinton for the Lincolnway Railport Project. Future reimbursements are to be deposited to the Debt Service Fund. The fund balance was approximately \$2,772,000 at the end of fiscal year 2011.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended its budget two times. The first amendment was made in October 2010 and resulted in an increase in budgeted disbursements related to pass-through grant funds. The second amendment was made in May 2011. The amendment was due primarily to an increase in Visiting Nurse Association (VNA) grants and associated disbursements, the reclassification of disbursements in the Secondary Roads Fund and increased costs in the Roadside Management Department due to the receipt and disbursement of insurance proceeds.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) - All Governmental Funds, the actual net disbursements of \$38,327,521 were \$9,357,028 less than the amended budget. The capital projects, public safety and legal services, roads and transportation, mental health, administration, governmental services to residents, physical health and social services, non-program and county environment and education function disbursements were \$6,328,108, \$682,010, \$655,007, \$635,162, \$358,584, \$280,124, \$247,230, \$130,183 and \$40,620, respectively, less than budgeted. The County's receipts were \$402,599 less than the amended budget. Intergovernmental receipts were \$790,462 less than anticipated.

Capital projects function disbursements were less than budgeted, primarily due to the Lincolnway Railport Project not being completed. Public safety and legal services function disbursements were less than budgeted primarily due to less than anticipated cost of housing prisoners and an unfilled deputy position. Roads and transportation disbursements were less than budgeted, primarily due to lower road maintenance costs. Mental health function disbursements were less than budgeted, primarily due to lower than anticipated cost for mental retardation (MR) services. Administration function disbursements were less than budgeted, primarily due to lower costs in the Information Technology (IT) Department and lower insurance cost. Governmental services to residents function disbursements were less than budgeted, primarily due to lower than anticipated election costs. Physical health and social services function disbursements were less than budgeted, primarily due to decreased costs in local health and general assistance. Non-program function disbursements were less than budgeted, primarily due to anticipated pass-through grant funds not being received. County environment and education function disbursements were less than budgeted, primarily due to lower than anticipated zoning costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Clinton County had approximately \$44.5 million invested in a broad range of governmental activities capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,662,000, or 6.4%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2011	2010
Land	\$ 921	921
Construction in progress	4,326	5,842
Buildings and improvements	5,368	5,540
Equipment and vehicles	4,339	4,161
Infrastructure	29,580	25,408
Total	<u>\$ 44,534</u>	<u>41,872</u>

The County had depreciation expense of \$2,567,865 for governmental activities in fiscal year 2011 and total accumulated depreciation of \$27,161,991 at June 30, 2011.

The County's fiscal year 2011 budget included \$14,888,412 for capital projects, principally for secondary roads improvements. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2011, Clinton County had \$10,808,680 of general obligation bonds and other debt outstanding, compared to \$11,936,526 at June 30, 2010, as shown below.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2011	2010
General obligation bonds	\$ 10,695,000	11,725,000
Drainage warrants	113,680	211,526
Total	\$ 10,808,680	11,936,526

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Clinton County's outstanding general obligation debt of approximately \$10.7 million is significantly below its constitutional debt limit of approximately \$180 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 6.6% versus 7.3% a year ago. This compares with the State's unemployment rate of 6.0% and the national rate of 9.1%.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are \$33,780,000, a 5.4% increase over the final fiscal year 2011 budget. Clinton County will use the increase in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to decrease approximately \$11,165,000 due to various capital projects being completed in fiscal year 2011.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2012.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Clinton County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Clinton County Budget Director, Mrs. Jeaninne Clark, Clinton County Administration Building, Clinton County Auditor's Office, 1900 No. Third Street, Clinton Iowa 52733-2957.

Clinton County

Basic Financial Statements

Clinton County

Clinton County
Statement of Net Assets

June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Conservation Foundation
Assets				
Cash and pooled investments	\$ 16,423,709	33,800	16,457,509	766,295
Receivables:				
Property tax:				
Delinquent	71,178	-	71,178	-
Succeeding year	17,291,000	-	17,291,000	-
Penalty and interest on property tax	221,835	-	221,835	-
Accounts	98,337	5,836	104,173	-
Drainage assessments:				
Delinquent	83,148	-	83,148	-
Succeeding year	44,441	-	44,441	-
Due from other governments	4,792,325	-	4,792,325	-
Inventories	249,989	-	249,989	-
Capital assets (net of accumulated depreciation)	44,533,522	228,770	44,762,292	-
Total assets	83,809,484	268,406	84,077,890	766,295
Liabilities				
Accounts payable	1,273,830	8,879	1,282,709	-
Accrued interest payable	24,679	-	24,679	-
Salaries and benefits payable	549,983	6,301	556,284	-
Due to other governments	721,017	373	721,390	-
Deferred revenue:				
Succeeding year property tax	17,291,000	-	17,291,000	-
Long-term liabilities:				
Portion due or payable within one year:				
General obligation bonds	1,085,000	-	1,085,000	-
Drainage warrants	95,789	-	95,789	-
Compensated absences	729,989	6,177	736,166	-
Portion due or payable after one year:				
General obligation bonds	9,610,000	-	9,610,000	-
Drainage warrants	17,891	-	17,891	-
Compensated absences	303,356	-	303,356	-
Net OPEB liability	446,859	-	446,859	-
Total liabilities	32,149,393	21,730	32,171,123	-
Net Assets				
Invested in capital assets, net of related debt	40,107,917	228,770	40,336,687	-
Restricted for:				
Nonexpendable:				
Permanent fund	5,000	-	5,000	-
Expendable:				
Supplemental levy purposes	2,551,273	-	2,551,273	-
Mental health purposes	1,096,347	-	1,096,347	-
Rural services purposes	606,250	-	606,250	-
Secondary roads purposes	1,826,722	-	1,826,722	-
Debt service	4,015,561	-	4,015,561	-
Drainage districts	47,100	-	47,100	-
Vietnam Veterans Memorial	7,281	-	7,281	-
Capital projects	25,566	-	25,566	-
Other	176,596	-	176,596	766,295
Unrestricted	1,194,478	17,906	1,212,384	-
Total net assets	\$ 51,660,091	246,676	51,906,767	766,295

See notes to financial statements.

Clinton County

Statement of Activities

Year ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 6,862,572	451,491	165,119	-
Physical health and social services	1,376,775	74,141	370,372	-
Mental health	7,905,376	64,097	5,228,435	-
County environment and education	1,910,671	243,167	113,451	225,795
Roads and transportation	6,978,516	40,646	3,443,896	637,810
Governmental services to residents Administration	1,097,753	840,518	-	-
	4,095,093	787,113	192,454	-
Non-program	148,616	-	143,668	-
Interest on long-term debt	327,934	-	-	-
Total governmental activities	30,703,306	2,501,173	9,657,395	863,605
Business type activities:				
Rock Creek Marina	162,240	137,166	-	-
Total primary government	\$ 30,865,546	2,638,339	9,657,395	863,605
Component Unit:				
Conservation Foundation	\$ 497,518	-	245,369	-
General Revenues:				
Property and other county tax levied for:				
General purposes				
Debt service				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Unrestricted investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				
See notes to financial statements.				

Net (Expense) Revenue and Changes in Net Assets				Component Unit
Primary Government				
Governmental Activities	Business Type Activities	Total		Conservation Foundation
(6,245,962)	-	(6,245,962)		-
(932,262)	-	(932,262)		-
(2,612,844)	-	(2,612,844)		-
(1,328,258)	-	(1,328,258)		-
(2,856,164)	-	(2,856,164)		-
(257,235)	-	(257,235)		-
(3,115,526)	-	(3,115,526)		-
(4,948)	-	(4,948)		-
(327,934)	-	(327,934)		-
<u>(17,681,133)</u>	-	<u>(17,681,133)</u>		-
-	(25,074)	(25,074)		-
<u>(17,681,133)</u>	<u>(25,074)</u>	<u>(17,706,207)</u>		-
				<u>(252,149)</u>
14,903,491	-	14,903,491		-
1,320,650	-	1,320,650		-
186,691	-	186,691		-
560,578	-	560,578		-
1,568,149	-	1,568,149		-
189,733	-	189,733	5,463	-
8,946	-	8,946		-
570,917	-	570,917		-
<u>19,309,155</u>	-	<u>19,309,155</u>		<u>5,463</u>
1,628,022	(25,074)	1,602,948		(246,686)
<u>50,032,069</u>	<u>271,750</u>	<u>50,303,819</u>		<u>1,012,981</u>
<u>\$ 51,660,091</u>	<u>246,676</u>	<u>51,906,767</u>		<u>766,295</u>

Clinton County
Balance Sheet
Governmental Funds

June 30, 2011

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 6,709,346	1,655,636	668,550
Receivables:			
Property tax:			
Delinquent	49,180	12,771	3,406
Succeeding year	11,477,000	2,786,000	1,679,000
Penalty and interest on property tax	221,835	-	-
Accounts	10,105	32,420	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other funds	-	-	-
Due from other governments	217,606	136,008	-
Inventories	-	-	-
Total assets	\$ 18,685,072	4,622,835	2,350,956
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 440,392	247,686	33,830
Salaries and benefits payable	346,084	63,913	18,646
Due to other funds	3,365	-	9,835
Due to other governments	27,262	692,958	-
Deferred revenue:			
Succeeding year property tax	11,477,000	2,786,000	1,679,000
Other	264,561	12,306	3,395
Total liabilities	12,558,664	3,802,863	1,744,706
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Vietnam Veterans Memorial	-	-	-
Restricted for:			
Supplemental levy purposes	1,670,712	-	-
Mental health purposes	-	819,972	-
Rural services purposes	-	-	606,250
Secondary roads purposes	-	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	96,673	-	-
Unassigned	4,359,023	-	-
Total fund balances	6,126,408	819,972	606,250
Total liabilities and fund balances	\$ 18,685,072	4,622,835	2,350,956

See notes to financial statements.

Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
1,012,144	61,446	2,771,988	131,400	13,010,510
-	5,821	-	-	71,178
-	1,349,000	-	-	17,291,000
-	-	-	-	221,835
650	-	-	20,079	63,254
-	-	-	83,148	83,148
-	-	-	44,441	44,441
13,200	-	-	-	13,200
420,888	3,972,973	-	44,850	4,792,325
249,989	-	-	-	249,989
<u>1,696,871</u>	<u>5,389,240</u>	<u>2,771,988</u>	<u>323,918</u>	<u>35,840,880</u>
212,988	-	-	70,452	1,005,348
121,340	-	-	-	549,983
-	-	-	-	13,200
315	-	-	482	721,017
-	1,349,000	-	-	17,291,000
-	5,607	-	127,589	413,458
<u>334,643</u>	<u>1,354,607</u>	<u>-</u>	<u>198,523</u>	<u>19,994,006</u>
249,989	-	-	-	249,989
-	-	-	5,000	5,000
-	-	-	-	1,670,712
-	-	-	-	819,972
-	-	-	-	606,250
1,112,239	-	-	-	1,112,239
-	-	-	33,191	33,191
-	4,034,633	-	-	4,034,633
-	-	2,771,988	-	2,771,988
-	-	-	87,204	183,877
-	-	-	-	4,359,023
<u>1,362,228</u>	<u>4,034,633</u>	<u>2,771,988</u>	<u>125,395</u>	<u>15,846,874</u>
<u>1,696,871</u>	<u>5,389,240</u>	<u>2,771,988</u>	<u>323,918</u>	<u>35,840,880</u>

Clinton County

Clinton County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2011

Total governmental fund balances (page 21) \$ 15,846,874

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$71,695,513 and the accumulated depreciation is \$27,161,991. 44,533,522

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 413,458

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 3,179,800

Long-term liabilities, including bonds payable, drainage warrants payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (12,313,563)

Net assets of governmental activities (page 17) \$ 51,660,091

See notes to financial statements.

Clinton County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 10,846,998	2,764,269	1,284,072
Local option sales tax	580,215	-	-
Penalty and interest on property tax	153,069	-	-
Intergovernmental	1,448,247	5,323,484	55,483
Licenses and permits	73,841	-	-
Charges for service	1,017,759	64,097	-
Use of money and property	268,102	-	-
Miscellaneous	352,604	1,267	38,892
Total revenues	14,740,835	8,153,117	1,378,447
Expenditures:			
Operating:			
Public safety and legal services	6,732,837	-	159,293
Physical health and social services	1,398,099	-	-
Mental health	-	7,916,840	-
County environment and education	1,316,316	-	537,690
Roads and transportation	-	-	-
Governmental services to residents	1,065,174	-	-
Administration	3,321,195	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	358,820	-	-
Total expenditures	14,192,441	7,916,840	696,983
Excess (deficiency) of revenues over (under) expenditures	548,394	236,277	681,464
Other financing sources (uses):			
Sale of capital assets	38,750	-	-
Operating transfers in	-	-	-
Operating transfers out	(131,552)	-	(799,968)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(92,802)	-	(799,968)
Net change in fund balances	455,592	236,277	(118,504)
Fund balances beginning of year, as restated	5,670,816	583,695	724,754
Fund balances end of year	\$ 6,126,408	819,972	606,250

See notes to financial statements.

Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	1,320,650	-	-	16,215,989
987,934	-	-	-	1,568,149
-	-	-	-	153,069
3,704,855	44,018	-	169,059	10,745,146
16,761	-	-	-	90,602
2,052	-	-	9,571	1,093,479
-	-	15,664	800	284,566
334,204	2,022	-	87,763	816,752
5,045,806	1,366,690	15,664	267,193	30,967,752
-	-	-	8,022	6,900,152
-	-	-	-	1,398,099
-	-	-	-	7,916,840
-	-	-	96,911	1,950,917
5,623,843	-	-	-	5,623,843
-	-	-	2,205	1,067,379
-	-	-	-	3,321,195
-	-	-	148,616	148,616
-	1,397,046	-	176,648	1,573,694
3,449,731	-	-	-	3,808,551
9,073,574	1,397,046	-	432,402	33,709,286
(4,027,768)	(30,356)	15,664	(165,209)	(2,741,534)
-	-	-	-	38,750
4,264,425	3,972,973	-	-	8,237,398
-	-	(7,305,878)	-	(8,237,398)
-	-	-	68,464	68,464
4,264,425	3,972,973	(7,305,878)	68,464	107,214
236,657	3,942,617	(7,290,214)	(96,745)	(2,634,320)
1,125,571	92,016	10,062,202	222,140	18,481,194
1,362,228	4,034,633	2,771,988	125,395	15,846,874

Clinton County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2011

Net change in fund balances - Total governmental funds (page 25) \$ (2,634,320)

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

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

Expenditures for capital assets	\$ 4,768,830	
Capital assets contributed by the State and others	484,759	
Depreciation expense	<u>(2,567,865)</u>	2,685,724

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (24,714)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	8,152	
Other	<u>53,303</u>	61,455

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Repayments exceeded current year issues, as follows:

Issued	(68,464)	
Repaid	<u>1,196,310</u>	1,127,846

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(21,993)	
Other postemployment benefits	(127,394)	
Interest on long-term debt	<u>49,451</u>	(99,936)

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. A portion of the change in net assets of the Internal Service Fund is reported with governmental activities. 511,967

Change in net assets of governmental activities (page 19) \$ 1,628,022

See notes to financial statements.

Clinton County
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 14,500	3,432,499
Accounts receivable	5,638	35,281
Capital assets, net of accumulated depreciation	228,770	-
Total assets	248,908	3,467,780
Liabilities		
Accounts payable	7,361	270,000
Salaries and benefits payable	6,301	-
Due to other governments	373	-
Compensated absences	6,177	-
Total liabilities	20,212	270,000
Net Assets		
Invested in capital assets	228,770	-
Unrestricted	(74)	3,197,780
Total net assets	228,696	3,197,780
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	17,980	
Net assets of business type activities	\$ 246,676	

See notes to financial statements.

Clinton County
 Statement of Revenues, Expenses and
 Changes in Fund Net Assets
 Proprietary Funds

Year ended June 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,509,172
Reimbursements from employees and others	-	264,197
Stop loss insurance recoveries	-	260,393
Hotel/motel excise tax	504	-
Grants and contributions	16,619	-
Camping fees	53,158	-
Boat rental fees	3,960	-
Other recreational fees	21,445	-
Licenses and permits	67	-
Concession sales	20,221	-
Miscellaneous	7,702	-
Total operating revenues	123,676	3,033,762
Operating expenses:		
Administrative fees	-	426,268
Medical and health services	-	2,044,353
Salaries	67,690	-
Employee benefits	23,464	-
Supplies	14,968	-
Utilities	13,021	-
Repair and improvements	8,395	-
Depreciation	22,319	-
Miscellaneous	1,442	72,706
Total operating expenses	151,299	2,543,327
Operating income (loss)	(27,623)	490,435
Non-operating revenues:		
Interest income	-	24,081
Increase (decrease) in net assets	(27,623)	514,516
Net assets beginning of year	256,319	2,683,264
Net assets end of year	228,696	3,197,780
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	17,980	
Net assets of business type activities	\$ 246,676	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	2,509,172
Cash received from employees and others	-	264,197
Cash received from stop loss insurance recoveries	-	253,900
Cash received from hotel/motel excise tax	478	-
Cash received from grants/contributions	16,619	-
Cash received from camping fees	54,672	-
Cash received from boat rental fees	3,696	-
Cash received from other recreational fees	21,421	-
Cash received from concession sales	20,811	-
Cash received from miscellaneous operations	8,422	-
Cash paid for administrative fees	-	(62,916)
Cash paid to employees for services	(80,630)	-
Cash paid to suppliers for services	(39,226)	(2,495,411)
Net cash provided by operating activities	<u>6,263</u>	<u>468,942</u>
Cash flows from investing activities:		
Interest on investments	-	24,081
Net increase in cash and cash equivalents	<u>6,263</u>	<u>493,023</u>
Cash and cash equivalents beginning of year	<u>8,237</u>	<u>2,939,476</u>
Cash and cash equivalents end of year	<u>\$ 14,500</u>	<u>3,432,499</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (27,623)</u>	<u>490,435</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	22,319	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,445	(6,493)
(Decrease) in accounts payable	(1,774)	(15,000)
Increase in salaries and benefits payable	4,346	-
Increase in due to other governments	373	-
Increase in compensated absences	6,177	-
Total adjustments	<u>33,886</u>	<u>(21,493)</u>
Net cash provided by operating activities	<u>\$ 6,263</u>	<u>468,942</u>

See notes to financial statements.

Clinton County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

Assets

Cash and pooled investments:	
County Treasurer	\$ 4,718,935
Other County officials	116,834
Receivables:	
Property tax:	
Delinquent	253,641
Succeeding year	57,156,000
Accounts	55,103
Accrued Interest	5
Drainage assessments	12,641
Special assessments	1,115,040
Due from other governments	8,407
Total assets	<u>63,436,606</u>

Liabilities

Accounts payable	272,812
Salaries and benefits payable	66,329
Due to other governments	62,851,899
Trusts payable	84,234
Compensated absences	159,332
Stamped drainage warrants payable	2,000
Total liabilities	<u>63,436,606</u>

Net assets	<u>\$ -</u>
-------------------	-------------

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Clinton County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

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

Discretely Presented Component Unit

The Clinton County Conservation Foundation, established under the Nonprofit Corporation Act, Chapter 504A of the Code of Iowa is legally separate from the County but has the potential to provide specific benefits to the County Conservation Board. The Foundation is governed by a five-member board. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

Blended Component Units – Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Clinton County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts which are managed and supervised by elected trustees. The financial transactions of these districts are reported as Agency Funds. Financial information of the individual drainage districts can be obtained from the Clinton County Auditor's Office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission and the County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: County Case Management Services, Clinton County Communications Commission and the Clinton County Area Solid Waste Agency.

B. Basis of Presentation

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

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

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

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the County, including the County's Permanent Fund.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt. A portion of the fund also accounts for the unpaid balance due on the monies advanced to the City of Clinton by the County pursuant to a joint 28E agreement for the City-managed Lincolnway Railport Project.

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

Additionally, the County reports the following proprietary funds:

An Enterprise Fund is utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 revenue of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Intangibles	\$ 150,000
Infrastructure	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	10 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 30
Vehicles	3 - 10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

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

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund are designated for future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 3,365
	Special Revenue:	
	Rural Services	9,835
Total		<u>\$ 13,200</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 131,552
	Special Revenue:	
	Rural Services	799,968
	Capital Projects	3,332,905
Debt Service	Capital Projects	3,972,973
Total		<u>\$ 8,237,398</u>

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

(5) Capital Assets

Governmental activities capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 921,133	-	-	921,133
Construction in progress, road network	5,841,716	4,119,035	5,973,273	3,987,478
Construction in progress, other	-	338,457	-	338,457
Total capital assets not being depreciated	<u>6,762,849</u>	<u>4,457,492</u>	<u>5,973,273</u>	<u>5,247,068</u>
Capital assets being depreciated:				
Buildings and improvements	9,147,847	-	-	9,147,847
Equipment and vehicles	8,915,700	796,097	210,906	9,500,891
Infrastructure, road network	41,826,434	5,973,273	-	47,799,707
Total capital assets being depreciated	<u>59,889,981</u>	<u>6,769,370</u>	<u>210,906</u>	<u>66,448,445</u>
Less accumulated depreciation for:				
Buildings and improvements	3,607,757	172,225	-	3,779,982
Equipment and vehicles	4,754,261	593,738	186,192	5,161,807
Infrastructure, road network	16,418,300	1,801,902	-	18,220,202
Total accumulated depreciation	<u>24,780,318</u>	<u>2,567,865</u>	<u>186,192</u>	<u>27,161,991</u>
Total capital assets being depreciated, net	<u>35,109,663</u>	<u>4,201,505</u>	<u>24,714</u>	<u>39,286,454</u>
Governmental activities capital assets, net	<u>\$ 41,872,512</u>	<u>8,658,997</u>	<u>5,997,987</u>	<u>44,533,522</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 111,935
Physical health and social services		6,402
Mental health		10,200
County environment and education		62,176
Roads and transportation		2,151,409
Governmental services to residents		54,605
Administration		171,138
Total depreciation expense - governmental activities		<u>\$ 2,567,865</u>

Business type activities capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets being depreciated:				
Buildings	\$ 283,284	-	-	283,284
Equipment	146,481	-	-	146,481
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	<u>488,976</u>	<u>-</u>	<u>-</u>	<u>488,976</u>
Less accumulated depreciation for:				
Buildings	94,196	11,598	-	105,794
Equipment	91,989	6,133	-	98,122
Infrastructure	51,702	4,588	-	56,290
Total accumulated depreciation	<u>237,887</u>	<u>22,319</u>	<u>-</u>	<u>260,206</u>
Business type activities capital assets, net	<u>\$ 251,089</u>	<u>(22,319)</u>	<u>-</u>	<u>228,770</u>
Total depreciation expense - business type activities				<u>\$ 22,319</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 27,262
Special Revenue:		
Mental Health	Services	692,958
Secondary Roads	Services	315
Miscellaneous Grants	Services	482
		<u>693,755</u>
Total for governmental funds		<u>\$ 721,017</u>
Agency:		
County Assessor	Collections	\$ 719,375
City Assessor		1,040,402
Schools		31,412,481
Community Colleges		2,050,301
Corporations		22,956,130
Townships		386,230
All other		4,286,980
Total for agency funds		<u>\$ 62,851,899</u>

(7) Long-Term Liabilities

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

	General Obligation Bonds	Drainage Warrants	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 11,725,000	211,526	1,011,352	319,465	13,267,343
Increases	-	68,464	911,447	129,671	1,109,582
Decreases	1,030,000	166,310	889,454	2,277	2,088,041
Balance end of year	<u>\$ 10,695,000</u>	<u>113,680</u>	<u>1,033,345</u>	<u>446,859</u>	<u>12,288,884</u>
Due within one year	<u>\$ 1,085,000</u>	<u>95,789</u>	<u>729,989</u>	<u>-</u>	<u>1,910,778</u>

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

	Compen- sated Absences
Balance beginning of year	\$ -
Increases	6,747
Decreases	570
Balance end of year	<u>\$ 6,177</u>
Due within one year	<u>\$ 6,177</u>

Bonds Payable

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

Year Ending June 30,	Series 2009 A			
	Issued July 15, 2009			
	Interest Rates	Principal	Interest	Total
2012	1.90 %	\$ 115,000	30,605	145,605
2013	2.30	120,000	28,420	148,420
2014	2.65	120,000	25,660	145,660
2015	3.00	125,000	22,480	147,480
2016	3.20	125,000	18,730	143,730
2017-2021	3.50-3.80	405,000	30,230	435,230
Total		\$ 1,010,000	156,125	1,166,125

Year Ending June 30,	Series 2010A			
	Issued April 1, 2010			
	Interest Rates	Principal	Interest	Total
2012	2.50%	\$ 405,000	117,155	522,155
2013	2.50	410,000	107,030	517,030
2014	2.50	420,000	96,780	516,780
2015	2.50	425,000	86,280	511,280
2016	2.60	440,000	75,655	515,655
2017-2021	2.85-3.45	2,035,000	175,125	2,210,125
Total		\$ 4,135,000	658,025	4,793,025

Year Ending June 30,	Series 2010B				Total		
	Issued April 1, 2010				Principal	Interest	Total
	Interest Rates	Principal	Interest	Total			
2012	2.00%	\$ 565,000	148,388	713,388	1,085,000	296,148	1,381,148
2013	2.00	575,000	137,087	712,087	1,105,000	272,537	1,377,537
2014	2.00	585,000	125,588	710,588	1,125,000	248,028	1,373,028
2015	2.25	595,000	113,887	708,887	1,145,000	222,647	1,367,647
2016	2.75	605,000	100,500	705,500	1,170,000	194,885	1,364,885
2017-2021	3.00-3.50	2,625,000	218,888	2,843,888	5,065,000	424,243	5,489,243
Total		\$ 5,550,000	844,338	6,394,338	10,695,000	1,658,488	12,353,488

During the year ended June 30, 2011, the County retired \$1,030,000 of general obligation bonds.

Pursuant to a 28E agreement between Clinton County and the City of Clinton, Iowa, the County plans to participate in the City-managed Lincolnway Railport Project by contributing \$6,000,000 of the series 2010B general obligation bond proceeds to the City of Clinton to be used solely for the purpose designated in the Clinton County Lincolnway Railport urban renewal area. The City is to repay the County from a portion of the sale of property in the Industrial Park. If the County has not been reimbursed by December 2020, the City will reimburse the County for any unpaid balance due on the monies advanced by the County for the project. As of June 30, 2011, \$3,972,973 of bond proceeds had been advanced to the City.

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$691,744, \$635,654 and \$575,180, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 183 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a partially self-funded medical plan, is administered by First Administrators. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 131,881
Interest on net OPEB obligation	7,987
Adjustment to annual required contribution	<u>(10,197)</u>
Annual OPEB cost	129,671
Contributions made	<u>(2,277)</u>
Increase in net OPEB obligation	127,394
Net OPEB obligation beginning of year	<u>319,465</u>
Net OPEB obligation end of year	<u><u>\$ 446,859</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$2,277 to the medical plan. Plan members eligible for benefits contributed \$36,024, or 94%, of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 143,316	0.00%	\$ 143,316
2010	178,029	1.06%	319,465
2011	129,671	1.76%	446,859

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1,576,208, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,576,208. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,915,663 and the ratio of the UAAL to covered payroll was 17.68%. As of June 30, 2011, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods

and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$588.50 per month for retirees less than age 65 and \$1,177.00 per month for family plans of retirees less than age 65. All coverage ceases when the retiree attains age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The actuary made no payroll assumptions as to the future because benefits are not payroll related. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2011 were \$263,883.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, or series of claims, exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2011 was \$2,509,172.

Amounts payable from the Employee Group Health Fund at June 30, 2011 total \$270,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$3,197,780 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A

reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 285,000
Total incurred claims	2,044,353
Total payments	<u>2,059,353</u>
Unpaid claims end of year	<u><u>\$ 270,000</u></u>

(12) Jointly Governed Organization

The County participates in the Clinton County Communications Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The parties to the 28E organization are Clinton County, the cities of Camanche, Clinton and DeWitt and the Clinton County Emergency Management Commission. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2011:

Additions:		
Property tax from County general supplemental levy		<u>\$ 1,334,882</u>
Deductions:		
Salaries	\$ 551,146	
Benefits	229,172	
Office supplies	1,986	
Uniforms	1,950	
Telephone	9,264	
Technology services	566	
Terminal billings	17,877	
Insurance	4,859	
Equipment/furniture	2,168	
Miscellaneous	<u>7,495</u>	<u>826,483</u>
Loan repayments:		
Clinton County	89,828	
City of Camanche	17,393	
City of Clinton	88,526	
City of DeWitt	<u>21,791</u>	<u>217,538</u>
Total deductions		<u>1,044,021</u>
Net		290,861
Balance beginning of year		<u>283,884</u>
Balance end of year		<u><u>\$ 574,745</u></u>

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

Fund	Balances June 30, 2010, as previously reported	Change in fund type classification per implementation of GASB Statement No.54	Balance July 1, 2010, as restated
General	\$ 5,417,553	253,263	5,670,816
Special Revenue:			
Public Safety Special	67,830	(67,830)	-
Commissary	23,829	(23,829)	-
Communications Special	126,525	(126,525)	-
Conservation Land Acquisition	34,753	(34,753)	-
Pioneer Cemetery	326	(326)	-

Clinton County

Required Supplementary Information

Clinton County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2011

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 17,776,630	-	17,776,630
Penalty and interest on property tax	149,895	-	149,895
Intergovernmental	10,638,423	11,574	10,626,849
Licenses and permits	89,120	-	89,120
Charges for service	1,064,901	-	1,064,901
Use of money and property	292,426	234	292,192
Miscellaneous	1,717,269	57,667	1,659,602
Total receipts	<u>31,728,664</u>	<u>69,475</u>	<u>31,659,189</u>
Disbursements:			
Public safety and legal services	6,866,371	-	6,866,371
Physical health and social services	1,568,064	-	1,568,064
Mental health	8,075,593	-	8,075,593
County environment and education	1,833,708	68,464	1,765,244
Roads and transportation	5,597,758	-	5,597,758
Governmental services to residents	1,082,264	-	1,082,264
Administration	3,310,471	-	3,310,471
Non-program	104,352	-	104,352
Debt service	1,573,748	176,648	1,397,100
Capital projects	8,560,304	-	8,560,304
Total disbursements	<u>38,572,633</u>	<u>245,112</u>	<u>38,327,521</u>
Deficiency of receipts under disbursements	(6,843,969)	(175,637)	(6,668,332)
Other financing sources, net	107,214	68,464	38,750
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(6,736,755)	(107,173)	(6,629,582)
Balance beginning of year	19,747,265	136,236	19,611,029
Balance end of year	<u>\$ 13,010,510</u>	<u>29,063</u>	<u>12,981,447</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
17,628,811	17,628,811	147,819
137,000	137,000	12,895
11,045,484	11,417,311	(790,462)
160,370	160,370	(71,250)
956,003	956,003	108,898
319,229	319,229	(27,037)
259,720	1,443,064	216,538
30,506,617	32,061,788	(402,599)
7,502,381	7,548,381	682,010
1,683,021	1,815,294	247,230
8,710,755	8,710,755	635,162
1,715,542	1,805,864	40,620
5,235,587	6,252,765	655,007
1,360,669	1,362,388	280,124
3,417,854	3,669,055	358,584
40,000	234,535	130,183
1,364,713	1,397,100	-
15,300,695	14,888,412	6,328,108
46,331,217	47,684,549	9,357,028
(15,824,600)	(15,622,761)	8,954,429
4,155,000	4,155,000	(4,116,250)
(11,669,600)	(11,467,761)	4,838,179
17,368,670	19,510,756	100,273
5,699,070	8,042,995	4,938,452

Clinton County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 31,728,664	(760,912)	30,967,752
Expenditures	38,572,633	(4,863,347)	33,709,286
Net	(6,843,969)	4,102,435	(2,741,534)
Other financing sources, net	107,214	-	107,214
Beginning fund balances	19,747,265	(1,266,071)	18,481,194
Ending fund balances	\$ 13,010,510	2,836,364	15,846,874

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Capital Projects Fund, the Debt Service Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,353,332. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted by function. However, disbursements in two departments exceeded the amount appropriated.

Clinton County

Schedule of Funding Progress for the
Retiree Health Plan
(in Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2007	-	\$ 2,181	2,181	0.00%	\$ 7,812	27.92%
2010	Jul 1, 2009	-	1,576	1,576	0.00	8,037	19.61
2011	Jul 1, 2009	-	1,576	1,576	0.00	8,916	17.68

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

Other Supplementary Information

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

	Resource Enhancement and Protection	County Recorder's Records Management	Special Seized Property
Assets			
Cash and pooled investments	\$ 28,734	34,380	11,694
Receivables:			
Accounts	-	-	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other governments	-	-	-
Total assets	\$ 28,734	34,380	11,694
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 8,199	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	8,199	-	-
Fund balances:			
Nonspendable:			
Vietnam Veterans Memorial	-	-	-
Restricted for:			
Drainage warrants/drainage improvement certificates	-	-	-
Other purposes	20,535	34,380	11,694
Total fund balances	20,535	34,380	11,694
Total liabilities and fund balances	\$ 28,734	34,380	11,694

See accompanying independent auditor's report.

Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
10,374	29,063	4,944	12,211		131,400
-	20,079	-	-		20,079
-	83,148	-	-		83,148
-	44,441	-	-		44,441
44,850	-	-	-		44,850
<u>55,224</u>	<u>176,731</u>	<u>4,944</u>	<u>12,211</u>		<u>323,918</u>
46,372	15,881	-	-		70,452
482	-	-	-		482
-	127,589	-	-		127,589
<u>46,854</u>	<u>143,470</u>	<u>-</u>	<u>-</u>		<u>198,523</u>
-	-	-	5,000		5,000
-	33,191	-	-		33,191
8,370	-	4,944	7,281		87,204
<u>8,370</u>	<u>33,191</u>	<u>4,944</u>	<u>12,281</u>		<u>125,395</u>
<u>55,224</u>	<u>176,661</u>	<u>4,944</u>	<u>12,281</u>		<u>323,918</u>

Clinton County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2011

	Resource Enhancement and Protection	Special	
		County Recorder's Records Management	Seized Property
Revenues:			
Intergovernmental	\$ 25,391	-	-
Charges for service	-	9,571	-
Use of money and property	92	131	-
Miscellaneous	-	-	10,139
Total revenues	<u>25,483</u>	<u>9,702</u>	<u>10,139</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	8,022
County environment and education	13,418	-	-
Governmental services to residents	-	2,205	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	<u>13,418</u>	<u>2,205</u>	<u>8,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,065</u>	<u>7,497</u>	<u>2,117</u>
Other financing sources:			
Drainage warrants proceeds	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>12,065</u>	<u>7,497</u>	<u>2,117</u>
Fund balances beginning of year, as restated	<u>8,470</u>	<u>26,883</u>	<u>9,577</u>
Fund balances end of year	<u>\$ 20,535</u>	<u>34,380</u>	<u>11,694</u>

See accompanying independent auditor's report.

		Permanent		
Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
-	-	-		169,059
-	-	-		9,571
234	8	335		800
77,624	-	-		87,763
77,858	8	335		267,193
-	-	-		8,022
83,493	-	-		96,911
-	-	-		2,205
-	-	-		148,616
176,648	-	-		176,648
260,141	-	-		432,402
(182,283)	8	335		(165,209)
68,464	-	-		68,464
(113,819)	8	335		(96,745)
147,010	4,936	11,946		222,140
33,191	4,944	12,281		125,395

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	3,133	330,484	488,607	368,525	21,580
Other County officials	116,834	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,126	905	3,207	136,956	7,721
Succeeding year	-	231,000	413,000	591,000	30,907,000	2,021,000
Accounts	2,904	-	-	110	-	-
Drainage assessments	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 119,738	235,259	744,389	1,082,924	31,412,481	2,050,301
Liabilities						
Accounts payable	\$ -	-	1,039	731	-	-
Salaries and benefits payable	-	-	10,509	10,942	-	-
Due to other governments	35,504	235,259	719,375	1,040,402	31,412,481	2,050,301
Trusts payable	84,234	-	-	-	-	-
Compensated absences	-	-	13,466	30,849	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
Total liabilities	\$ 119,738	235,259	744,389	1,082,924	31,412,481	2,050,301

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
247,427	4,235	357,228	961,247	651,449	12,208	1,272,812	4,718,935
-	-	-	-	-	-	-	116,834
102,703	995	-	-	-	-	28	253,641
22,606,000	381,000	-	-	-	-	6,000	57,156,000
-	-	-	-	49,947	5	2,142	55,108
-	-	-	-	-	12,641	-	12,641
-	-	1,115,040	-	-	-	-	1,115,040
-	-	-	-	-	-	8,407	8,407
22,956,130	386,230	1,472,268	961,247	701,396	24,854	1,289,389	63,436,606
-	-	-	-	85	-	270,957	272,812
-	-	-	-	-	-	44,878	66,329
22,956,130	386,230	1,472,268	961,247	701,311	22,854	858,537	62,851,899
-	-	-	-	-	-	-	84,234
-	-	-	-	-	-	115,017	159,332
-	-	-	-	-	2,000	-	2,000
22,956,130	386,230	1,472,268	961,247	701,396	24,854	1,289,389	63,436,606

Clinton County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2011

	Agricultural		County Assessor	City Assessor	Schools	Community Colleges
	County Offices	Extension Education				
Assets and Liabilities						
Balances beginning of year	\$ 167,103	245,006	852,100	1,054,146	28,974,348	1,702,558
Additions:						
Property and other county tax	657,453	230,727	404,761	600,473	30,890,101	2,017,614
E911 surcharge	-	-	-	-	-	-
State tax credits	-	8,377	14,055	13,348	975,113	57,697
Office fees and collections	216,868	-	4,965	6,211	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	848,682	-	-	-	-	-
Miscellaneous	-	-	-	-	31,457	-
Total additions	1,723,003	239,104	423,781	620,032	31,896,671	2,075,311
Deductions:						
Agency remittances:						
To other funds	542,444	-	-	-	-	-
To other governments	358,244	248,851	531,492	591,254	29,458,538	1,727,568
Trusts paid out	869,680	-	-	-	-	-
Total deductions	1,770,368	248,851	531,492	591,254	29,458,538	1,727,568
Balances end of year	\$ 119,738	235,259	744,389	1,082,924	31,412,481	2,050,301

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
21,128,436	368,006	1,352,850	939,941	646,266	24,139	800,019	58,254,918
22,618,373	372,625	-	-	-	-	1,999,125	59,791,252
-	-	-	-	280,331	-	-	280,331
569,304	15,015	-	-	-	-	211	1,653,120
-	-	-	-	-	-	3,020	231,064
-	-	-	11,000,759	-	-	-	11,000,759
-	-	978,864	-	-	974	-	979,838
-	-	-	-	-	-	-	848,682
-	4,839	-	-	-	163	2,603,737	2,640,196
23,187,677	392,479	978,864	11,000,759	280,331	1,137	4,606,093	77,425,242
-	-	-	383,055	-	-	-	925,499
21,359,983	374,255	859,446	10,596,398	225,201	422	4,116,723	70,448,375
-	-	-	-	-	-	-	869,680
21,359,983	374,255	859,446	10,979,453	225,201	422	4,116,723	72,243,554
22,956,130	386,230	1,472,268	961,247	701,396	24,854	1,289,389	63,436,606

Clinton County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 16,215,989	15,151,449	13,122,899	12,611,466
Local option sales tax	1,568,149	1,493,260	1,596,635	1,349,137
Interest and penalty on property tax	153,069	152,824	167,424	175,190
Intergovernmental	10,745,146	9,984,494	11,379,705	10,954,929
Licenses and permits	90,602	107,223	95,627	100,548
Charges for service	1,093,479	1,005,790	1,017,760	1,041,896
Use of money and property	284,566	312,597	325,334	481,374
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	816,752	331,319	319,848	435,410
Total	\$ 30,967,752	28,538,956	28,025,232	27,149,950
Expenditures:				
Operating:				
Public safety and legal services	\$ 6,900,152	6,378,617	5,773,813	5,698,173
Physical health and social services	1,398,099	1,550,419	1,476,184	1,370,152
Mental health	7,916,840	7,640,292	8,495,067	8,351,568
County environment and education	1,950,917	1,889,731	1,855,913	1,561,503
Roads and transportation	5,623,843	4,668,020	5,039,654	5,344,431
Governmental services to residents	1,067,379	1,136,514	1,240,716	996,106
Administration	3,321,195	3,143,634	3,020,633	2,617,109
Non-program	148,616	59,960	61,998	106,136
Debt service	1,573,694	1,047,003	150,383	375,174
Capital projects	3,808,551	2,924,093	425,943	237,297
Total	\$ 33,709,286	30,438,283	27,540,304	26,657,649

See accompanying independent auditor's report.

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
11,889,226	10,885,977	10,710,558	9,447,875	8,793,361	7,963,413
1,502,602	1,197,154	1,093,416	1,156,654	1,130,265	1,253,115
144,441	149,590	141,399	136,061	126,934	140,436
10,339,027	10,154,334	9,633,194	8,944,998	9,223,499	8,790,077
68,677	68,648	70,707	72,140	60,654	54,328
1,121,830	1,090,334	1,022,569	1,030,033	1,048,678	995,209
439,454	306,207	290,174	301,262	376,337	579,883
-	-	-	-	-	1,542
357,352	166,449	144,475	356,861	135,193	107,772
25,862,609	24,018,693	23,106,492	21,445,884	20,894,921	19,885,775
5,391,799	4,936,287	4,679,136	5,130,033	5,198,361	4,962,123
1,397,848	1,388,548	1,204,231	1,262,023	1,341,749	1,313,660
7,935,820	7,592,273	6,637,459	6,343,867	6,122,126	6,138,493
1,825,999	1,370,588	1,290,889	1,223,923	1,168,167	1,045,884
4,378,909	4,760,000	4,777,320	4,458,304	4,659,504	4,118,960
1,204,331	995,914	865,039	814,434	825,694	759,371
2,453,222	2,350,649	2,437,853	2,249,299	2,368,381	2,225,806
464,257	194,083	567,989	148,061	74,304	97,865
139,031	6,131	36,319	21,717	4,739	-
361,943	757,545	1,501,840	518,630	1,920,508	2,195,005
25,553,159	24,352,018	23,998,075	22,170,291	23,683,533	22,857,167

Schedule 6

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Energy:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		171,690
Total direct			<u>171,690</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>38,682</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS-03	<u>75,706</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09JAG/ARRA-3924B	<u>23,118</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	10-410, Task 15	6,866
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	11-410, Task 17	<u>19,192</u>
			<u>26,058</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT23	<u>51,643</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5881NB09	<u>38,245</u>

Clinton County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Programs	93.566		24
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		9,438
Foster Care-Title IV-E	93.658		15,308
Adoption Assistance	93.659		3,706
Children's Health Insurance Program	93.767		175
Medical Assistance Program	93.778		37,057
Social Services Block Grant	93.667		13,204
Social Services Block Grant	93.667		208,072
			<u>221,276</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DRIA	2,587
Hazard Mitigation Grant	97.039		28,066
Emergency Management Performance Grants	97.042		37,373
Black Hawk County Emergency Management Agency (Region VI):			
Homeland Security Grant Program (Non-Cash)	97.067	FFY 2008	4,439
Total indirect			<u>612,901</u>
Total			<u>\$ 784,591</u>

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

See accompanying independent auditor's report.

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA
Auditor of State

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

To the Officials of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 29, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11, II-B-11 and II-C-11 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-D-11 and II-E-11 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clinton County and other parties to whom Clinton County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clinton County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 29, 2012

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

Clinton County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Officials of Clinton County:

Compliance

We have audited Clinton County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Clinton County's major federal programs for the year ended June 30, 2011. Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clinton County's management. Our responsibility is to express an opinion on Clinton County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clinton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Clinton County's compliance with those requirements.

In our opinion, Clinton County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Clinton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clinton 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 all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

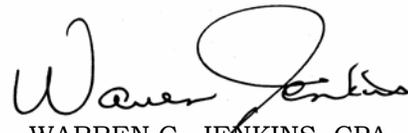
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-B-11 and III-C-11 to be significant deficiencies.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clinton County and other parties to whom Clinton County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 29, 2012

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies and a material weakness in internal control over a major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed audit finding which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clinton County did not qualify as a low-risk auditee.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Conservation and Conservation Foundation
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. An independent review of the reconciliation is not performed.	Recorder, Conservation and Conservation Foundation

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Reviews performed by independent persons should be evidenced by initials or signature of the reviewer and the date of the review.

Responses –

Conservation – Because of our limited staff size, we are unable to further segregate duties. The functions of cash receipts and deposits as well as bank account reconciliation are performed by our Administrative Assistant. These are then reviewed and initialed by the Executive Director.

Conservation Foundation – All Foundation donations are first recorded by the Executive Director. All Foundation donations are then receipted by the Foundation Treasurer. All collection of cash and checks and deposit functions are prepared by the Foundation Treasurer or a member of the three-person finance committee.

We have no paid staff and limited personnel resources, which is why we retain the services of an independent CPA who performs an annual reconciliation and compilation of financial condition and attests to our reviews.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

County Recorder – The Recorder will make a concerted effort to maximize internal control for financial transactions by better utilization of personnel, system generated reports and enhanced review procedures supported by appropriate documentation.

Conclusions –

Conservation – Response acknowledged. The responsibility of collection and deposit preparation and the recording and accounting for cash receipts should be segregated to the extent possible.

Conservation Foundation – Response acknowledged. The responsibility of collection and deposit preparation and the recording and accounting for cash receipts should be segregated to the extent possible.

County Recorder – Response accepted.

- II-B-11 Wrong Vendor Payment – During the fiscal year, the County Engineer's Office sent a payment in the amount of \$926,989 to the wrong vendor. The vendor notified the County they were not owed that amount and refunded the money. The Engineer's Office coded the refund as revenue instead of reversing the expenditure amount. The correct vendor was then paid and another expenditure was recorded in the County's accounting system.

Recommendation – The County Engineer's office should develop procedures to ensure proper vendors are paid.

Response – The County accepts the recommendation.

Conclusion – Response acknowledged.

- II-C-11 Financial Reporting – Revenues and expenditures were overstated by \$926,989 in the Capital Projects Fund. See comment II-B-11. Adjustments were subsequently made by the County to properly report revenues and expenditures.

Revenues and expenditures were also overstated by \$70,917 in the General Fund. Public health grants are received each year by the Clinton County Board of Health. The Clinton County Board of Health uses Genesis Visiting Nurse Association to carry out these grants. Genesis Visiting Nurse Association also receives its own public health grants. \$70,917 of Genesis' grants were recorded as revenues and expenditures in the County's accounting records. Adjustments were subsequently made by the County to properly report revenues and expenditures.

Recommendation – The County should develop procedures to ensure revenues and expenditures are properly reported in the County's financial statements.

Responses –

County Engineer – See response to II-B-11.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

County Auditor – The County has reviewed the matter concerning the Clinton County Board of Health. The County, along with the Clinton County Board of Health, has developed a procedure to better identify the source of grant money received by the County.

Conclusions – Responses accepted.

II-D-11 Accounting Procedures Manual – We encourage the development of office procedures and standardized accounting manuals for all County offices. In addition, we encourage obtaining or developing user manuals/help guides for the accounting software the County utilizes. These manuals and guides should provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.
- (4) Improve efficiency and understanding of steps to perform for running monthly financial reports and retrieving management information.

Recommendation – Office procedures and accounting manuals should be prepared for all County offices.

Response – Clinton County utilizes the software vendor's website for various accounting manuals. Each position prints the manuals from the website as needed. Employees may refer to the website without printing manuals as needed.

Conclusion – Response acknowledged. Each office should develop an accounting manual with general office procedures which supplement the software related procedures.

II-E-11 Supporting Documentation – Two claims from the County Engineer's Office for \$72 each and one claim from E-911 for \$150 were not supported by invoices or other supporting documentation.

Recommendation – All claims should be supported by invoices or other supporting documentation.

Responses – The County accepts the recommendation. The incidents described were reviewed with the Departments involved. The County believes the matter has been addressed.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 81.128: ARRA – Energy Efficiency and Conservation Block Grant Program

Federal Award Year: 2010, 2011

U.S Department of Energy

III-A-11 Suspension and Debarment – Effective procurement procedures provide for ensuring selected vendors are not excluded from receiving federal contracts or federally approved subcontracts.

The County did not check the list of vendors who are excluded from receiving federal funds. In addition, the contracts with the vendors did not include a clause certifying they were not excluded from receiving federal funds.

Recommendation – The County should develop and implement procedures to ensure vendors awarded federal subcontracts are not excluded from receiving federal subcontracts.

Response and Corrective Action Planned – The County accepts the recommendation.

Conclusion – Response acknowledged.

III-B-11 Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received.

The County did not request federal fund advances to ensure the amount of time between the drawdown/request for federal funds and disbursement of funds was minimized. The entire grant (\$207,700) was requested in advance. A review of the County's records indicates it took approximately 10 months for the County to spend the funds.

Additionally, federal funds received in advance were deposited in an interest bearing account. Although interest earned on advances of federal funds in excess of \$100 per year is required to be submitted promptly to the U.S Department of Energy, excess interest was not tracked by the County. Interest earned on the federal funds would have exceeded \$100.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Recommendation – The County should develop and implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances. Interest earned on federal funds should be tracked by the County and amounts earned in excess of \$100 should be remitted back to the appropriate federal agency.

Response and Corrective Action Planned – The County dialogued directly with the federal government clearinghouse and the County's grant administrator on this matter. Following those discussions, it was determined the full drawdown of the funds was acceptable to all parties involved with this particular grant opportunity. The County does accept the portion of the recommendation that it should develop procedures to track interest earned on federal funds for proper administration of said monies.

Conclusion – Response acknowledged. Documented support providing for this exception was not provided. The County should ensure proper cash management procedures are followed.

III-C-11 Reporting – Clinton County contracted with the East Central Intergovernmental Association (ECIA) to administer the ARRA – Energy Efficiency and Conservation Block Grant Program. ECIA properly completed the necessary reports for the grant. However, the contract between the County and ECIA did not include preparing and approving required reports as one of ECIA's duties. In addition, the County did not prepare, review or approve required reports submitted by ECIA for the grant program.

Recommendation – The County should develop and implement procedures to ensure required federal reports are properly prepared, reviewed and approved.

Response and Corrective Action Planned – The County accepts the recommendation.

Conclusion – Response acknowledged.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget – During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted by function. However, disbursements in two departments exceeded the amount appropriated.

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

Response – The County accepts the recommendation.

Conclusion – Response acknowledged.

IV-B-11 Questionable Expenditures – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as:

Paid For	Purpose	Amount
Plaque	Retirement plaque - Sheriff	\$ 56
Plaque	Retirement plaque - Engineer	15
Coffee and donuts	Four safety meetings	185
Late fee and interest charge	Late payment on credit card bill	33

According to the Attorney General’s opinion, it is possible for certain disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The County Engineer’s and Sheriff’s Offices should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Responses –

County Engineer – Donuts at the safety meetings will now be paid for from a bonus payment sent to Clinton County from the Iowa Municipalities Worker Compensation Association due to the County’s selection as a Best Practices Award Winner. The donuts and lunches served at the safety meetings are an incentive for employees to attend the safety meetings and continue our low workmen’s compensation claims history.

The retirement plaque expenses will not be paid from County funds.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Sheriff – The plaques were for retiring sheriff’s reserve officers who are paid \$1 per year and provide many hours of service to the public. Now that we are aware this type of expense is generally not allowable, we will not purchase any more items such as this out of our budget in the future.

County Auditor – The County has a credit card policy that was approved by the Board of Supervisors and distributed to all departments. Language in the policy addresses that all credit card bills should be submitted for payment to avoid late payment charges. The County will review its credit card policy with its department heads.

Conclusions –

Engineer – Response acknowledged. The bonus payments sent to the County are still considered County funds. The County Engineer’s Office should determine and document the public purpose served by these disbursements before authorizing any further payments.

Sheriff and County Auditor - Responses accepted.

IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-11 Business Transactions – The following business transactions between the County and County officials were noted:

Name, Title and Business Connection	Transaction Description	Amount
Tyler and Travis Davisson, sons of County Supervisor, owners of Davisson Tiling	Ditch repair and tile lines, per bid	\$ 3,201

In accordance with Chapter 331.342 of the Code of Iowa, the above transaction with Tyler and Travis Davisson does not appear to represent a conflict of interest since the transaction was entered into through competitive bidding.

IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, one interfund transfer from the Capital Projects Fund to the Special Revenue, Secondary Roads Fund was not approved in the minutes by Board resolution as required by Chapter 331.432 of the Code of Iowa.

Recommendation – All interfund transfers should be approved by the Board of Supervisors by resolution in accordance with Chapter 331.432 of the Code of Iowa.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Response – In the future, interfund transfers will be approved as required.

Conclusion – Response accepted.

- IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.

- IV-J-11 Taxable Fringe Benefits – The Clinton County Communications Commission currently provides a \$150 clothing allowance to certain employees. In addition, the County Engineer's Office provides a \$170 clothing allowance to certain employees per the union contract. In accordance with Internal Revenue Service (IRS) regulations, these types of clothing allowance are a fringe benefit which should be reported as income on employee W-2 forms. The Commission and County Engineer's Office does not report these fringe benefits as income as required.

Recommendation – The Clinton County Communications Commission and the County Engineer's Office should contact the IRS to determine the disposition of this matter.

Response – The County accepts the recommendation.

Conclusion – Response acknowledged.

Clinton County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Brian P. Schenkelberg, CPA, Senior Auditor
Casey L. Johnson, Staff Auditor
Jenny M. Podrebarac, Staff Auditor
Hannah K. Haas, Assistant Auditor
Brooke A. Lytle, Assistant Auditor
Eric L. Rath, Assistant Auditor
Jamie T. Reuter, Assistant Auditor
Justin A. Youngberg, Assistant Auditor
Jason R. Ropte, Audit Intern



Andrew E. Nielsen, CPA
Deputy Auditor of State