



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

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Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

June 3, 2005

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 \$52,428,378 for the year ended June 30, 2004, which included \$3,663,460 in tax credits from the state. The County forwarded \$42,171,306 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$10,257,072 of the local tax revenue to finance County operations, a two percent increase over the prior year. Other revenues included charges for service of \$1,617,015, operating grants, contributions and restricted interest of \$7,922,162, capital grants, contributions and restricted interest of \$2,205,159, local option sales tax of \$1,156,654, unrestricted investment earnings of \$195,523 and other general revenues of \$398,732.

Expenses for County operations totaled \$22,847,329, a three percent increase over the prior year. Expenses included \$6,351,320 for mental health, \$5,201,259 for roads and transportation and \$5,103,509 for public safety and legal services.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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**CLINTON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2004**

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**Clinton County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Grant Wilke	Board of Supervisors	Jan 2005
Jill Davisson	Board of Supervisors	Jan 2007
Lewis Todtz	Board of Supervisors	Jan 2007
Charles Sheridan	County Auditor	Jan 2005
Rhonda McIntyre	County Treasurer	Jan 2007
Stephen Managan	County Recorder	Jan 2007
Rick Lincoln	County Sheriff	Jan 2005
Michael Wolf	County Attorney	Jan 2007
Roland Ehm	County Assessor	Jan 2010
John Moreland	City Assessor	Jan 2010

**Clinton County**



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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, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2004, 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, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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, each major fund and the aggregate remaining fund information of Clinton County at June 30, 2004, 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 reports dated January 28, 2005 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 grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 44 through 47 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 performed 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 four years ended June 30, 2003 (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, 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

January 28, 2005

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2004 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 5.6%, or approximately \$1,246,000, from fiscal 2003 to fiscal 2004. Property tax increased approximately \$638,000, operating grants, contributions and restricted interest decreased approximately \$254,000 and capital grants, contributions and restricted interest increased approximately \$1,384,000.
- Program expenses increased 3.5%, or approximately \$758,000, from fiscal 2003 to fiscal 2004. Roads and transportation expense increased approximately \$597,000. To facilitate and enhance comparability in this discussion and analysis, certain fiscal year 2003 amounts have been revised to reflect the changes as if they had been made in the prior year (see Note 11).
- The County's net assets of governmental activities increased 2.6%, or approximately \$929,000, from June 30, 2003 to June 30, 2004.

### **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 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.

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 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, and 3) 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 proprietary fund financial statements 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, the county assessor and the city 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 2.6% from \$36 million to \$37 million. The analysis that follows focuses on the changes in net assets.

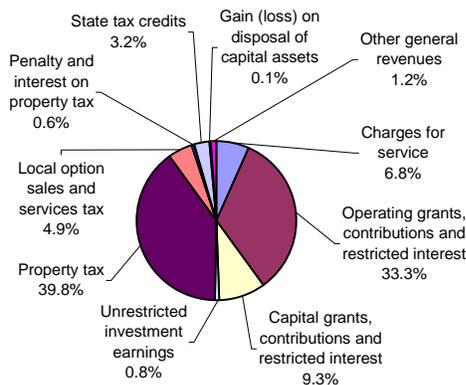
Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2004	2003, as restated	2004	2003	2004	2003, as restated
Current and other assets	\$ 20,734	19,772	15	30	20,749	19,802
Capital assets	29,422	27,757	195	208	29,617	27,965
Total assets	50,156	47,529	210	238	50,366	47,767
Long-term liabilities	471	456	3	6	474	462
Other liabilities	13,026	11,343	9	10	13,035	11,353
Total liabilities	13,497	11,799	12	16	13,509	11,815
Net assets:						
Invested in capital assets	29,422	27,757	195	208	29,617	27,965
Restricted	4,438	4,409	-	-	4,438	4,409
Unrestricted	2,799	3,564	3	14	2,802	3,578
Total net assets	\$ 36,659	35,730	198	222	36,857	35,952

The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment). 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 — are approximately \$2,802,000 at June 30, 2004.

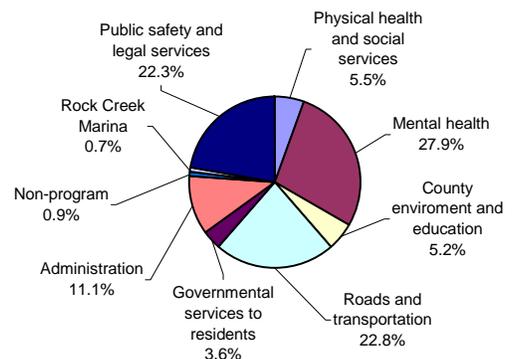
Changes in Net Assets of Governmental and Business Type Activities  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service	\$ 1,498	1,795	119	112	1,617	1,907
Operating grants, contributions and restricted interest	7,919	8,173	3	20	7,922	8,193
Capital grants, contributions and restricted interest	2,193	809	12	19	2,205	828
<b>General revenues:</b>						
Property tax	9,506	8,868	-	-	9,506	8,868
Penalty and interest on property tax	142	83	-	-	142	83
State tax credits	751	1,156	-	-	751	1,156
Local option sales and services tax	1,157	1,130	-	-	1,157	1,130
Unrestricted investment earnings	195	267	-	-	195	267
Gain (loss) on disposal of capital assets	(21)	(72)	2	-	(19)	(72)
Other general revenues	276	161	-	-	276	161
<b>Total revenues</b>	<b>23,616</b>	<b>22,370</b>	<b>136</b>	<b>151</b>	<b>23,752</b>	<b>22,521</b>
<b>Program expenses:</b>						
Public safety and legal services	5,104	5,121	-	-	5,104	5,121
Physical health and social services	1,263	1,328	-	-	1,263	1,328
Mental health	6,351	6,083	-	-	6,351	6,083
County environment and education	1,195	1,210	-	-	1,195	1,210
Roads and transportation	5,201	4,604	-	-	5,201	4,604
Governmental services to residents	829	841	-	-	829	841
Administration	2,532	2,586	-	-	2,532	2,586
Non-program	212	156	-	-	212	156
Rock Creek Marina	-	-	160	142	160	142
<b>Total expenses</b>	<b>22,687</b>	<b>21,929</b>	<b>160</b>	<b>142</b>	<b>22,847</b>	<b>22,071</b>
Increase (decrease) in net assets	929	441	(24)	9	905	450
Net assets beginning of year, as restated	35,730	35,289	222	213	35,952	35,502
Net assets end of year	\$ 36,659	35,730	198	222	36,857	35,952

**Revenues by Source**



**Expenses by Function**



Clinton County's net assets of governmental activities increased by approximately \$929,000 during the year. Revenues for governmental activities increased by approximately \$1,246,000 over the prior year, with property tax revenue up from the prior year by approximately \$638,000, or 7.2 percent.

The County increased property tax rates for 2004 by an average of 7.5 percent. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase by an additional \$1,255,000 next year.

The cost of all governmental activities this year was \$22.7 million compared to \$21.9 million last year. However, as shown in the Statement of Activities on pages 16 and 17, the amount taxpayers ultimately financed for these activities was only \$11.1 million because some of the cost was paid by those directly benefited from the programs through charges for service (\$1,498,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10,112,000). The County paid for the remaining "public benefit" portion of governmental activities with \$10,663,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Clinton County completed the year, its governmental funds reported a combined fund balance of \$6.8 million, a decrease of \$623,032 from last year's total of \$7.4 million. The decrease in fund balance is primarily attributable to expenditures exceeding revenue. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund expenditures exceeded revenues by \$509,000. The ending fund balance decreased \$616,365 from the prior year to \$2,386,652.
- The County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. For the year, expenditures totaled \$6,343,867, an increase of 3.6% over the prior year. The Mental Health Fund balance at year end decreased by \$161,518 from the prior year.
- There were no significant changes in revenues, expenditures and the fund balance of the Rural Services Fund.
- Secondary Roads Fund expenditures decreased by \$214,123 from the prior year. This decrease in expenditures resulted in an increase in the Secondary Roads Fund ending balance of \$144,995, or 5%, from the prior year.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Clinton County amended its budget 2 times. The first amendment was made in August 2003 and resulted in an increase in budgeted disbursements related to an increase in unemployment expenses, courthouse renovation completion and miscellaneous grant expenditures. The second amendment was made in May 2004. This amendment was made to allow for the disbursement of grant funds and other miscellaneous revenue in various departments.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2004, Clinton County had approximately \$29.4 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 \$1,665,000, or 6 percent over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2004	2003, as restated
Land	\$ 746	746
Construction in progress	784	6,255
Buildings and improvements	6,105	622
Equipment and vehicles	4,690	4,763
Infrastructure	17,097	15,371
Total	\$ 29,422	27,757
This year's major additions included (in thousands):		
Road projects		\$ 2,553
Courthouse renovation project		5,650
Secondary roads equipment		342
Total		\$ 8,545

The County had depreciation expense of \$1,485,055 in FY04 and total accumulated depreciation of \$15,524,155 at June 30, 2004. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Debt

At June 30, 2004, Clinton County had approximately \$81,000 in outstanding drainage warrants payable compared to approximately \$29,000 at June 30, 2003. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 6.0 percent versus 5.9 percent a year ago. This compares with the State's unemployment rate of 4.7 percent and the national rate of 5.4 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.2 percent for fiscal year 2004 compared with the national rate of 3.4 percent. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2003-2004.

These indicators were taken into account when adopting the budget for fiscal year 2005. Amounts available for appropriation in the operating budget are \$27.5 million, a decrease of 5.6% from the final 2004 budget. Property tax (benefiting from the 2004 rate increase and increases in assessed valuations) and grant receipts (boosted by increased state funding in several of our current programs) are expected to lead this increase. Clinton County will use these increases 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 increase approximately \$85,000. The decrease in capital projects budgeted disbursements are offset by increased wage and cost-of-living adjustments and increases in mental health costs, roadway construction and health care costs. The County has added no major new programs or initiatives to the 2005 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2005.

### **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. Jeannine Clark, Clinton County Administration Building, Clinton County Auditor's Office, 1900 North Third Street, Clinton Iowa 52733-2957.

**Clinton County**

Clinton County  
Statement of Net Assets  
June 30, 2004

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 7,706,737	15,150	7,721,887
Receivables:			
Property tax:			
Delinquent	73,770	-	73,770
Succeeding year	11,396,000	-	11,396,000
Interest and penalty on property tax	129,010	-	129,010
Accounts	14,808	-	14,808
Accrued interest	11,438	-	11,438
Drainage assessments:			
Current	37,374	-	37,374
Future	27,185	-	27,185
Due from other governments	1,056,767	-	1,056,767
Inventories	281,166	-	281,166
Capital assets (net of accumulated depreciation)	29,422,161	195,172	29,617,333
	<b>50,156,416</b>	<b>210,322</b>	<b>50,366,738</b>
<b>Liabilities</b>			
Accounts payable	869,970	7,057	877,027
Salaries and benefits payable	239,852	2,247	242,099
Due to other governments	520,388	332	520,720
Deferred revenue:			
Succeeding year property tax	11,396,000	-	11,396,000
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	299,775	1,393	301,168
Portion due or payable after one year:			
Drainage warrants payable	81,380	-	81,380
Compensated absences	89,724	1,469	91,193
	<b>13,497,089</b>	<b>12,498</b>	<b>13,509,587</b>
<b>Net Assets</b>			
Invested in capital assets	29,422,161	195,172	29,617,333
Restricted for:			
Supplemental levy purposes	30,406	-	30,406
Mental health purposes	1,024,327	-	1,024,327
Secondary roads purposes	3,079,466	-	3,079,466
Resource enhancement and protection	23,773	-	23,773
Vietnam Veterans Memorial	5,000	-	5,000
Other	275,165	-	275,165
Unrestricted	2,799,029	2,652	2,801,681
	<b>\$ 36,659,327</b>	<b>197,824</b>	<b>36,857,151</b>

See notes to financial statements.

Clinton County

Statement of Activities

Year ended June 30, 2004

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 5,103,509	302,149	297,764	-
Physical health and social services	1,263,260	71,093	966,794	-
Mental health	6,351,320	32,218	3,233,078	-
County environment and education	1,194,620	49,543	124,867	-
Roads and transportation	5,201,259	11,431	3,148,669	2,193,219
Governmental services to residents	828,516	786,758	-	-
Administration	2,532,260	197,165	-	-
Non-program	212,149	47,746	147,490	-
Total governmental activities	22,686,893	1,498,103	7,918,662	2,193,219
Business type activities:				
Rock Creek Marina	160,436	118,912	3,500	11,940
Total	\$ 22,847,329	1,617,015	7,922,162	2,205,159

**General Revenues:**

Property and other county tax levied for general purposes  
 Penalty and interest on property tax  
 State tax credits  
 Local option sales and services tax  
 Unrestricted investment earnings  
 Gain (loss) on disposal of capital assets  
 Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(4,503,596)	-	(4,503,596)
(225,373)	-	(225,373)
(3,086,024)	-	(3,086,024)
(1,020,210)	-	(1,020,210)
152,060	-	152,060
(41,758)	-	(41,758)
(2,335,095)	-	(2,335,095)
(16,913)	-	(16,913)
<u>(11,076,909)</u>	<u>-</u>	<u>(11,076,909)</u>
-	(26,084)	(26,084)
<u>(11,076,909)</u>	<u>(26,084)</u>	<u>(11,102,993)</u>
9,506,300	-	9,506,300
141,951	-	141,951
750,772	-	750,772
1,156,654	-	1,156,654
195,486	37	195,523
(21,452)	2,300	(19,152)
<u>275,933</u>	<u>-</u>	<u>275,933</u>
<u>12,005,644</u>	<u>2,337</u>	<u>12,007,981</u>
928,735	(23,747)	904,988
<u>35,730,592</u>	<u>221,571</u>	<u>35,952,163</u>
<u>\$ 36,659,327</u>	<u>197,824</u>	<u>36,857,151</u>

Clinton County  
Balance Sheet  
Governmental Funds

June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 2,389,029	1,680,981	276,063	2,451,118
Receivables:				
Property tax:				
Delinquent	48,419	22,374	2,977	-
Succeeding year	7,414,000	2,913,000	1,069,000	-
Interest and penalty on property tax	129,010	-	-	-
Accounts	13,004	1,390	-	137
Accrued interest	11,385	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other funds	-	-	-	10,224
Due from other governments	336,173	73,771	315	628,478
Inventories	-	-	-	281,166
<b>Total assets</b>	<b>\$ 10,341,020</b>	<b>4,691,516</b>	<b>1,348,355</b>	<b>3,371,123</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 154,644	268,848	1,405	195,329
Salaries and benefits payable	152,947	22,976	3,985	59,944
Due to other funds	5,986	-	10,224	-
Due to other governments	52,536	466,076	-	217
Deferred revenue:				
Succeeding year property tax	7,414,000	2,913,000	1,069,000	-
Other	174,255	21,656	2,703	280,334
Total liabilities	7,954,368	3,692,556	1,087,317	535,824
Fund balances:				
Reserved for:				
Supplemental levy purposes	52,501	-	-	-
Drainage warrants	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-
Unreserved, reported in:				
General fund	2,334,151	-	-	-
Special revenue funds	-	998,960	261,038	2,835,299
Permanent fund	-	-	-	-
Total fund balances	2,386,652	998,960	261,038	2,835,299
<b>Total liabilities and fund balances</b>	<b>\$ 10,341,020</b>	<b>4,691,516</b>	<b>1,348,355</b>	<b>3,371,123</b>

See notes to financial statements.

Nonmajor Governmental	Total
323,644	7,120,835
-	73,770
-	11,396,000
-	129,010
277	14,808
53	11,438
37,374	37,374
27,185	27,185
5,986	16,210
18,030	1,056,767
-	281,166
<u>412,549</u>	<u>20,164,563</u>
19,837	640,063
-	239,852
-	16,210
1,559	520,388
-	11,396,000
<u>60,085</u>	<u>539,033</u>
<u>81,481</u>	<u>13,351,546</u>
-	52,501
24,482	24,482
5,000	5,000
-	2,334,151
296,465	4,391,762
5,121	5,121
<u>331,068</u>	<u>6,813,017</u>
<u>412,549</u>	<u>20,164,563</u>

**Clinton County**

Clinton County

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

June 30, 2004

**Total governmental fund balances (page 19)** \$ 6,813,017

***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 funds. The cost of assets is \$44,946,316 and the accumulated depreciation is \$15,524,155. 29,422,161

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 539,033

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. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 355,995

Long-term liabilities, including drainage warrants and compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds. (470,879)

**Net assets of governmental activities (page 15)** \$ 36,659,327

See notes to financial statements.

Clinton County

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

Year ended June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 6,359,814	2,676,288	839,735	728,692
Interest and penalty on property tax	136,061	-	-	-
Intergovernmental	1,841,733	3,452,638	55,460	3,429,002
Licenses and permits	65,523	-	-	6,617
Charges for service	938,459	32,218	-	83
Use of money and property	288,897	-	-	-
Miscellaneous	218,060	21,205	1,326	75,985
Total revenues	<u>9,848,547</u>	<u>6,182,349</u>	<u>896,521</u>	<u>4,240,379</u>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	5,098,461	-	-	-
Physical health and social services	1,262,023	-	-	-
Mental health	-	6,343,867	-	-
County environment and education	845,917	-	298,857	-
Roads and transportation	-	-	-	4,458,304
Governmental services to residents	812,888	-	-	-
Administration	2,248,736	-	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	89,234	-	-	386,614
Total expenditures	<u>10,357,259</u>	<u>6,343,867</u>	<u>298,857</u>	<u>4,844,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(508,712)</u>	<u>(161,518)</u>	<u>597,664</u>	<u>(604,539)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	27,375	-	-	-
Operating transfers in	-	-	-	749,534
Operating transfers out	(135,028)	-	(654,273)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	<u>(107,653)</u>	<u>-</u>	<u>(654,273)</u>	<u>749,534</u>
Net change in fund balances	(616,365)	(161,518)	(56,609)	144,995
Fund balances beginning of year	<u>3,003,017</u>	<u>1,160,478</u>	<u>317,647</u>	<u>2,690,304</u>
Fund balances end of year	<u>\$ 2,386,652</u>	<u>998,960</u>	<u>261,038</u>	<u>2,835,299</u>

See notes to financial statements.

Nonmajor Governmental	Total
-	10,604,529
-	136,061
166,165	8,944,998
-	72,140
59,273	1,030,033
12,365	301,262
40,285	356,861
<u>278,088</u>	<u>21,445,884</u>
31,572	5,130,033
-	1,262,023
-	6,343,867
79,149	1,223,923
-	4,458,304
1,546	814,434
563	2,249,299
148,061	148,061
21,717	21,717
42,782	518,630
<u>325,390</u>	<u>22,170,291</u>
<u>(47,302)</u>	<u>(724,407)</u>
-	27,375
39,767	789,301
-	(789,301)
74,000	74,000
<u>113,767</u>	<u>101,375</u>
66,465	(623,032)
264,603	7,436,049
<u>331,068</u>	<u>6,813,017</u>

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, 2004

**Net change in fund balances - Total governmental funds (page 23)** \$ (623,032)

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

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

Expenditures for capital assets	\$ 1,100,224	
Capital assets contributed by the Iowa Department of Transportation	2,193,219	
Depreciation expense	(1,485,055)	1,808,388
	<u>                    </u>	

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (143,453)

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	27,866	
Other	(232,513)	(204,647)
	<u>                    </u>	

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. Current year issues exceeded repayments, as follows:

Issued	(74,000)	
Repaid	21,717	(52,283)
	<u>                    </u>	

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 37,707

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. The change in net assets of the Internal Service Fund is reported with governmental activities. 106,055

**Change in net assets of governmental activities (page 17)** \$ 928,735

See notes to financial statements.

Clinton County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
<b>Assets</b>		
Cash and cash equivalents	\$ 12,280	588,772
Capital assets, net of accumulated depreciation	195,172	-
<b>Total assets</b>	<b>207,452</b>	<b>588,772</b>
<b>Liabilities</b>		
Accounts payable	5,931	231,033
Salaries and benefits payable	2,247	-
Due to other governments	332	-
Compensated absences	2,862	-
<b>Total liabilities</b>	<b>11,372</b>	<b>231,033</b>
<b>Net Assets</b>		
Invested in capital assets	195,172	-
Unrestricted	907	357,739
<b>Total net assets</b>	<b>196,079</b>	<b>357,739</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	1,745	
<b>Net assets of business type activities</b>	<b>\$ 197,824</b>	

See notes to financial statements.

Clinton County

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

Year ended June 30, 2004

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	1,720,492
Reimbursements from employees and others	-	156,219
Stop loss insurance recoveries	-	16,968
Camping fees	43,818	-
Boat rental fees	7,001	-
Other recreational fees	18,350	-
Concession sales	42,303	-
Miscellaneous	10,867	23,979
Total operating revenues	<u>122,339</u>	<u>1,917,658</u>
Operating expenses:		
Administrative fees	-	275,502
Medical and health services	-	1,540,512
Salaries	58,072	-
Employee benefits	17,171	-
Supplies	33,083	-
Utilities	15,487	-
Repair and improvements	6,549	-
Depreciation	26,656	-
Miscellaneous	3,912	555
Total operating expenses	<u>160,930</u>	<u>1,816,569</u>
Operating income (loss)	<u>(38,591)</u>	<u>101,089</u>
Non-operating revenues:		
Interest income	10	5,559
Gain on disposal of capital assets	2,300	-
Total non-operating revenues	<u>2,310</u>	<u>5,559</u>
Income (loss) before capital contributions	(36,281)	106,648
Capital asset contribution from Clinton County	11,940	-
Change in net assets	(24,341)	106,648
Net assets beginning of year	<u>220,420</u>	<u>251,091</u>
Net assets end of year	196,079	<u>357,739</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	1,745	
<b>Net assets of business type activities</b>	<u>\$ 197,824</u>	

See notes to financial statements.

Clinton County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2004

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	1,720,492
Cash received from employees and others	-	156,219
Cash received from stop loss insurance recoveries	-	16,968
Cash received from camping fees	46,965	-
Cash received from boat rental fees	7,866	-
Cash received from other recreational fees	18,410	-
Cash received from concession sales	44,179	-
Cash received from miscellaneous operations	11,685	23,979
Cash paid for administration fees	-	(275,502)
Cash paid to employees for services	(60,314)	-
Cash paid to suppliers for services	(77,915)	(1,517,189)
Net cash provided (used) by operating activities	<u>(9,124)</u>	<u>124,967</u>
Cash flows from investing activities:		
Interest on investments	10	5,559
Net increase (decrease) in cash and cash equivalents	(9,114)	130,526
Cash and cash equivalents beginning of year	21,394	458,246
Cash and cash equivalents end of year	<u>\$ 12,280</u>	<u>588,772</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (38,591)	101,089
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	26,656	-
Changes in assets and liabilities:		
Decrease in accounts receivable	6,766	-
Increase (decrease) in accounts payable	(383)	23,878
(Decrease) in due to other governments	(896)	-
Increase in salaries and benefits payable	392	-
(Decrease) in compensated absences	(3,068)	-
Net cash provided (used) by operating activities	<u>\$ (9,124)</u>	<u>124,967</u>
<b>Noncash investing, capital and financing activities:</b>		
Capital assets acquired through trade-ins	\$ 5,500	-
Capital assets contributed by Clinton County	11,940	-

See notes to financial statements.

Clinton County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2004

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 3,730,182
Other County officials	44,562
Receivables:	
Property tax:	
Delinquent	336,094
Succeeding year	41,601,000
Accounts	53,315
Drainage assessments:	
Delinquent	15,005
Succeeding year	34,931
Special assessments:	
Delinquent	145,273
Succeeding year	197,000
<b>Total assets</b>	<u>46,157,362</u>

**Liabilities**

Accounts payable	49,442
Salaries and benefits payable	13,009
Due to other governments	45,975,500
Trusts payable	21,448
Compensated absences	39,395
Stamped drainage warrants payable	58,568
<b>Total liabilities</b>	<u>46,157,362</u>

**Net assets** \$ -

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2004

**(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.

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

Seventeen 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 that 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 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 three categories.

*Invested in capital assets* consists of capital assets, net of accumulated depreciation.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions 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 secondary road construction and maintenance.

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 and acquisitions under capital leases are reported as other financing sources.

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

The proprietary funds of the County apply 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 balance sheet:

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, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2003.

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

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2004, 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 in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), 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
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
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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of 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 vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund 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, 2004. 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, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Unrestricted Net Assets – The unrestricted 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. During the year ended June 30, 2004, disbursements in certain departments exceeded the amounts appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1, which means the investments are insured or registered or the securities are held by the County or its agent in the County's name.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2004 are as follows:

Type	Fair Value
Drainage district stamped warrants	<u>\$ 139,949</u>

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2004 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 10,224
Conservation Land Acquisition	General	<u>5,986</u>
Total		<u><u>\$ 16,210</u></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, 2004 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 95,261
	Special Revenue: Rural Services	654,273
Conservation Land Acquisition	General	<u>39,767</u>
Total		<u><u>\$ 789,301</u></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**

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning of Year as restated	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 746,133	-	-	746,133
Construction in progress	6,254,763	2,655,923	(8,125,892)	784,794
Total capital assets not being depreciated	7,000,896	2,655,923	(8,125,892)	1,530,927
Capital assets being depreciated:				
Buildings and improvements	4,993,407	5,650,069	(1,944,800)	8,698,676
Equipment and vehicles	7,430,844	559,968	(429,576)	7,561,236
Infrastructure, road network	24,602,102	2,553,375	-	27,155,477
Total capital assets being depreciated	37,026,353	8,763,412	(2,374,376)	43,415,389
Less accumulated depreciation for:				
Buildings and improvements	4,371,385	167,091	(1,944,800)	2,593,676
Equipment and vehicles	2,667,425	490,242	(286,123)	2,871,544
Infrastructure, road network	9,231,213	827,722	-	10,058,935
Total accumulated depreciation	16,270,023	1,485,055	(2,230,923)	15,524,155
Total capital assets being depreciated, net	20,756,330	7,278,357	(143,453)	27,891,234
Governmental activities capital assets, net	\$ 27,757,226	9,934,280	(8,269,345)	29,422,161

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 109,569
Physical health and social services	6,885
Mental health	7,690
County environment and education	50,091
Roads and transportation	1,090,494
Governmental services to residents	23,085
Administration	197,241
Total depreciation expense - governmental activities	<u>\$ 1,485,055</u>

Business type activities capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Buildings	\$ 183,760	-	-	183,760
Equipment	81,200	17,441	(8,000)	90,641
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	<u>324,171</u>	<u>17,441</u>	<u>(8,000)</u>	<u>333,612</u>
Less accumulated depreciation for:				
Buildings	43,369	7,617	-	50,986
Equipment	53,627	14,451	(4,800)	63,278
Infrastructure	19,588	4,588	-	24,176
Total accumulated depreciation	<u>116,584</u>	<u>26,656</u>	<u>(4,800)</u>	<u>138,440</u>
Business type activities capital assets, net	<u>\$ 207,587</u>	<u>(9,215)</u>	<u>(3,200)</u>	<u>195,172</u>
Total depreciation expense - business type activities				<u>\$ 26,656</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	<u>\$ 52,536</u>
Special Revenue:		
Mental Health	Services	466,076
Secondary Roads	Services	217
Miscellaneous Grants	Services	1,559
		<u>467,852</u>
Total for governmental funds		<u>\$ 520,388</u>
Agency:		
County Assessor	Collections	\$ 815,775
City Assessor		1,165,708
Schools		23,778,013
Community Colleges		941,721
Corporations		16,745,088
Townships		358,791
Auto License and Use Tax		815,830
All other		1,354,574
Total for agency funds		<u>\$ 45,975,500</u>

**(7) Changes in Long-Term Liabilities**

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2004 is as follows:

	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 29,097	427,206	456,303
Increases	74,000	489,183	563,183
Decreases	21,717	526,890	548,607
Balance end of year	\$ 81,380	389,499	470,879
Due within one year	\$ -	299,775	299,775

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2004 is as follows:

	Compen- sated Absences
Balance beginning of year	\$ 5,930
Increases	1,364
Decreases	4,432
Balance end of year	\$ 2,862
Due within one year	\$ 1,393

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 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.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$450,504, \$463,192 and \$438,057, respectively, equal to the required contributions for each year.

**(9) Risk Management**

Clinton County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 members from 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 and inland marine. 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 300 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, 2004 were \$217,161.

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 \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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, 2004, no liability has been recorded in the County's financial statements. As of June 30, 2004, 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 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 capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual 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.

#### **(10) 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 Gallagher Bassett Services, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. 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 Gallagher Bassett Services, Inc. from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2004 was \$1,720,492.

Amounts payable from the Employee Group Health Fund at June 30, 2004 total \$231,033, 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 \$357,739 at June 30, 2004 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	\$ 207,155
Total incurred claims	1,564,390
Total payments	<u>(1,540,512)</u>
Unpaid claims end of year	<u>\$ 231,033</u>

**(11) Restatements**

Beginning net assets for governmental activities has been restated to include additional road infrastructure and building and equipment accumulated depreciation corrections as shown below. As permitted by U.S. generally accepted accounting principles, the County added prior year road infrastructure totaling \$24,465,799, netted against \$9,231,213 of accumulated depreciation.

	<u>Governmental Activities</u>
Net assets June 30, 2003, as previously reported	\$ 22,423,625
Capital asset adjustments:	
Prior year road infrastructure, net of accumulated depreciation	\$ 15,234,586
Correction for building and equipment accumulated depreciation	<u>(1,927,619)</u>
Net adjustments	<u>13,306,967</u>
Net assets July 1, 2003, as restated	<u>\$ 35,730,592</u>

**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, 2004

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 10,638,376	-
Interest and penalty on property tax	136,630	-
Intergovernmental	8,814,607	-
Licenses and permits	72,003	-
Charges for service	1,026,686	-
Use of money and property	293,722	193
Miscellaneous	354,780	26,560
Total receipts	<u>21,336,804</u>	<u>26,753</u>
Disbursements:		
Public safety and legal services	5,124,221	-
Physical health and social services	1,244,868	-
Mental health	6,183,834	-
County environment and education	1,195,768	24,252
Roads and transportation	4,516,430	-
Governmental services to residents	809,954	-
Administration	2,188,692	-
Non-program	143,185	-
Capital projects	517,684	-
Total disbursements	<u>21,924,636</u>	<u>24,252</u>
Excess (deficiency) of receipts over (under) disbursements	(587,832)	2,501
Other financing sources, net	27,375	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(560,457)	2,501
Balance beginning of year	<u>7,681,292</u>	<u>29,909</u>
Balance end of year	<u>\$ 7,120,835</u>	<u>32,410</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
10,638,376	10,813,893	10,813,893	(175,517)
136,630	125,000	125,000	11,630
8,814,607	9,161,967	9,283,565	(468,958)
72,003	56,500	56,500	15,503
1,026,686	725,540	730,940	295,746
293,529	385,406	385,406	(91,877)
328,220	40,345	227,367	100,853
<u>21,310,051</u>	<u>21,308,651</u>	<u>21,622,671</u>	<u>(312,620)</u>
5,124,221	5,456,612	5,660,922	536,701
1,244,868	1,433,559	1,433,559	188,691
6,183,834	7,075,044	7,075,044	891,210
1,171,516	1,262,805	1,275,254	103,738
4,516,430	4,622,500	4,622,500	106,070
809,954	898,717	898,717	88,763
2,188,692	2,457,413	2,507,413	318,721
143,185	61,405	158,666	15,481
517,684	457,841	532,841	15,157
<u>21,900,384</u>	<u>23,725,896</u>	<u>24,164,916</u>	<u>2,264,532</u>
(590,333)	(2,417,245)	(2,542,245)	1,951,912
27,375	-	-	27,375
(562,958)	(2,417,245)	(2,542,245)	1,979,287
<u>7,651,383</u>	<u>5,621,832</u>	<u>7,527,771</u>	<u>123,612</u>
<u>7,088,425</u>	<u>3,204,587</u>	<u>4,985,526</u>	<u>2,102,899</u>

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Clinton County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 21,336,804	109,080	21,445,884
Expenditures	21,924,636	245,655	22,170,291
Net	(587,832)	(136,575)	(724,407)
Other financing sources, net	27,375	74,000	101,375
Beginning fund balances	7,681,292	(245,243)	7,436,049
Ending fund balances	\$ 7,120,835	(307,818)	6,813,017

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise Funds, Internal Service Funds 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 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 \$439,020. 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, 2004, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

**Clinton County**

**Other Supplementary Information**

Clinton County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2004

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Special Seized Property
<b>Assets</b>					
Cash and pooled investments	\$ 23,773	51,138	21,373	27,272	19,058
Receivables:					
Accounts	-	-	-	277	-
Accrued interest	-	-	-	-	-
Drainage assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 23,773</b>	<b>51,138</b>	<b>21,373</b>	<b>27,549</b>	<b>19,058</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	\$ -	-	-	149	-
Due to other governments	-	-	-	-	-
Deferred revenue:					
Other	-	-	-	-	-
Total liabilities	-	-	-	149	-
Fund equity:					
Fund balances:					
Reserved for:					
Drainage warrants	-	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	23,773	51,138	21,373	27,400	19,058
Permanent fund	-	-	-	-	-
Total fund equity	23,773	51,138	21,373	27,400	19,058
<b>Total liabilities and fund equity</b>	<b>\$ 23,773</b>	<b>51,138</b>	<b>21,373</b>	<b>27,549</b>	<b>19,058</b>

See accompanying independent auditor's report.

Revenue							Permanent	
Communications Special	Miscellaneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust	Total	
89,555	2,780	32,410	18,693	4,765	22,759	10,068	323,644	
-	-	-	-	-	-	-	277	
-	-	-	-	-	-	53	53	
-	-	37,374	-	-	-	-	37,374	
-	-	27,185	-	-	-	-	27,185	
-	-	-	5,986	-	-	-	5,986	
-	18,030	-	-	-	-	-	18,030	
89,555	20,810	96,969	24,679	4,765	22,759	10,121	412,549	
-	19,242	-	446	-	-	-	19,837	
-	1,559	-	-	-	-	-	1,559	
-	-	60,085	-	-	-	-	60,085	
-	20,801	60,085	446	-	-	-	81,481	
-	-	24,482	-	-	-	-	24,482	
-	-	-	-	-	-	5,000	5,000	
89,555	9	12,402	24,233	4,765	22,759	-	296,465	
-	-	-	-	-	-	5,121	5,121	
89,555	9	36,884	24,233	4,765	22,759	10,121	331,068	
89,555	20,810	96,969	24,679	4,765	22,759	10,121	412,549	

Clinton County

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

Year ended June 30, 2004

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Special Seized Property
Revenues:					
Intergovernmental	18,675	-	-	-	-
Charges for service	-	13,732	12,998	-	-
Use of money and property	84	348	-	11,556	-
Miscellaneous	-	-	-	-	3,887
Total revenues	18,759	14,080	12,998	11,556	3,887
Expenditures:					
Operating:					
Public safety and legal services	-	-	2,689	6,169	160
County environment and education	2,719	-	-	-	-
Governmental services to residents	-	1,546	-	-	-
Administration	-	-	-	-	-
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	2,719	1,546	2,689	6,169	160
Excess (deficiency) of revenues over (under) expenditures	16,040	12,534	10,309	5,387	3,727
Other financing sources:					
Operating transfers in	-	-	-	-	-
Drainage warrants issued	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	16,040	12,534	10,309	5,387	3,727
Fund balances beginning of year	7,733	38,604	11,064	22,013	15,331
Fund balances end of year	\$ 23,773	51,138	21,373	27,400	19,058

See accompanying independent auditor's report.

Revenue								Permanent	
Juvenile Intervention	Communi- cations Special	Miscellaneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust	Total	
-	-	147,490	-	-	-	-	-	-	166,165
-	9,854	-	-	-	-	22,689	-	-	59,273
-	-	-	88	-	13	70	206	-	12,365
-	-	1,173	27,794	7,431	-	-	-	-	40,285
-	9,854	148,663	27,882	7,431	13	22,759	206	-	278,088
2,264	20,290	-	-	-	-	-	-	-	31,572
-	-	-	76,430	-	-	-	-	-	79,149
-	-	-	-	-	-	-	-	-	1,546
-	-	-	-	-	248	-	315	-	563
-	-	148,061	-	-	-	-	-	-	148,061
-	-	-	21,717	-	-	-	-	-	21,717
-	-	-	-	42,782	-	-	-	-	42,782
2,264	20,290	148,061	98,147	42,782	248	-	315	-	325,390
(2,264)	(10,436)	602	(70,265)	(35,351)	(235)	22,759	(109)	-	(47,302)
-	-	-	-	39,767	-	-	-	-	39,767
-	-	-	74,000	-	-	-	-	-	74,000
-	-	-	74,000	39,767	-	-	-	-	113,767
(2,264)	(10,436)	602	3,735	4,416	(235)	22,759	(109)	-	66,465
2,264	99,991	(593)	33,149	19,817	5,000	-	10,230	-	264,603
-	89,555	9	36,884	24,233	4,765	22,759	10,121	-	331,068

Clinton County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	1,946	532,089	825,265	398,874	16,376
Other County officials	44,562	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	873	1,104	4,196	183,139	7,345
Succeeding year	-	117,000	299,000	350,000	23,196,000	918,000
Accounts	2,524	-	-	-	-	-
Drainage assessments:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Special assessments:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 47,086</b>	<b>119,819</b>	<b>832,193</b>	<b>1,179,461</b>	<b>23,778,013</b>	<b>941,721</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	-	-	-	-
Salaries and benefits payable	-	-	5,321	4,754	-	-
Due to other governments	25,663	119,819	815,775	1,165,708	23,778,013	941,721
Trusts payable	21,423	-	-	-	-	-
Compensated absences	-	-	11,097	8,999	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 47,086</b>	<b>119,819</b>	<b>832,193</b>	<b>1,179,461</b>	<b>23,778,013</b>	<b>941,721</b>

See accompanying independent auditor's report.

Corpor- ations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
242,875	6,615	122,006	815,830	419,542	14,029	334,735	3,730,182
-	-	-	-	-	-	-	44,562
138,213	1,176	-	-	-	-	48	336,094
16,364,000	351,000	-	-	-	-	6,000	41,601,000
-	-	-	-	46,289	-	4,502	53,315
-	-	-	-	-	15,005	-	15,005
-	-	-	-	-	34,931	-	34,931
-	-	145,273	-	-	-	-	145,273
-	-	197,000	-	-	-	-	197,000
<b>16,745,088</b>	<b>358,791</b>	<b>464,279</b>	<b>815,830</b>	<b>465,831</b>	<b>63,965</b>	<b>345,285</b>	<b>46,157,362</b>
-	-	-	-	6,838	-	42,604	49,442
-	-	-	-	-	-	2,934	13,009
16,745,088	358,791	464,279	815,830	458,993	5,397	280,423	45,975,500
-	-	-	-	-	-	25	21,448
-	-	-	-	-	-	19,299	39,395
-	-	-	-	-	58,568	-	58,568
<b>16,745,088</b>	<b>358,791</b>	<b>464,279</b>	<b>815,830</b>	<b>465,831</b>	<b>63,965</b>	<b>345,285</b>	<b>46,157,362</b>

Clinton County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 49,817	114,706	1,041,153	1,078,457	23,223,432	979,747
Additions:						
Property and other county tax	-	109,621	279,138	331,638	21,791,316	859,352
E911 surcharge	-	-	-	-	-	-
State tax credits	-	8,504	21,040	27,267	1,725,366	71,558
Office fees and collections	874,093	-	4,962	3,674	-	-
Electronic transaction fee	-	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,021,512	-	-	-	-	-
Miscellaneous	-	-	-	-	15,952	-
Total additions	1,895,605	118,125	305,140	362,579	23,532,634	930,910
Deductions:						
Agency remittances:						
To other funds	613,531	-	-	-	-	-
To other governments	262,430	113,012	514,100	261,575	22,978,053	968,936
Trusts paid out	1,022,375	-	-	-	-	-
Total deductions	1,898,336	113,012	514,100	261,575	22,978,053	968,936
Balances end of year	\$ 47,086	119,819	832,193	1,179,461	23,778,013	941,721

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
15,102,515	371,527	823,391	796,309	457,875	5,371	134,871	44,179,171
15,555,745	326,104	-	-	-	-	5,704	39,258,618
-	-	-	-	203,170	-	-	203,170
1,036,022	22,468	-	-	-	-	463	2,912,688
-	-	-	-	-	-	1,775	884,504
-	-	-	-	-	-	68,660	68,660
-	-	-	9,726,910	-	-	-	9,726,910
-	-	37,548	-	-	14,795	-	52,343
-	-	-	-	-	-	-	1,021,512
4,932	-	-	-	8,986	34	8,979,422	9,009,326
16,596,699	348,572	37,548	9,726,910	212,156	14,829	9,056,024	63,137,731
-	-	-	309,455	-	-	-	922,986
14,954,126	361,308	396,660	9,397,934	204,200	14,803	1,234,919	51,662,056
-	-	-	-	-	-	7,610,691	8,633,066
14,954,126	361,308	396,660	9,707,389	204,200	14,803	8,845,610	61,218,108
16,745,088	358,791	464,279	815,830	465,831	5,397	345,285	46,098,794

**Schedule 5**

## Clinton County

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

For the Last Five Years

	Modified Accrual Basis				
	2004	2003	2002	2001	2000
Revenues:					
Property and other county tax	\$ 10,604,529	9,923,626	9,216,528	8,660,770	8,639,938
Interest and penalty on property tax	136,061	126,934	140,436	122,401	121,547
Intergovernmental	8,944,998	9,223,499	8,790,077	8,305,213	8,211,165
Licenses and permits	72,140	60,654	54,328	57,014	61,862
Charges for service	1,030,033	1,048,678	995,209	907,770	806,959
Use of money and property	301,262	376,337	579,883	1,215,019	1,194,768
Fines, forfeitures and defaults	-	-	1,542	536	682
Miscellaneous	356,861	135,193	107,772	184,306	267,861
<b>Total</b>	<b>\$ 21,445,884</b>	<b>20,894,921</b>	<b>19,885,775</b>	<b>19,453,029</b>	<b>19,304,782</b>
Expenditures:					
Operating:					
Public safety and legal services	\$ 5,130,033	5,198,361	4,962,123	4,545,327	4,086,585
Physical health and social services	1,262,023	1,341,749	1,313,660	1,302,684	1,333,586
Mental health	6,343,867	6,122,126	6,138,493	5,687,340	5,600,084
County environment and education	1,223,923	1,168,167	1,045,884	905,149	1,019,526
Roads and transportation	4,458,304	4,659,504	4,118,960	3,542,361	4,123,937
Governmental services to residents	814,434	825,694	759,371	711,638	1,175,365
Administration	2,249,299	2,368,381	2,225,806	2,466,712	1,870,423
Non-program	148,061	74,304	97,865	37,075	-
Debt service	21,717	4,739	-	-	-
Capital projects	518,630	1,920,508	2,195,005	2,294,561	391,019
<b>Total</b>	<b>\$ 22,170,291</b>	<b>23,683,533</b>	<b>22,857,167</b>	<b>21,492,847</b>	<b>19,600,525</b>

See accompanying independent auditor's report.

**Clinton County**

**Schedule 6**

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	3016158	\$ 785
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		<u>32,506</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>41,965</u>
Refugee and Entrant Assistance - State			
Administered Programs	93.566		<u>152</u>
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		<u>7,622</u>
Foster Care - Title IV-E	93.658		<u>19,109</u>
Adoption Assistance	93.659		<u>5,115</u>
Medical Assistance Program	93.778		<u>42,195</u>
Social Services Block Grant	93.667		<u>27,607</u>
Social Services Block Grant	93.667		<u>246,918</u>
			<u>274,525</u>
Iowa Department of Public Health:			
Cooperative Agreements for State-Based			
Comprehensive Breast and Cervical Cancer			
Early Detection Program	93.919	5884NB09	<u>37,776</u>
Centers for Disease Control and Prevention			
Investigations and Technical Assistance	93.283	5883BT124	1,547
Centers for Disease Control and Prevention			
Investigations and Technical Assistance	93.283	5884WW06	<u>12,044</u>
			<u>13,591</u>
Public Health and Social Services Emergency Fund	93.003	5884EM21	<u>10,101</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
State Domestic Preparedness Equipment			
Support Program	97.004		19,850

Clinton County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004	FY03SHSGP I	561
State Domestic Preparedness Equipment Support Program	97.004	FY03SHSGP II	10,000
			<u>30,411</u>
Emergency Management Performance Grants	97.042		<u>32,153</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	04-CF-008-03	4,502
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	JJYD-F04-18	4,762
Governor's Office of Drug Control Policy:			
Byrne Formula Grant Program	16.579	03B-1354	30,054
Byrne Formula Grant Program	16.579	03D-1355	33,750
Byrne Formula Grant Program	16.579	03F-0452	33,457
			<u>97,261</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	03-410, Task 08	5,642
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	04-410, Task 11	7,311
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	04-163, Task 14	3,500
Total indirect			<u>670,199</u>
Total			<u>\$ 670,984</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 on 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**

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  
and on Internal Control over Financial Reporting

To the Officials of Clinton County:

We have audited the financial statements of Clinton County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated January 28, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that 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, 2004 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. Prior year statutory comments have been resolved, except for item IV-B-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clinton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Clinton County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for items II-B-04 and II-D-04.

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. This report 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

January 28, 2005

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance**

**Clinton County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Clinton County:

Compliance

We have audited the compliance of Clinton County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2004. Clinton County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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, Chapter 11 of the Code of Iowa, 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 provisions 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 are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

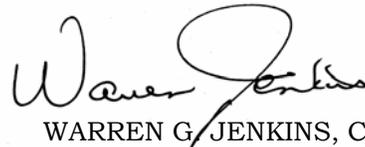
The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Clinton County's internal control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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operations that we considered material weaknesses.

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. This report 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

January 28, 2005

Clinton County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2004

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was 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 qualify as a low-risk auditee.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

II-A-04 Segregation of Duties – During our review of the internal control, the existing control activities 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 individual in the County Engineer's Office is responsible for receiving, issuing, accounting and storage of inventory. Additionally, test inventory counts are done by the same person responsible for these duties.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, duties relating to receiving, issuing, accounting and storage of inventory should be reviewed to obtain the maximum internal control possible under the circumstances. Test counts should be performed by an independent person.

Response – The County Engineer currently performs independent monthly inventory checks. We would like to get shop foreman to perform count verification also.

Conclusion – Response accepted.

II-B-04 Capital Asset Records – Detailed capital asset records are maintained. However, deletions are not always supported by properly authorized written documentation. The capital asset listing was not consistently updated for current additions.

Recommendation – A system should be developed to ensure all assets are added to the capital asset listing timely and require authorized written documentation for deletions. Information should include appropriate details to ensure the assets are properly added or deleted from the capital assets records.

Response – Clinton County will develop a policy to ensure all assets are added to the listing and ask departments to be more diligent about deleted items.

Conclusion – Response accepted.

II-C-04 Compensated Absences – Individual departments maintain records of vacation and compensatory time for calculating compensated absences at June 30. However these records are not maintained on a current ongoing basis. Additionally, when employees earn personal and wellness time, not all departments maintain accurate records of this time.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

Recommendation – All compensated absence records should be maintained timely.

Response – Each department is responsible for maintaining their own reports. The Auditor's office has developed a system for its own office.

Conclusion – Response acknowledged. As recommended, all departments should maintain compensated absences records timely.

II-D-04 County Recorder – The County Recorder reconciles the receipts to deposits on a monthly basis. However, the bank balance is not reconciled with the cash book balance each month. The bank balance exceeded the book balance by \$1,696 at June 30, 2004.

Recommendation – To improve financial accountability and control, the book balances should be reconciled monthly to the bank and cash balances. Any variances should be investigated and resolved timely.

Response – The County Recorder will comply with the recommendation.

Conclusion – Response accepted.

II-E-04 Conservation Office – Collections were not deposited intact timely by the Conservation Office. In most cases, monies were receipted more than a month prior to being deposited in the bank. Also, the rental fee for farm land received in October 2003 was not deposited until December 2003.

Recommendation – All collections should be deposited intact timely.

Response – The method of handling all income at the Conservation office has been changed. All income is deposited on a weekly or bi-weekly basis (depending upon the season) into a local (DeWitt) checking account (per County Treasurer's recommendation). Then at the end of the month, a check is written for the total deposit amount for the month to the Treasurer. The new checking account procedure was started July 1, 2004 for the new fiscal year.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over the major program were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-04 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

IV-B-04 Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted. Disbursements in certain departments exceeded the amounts appropriated prior to authorization of an amendment.

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 – Will attempt to be more vigilant in the future.

Conclusion – Response accepted.

IV-C-04 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-D-04 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-04 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Sandy Griffiths, wife of Conservation Board Director	Supplies	\$ 59
Davisson Tiling, Inc, owners are sons of Board of Supervisor member	Bulldozer work	60

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

IV-F-04 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.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

- IV-G-04 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Although minutes of Board proceedings were published, they were not published within the time period required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should insure the minutes are published timely as required.

Response – We will make a sincere effort to deliver minutes to papers on a timely basis.

Conclusion – Response accepted.

- IV-H-04 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-I-04 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-J-04 Non-current Debt – During the year ended June 30, 2004, the County Conservation Board entered into a bank loan for \$67,133 for the construction of a manufactured design house. A public hearing was not held prior to the authorization of this loan as required by Chapter 331.479 of the Code of Iowa. In addition, this activity was not reflected in the County's financial records since the proceeds of the loan went directly to the vendor.

Chapter 331.478 of the Code of Iowa allows a County to authorize, by resolution, non-current debt, including installment purchase contracts and other formal debt instruments or obligations other than bonds, payable from resources accruing after then end of the fiscal year in which the debt is incurred. Chapter 331.479 of the Code of Iowa requires a notice of public hearing to be published and a public hearing to be held before the Board may institute proceedings for the incurrence of non-current debt.

Recommendation – The County should ensure non-current debt is authorized in accordance with Chapters 331.478 and 331.479 of the Code of Iowa. All of the financial activity of the County should be reflected in the financial records.

Response – The County Conservation Board acted without the knowledge of the Board of Supervisors. When this was brought to our attention, the County Attorney visited with the County Conservation Board and explained to them their duty per Chapters 331.478 and 331.479 of the Code of Iowa.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

IV-K-04 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, 2004 for the County Extension Office did not exceed the amount budgeted.

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Clinton County

Staff

This audit was performed by:

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