



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

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Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

June 22, 2007

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 \$55,695,163 for the year ended June 30, 2006, which included \$2,600,896 in tax credits from the state. The County forwarded \$44,163,148 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,532,015 of the local tax revenue to finance County operations, a 1.5 percent increase over the prior year. Other revenues included charges for service of \$2,000,171, operating grants, contributions and restricted interest of \$9,093,412, capital grants, contributions and restricted interest of \$1,751,869, local option sales tax of \$1,197,154, unrestricted investment earnings of \$177,042 and other general revenues of \$452,632.

Expenses for County operations totaled \$25,162,511, a 3.9 percent increase over the prior year. Expenses included \$7,579,676 for mental health, \$5,417,589 for roads and transportation and \$5,000,216 for public safety and legal services.

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

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CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

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Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jill Davisson	Board of Supervisors	Jan 2007
Lewis Todtz	Board of Supervisors	Jan 2007
Grant Wilke	Board of Supervisors	Jan 2009
Charles Sheridan	County Auditor	Jan 2009
Rhonda McIntyre	County Treasurer	Jan 2007
Stephen Managan	County Recorder	Jan 2007
Rick Lincoln	County Sheriff	Jan 2009
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, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Clinton County's management. Our responsibility is to express opinions on these financial statements based on our audit.

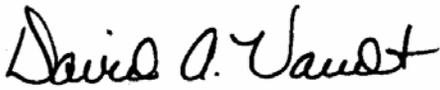
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clinton County at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

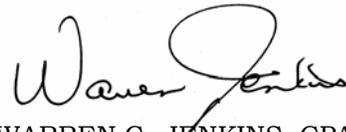
In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2007 on our consideration of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 46 through 49 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clinton County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 5.4%, or approximately \$1,340,000, from fiscal 2005 to fiscal 2006. Property tax increased approximately \$182,000, operating grants, contributions and restricted interest increased approximately \$461,000, capital grants, contributions and restricted interest increased approximately \$298,000 and local option sales tax increased approximately \$104,000.
- Program expenses of the County's governmental activities increased 3.8%, or approximately \$906,000. Mental health, public safety and legal services, governmental services to residents increased approximately \$952,000, \$278,000 and \$228,000, respectively. Roads and transportation decreased approximately \$413,000.
- The County's governmental activities net assets increased 2.9%, or approximately \$1,077,000, from June 30, 2005 to June 30, 2006.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Clinton County's combined net assets were virtually unchanged from a year ago, increasing from \$37.5 million to \$38.5 million. The analysis that follows focuses on the changes in the net assets.

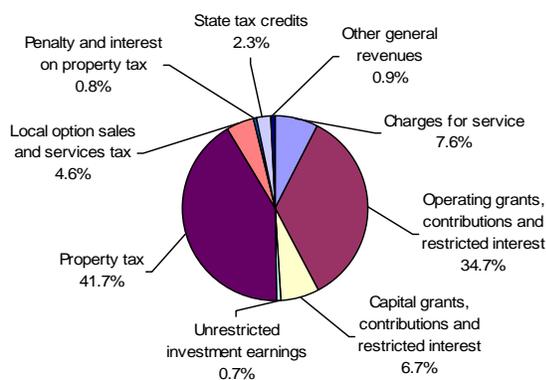
Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 20,766	19,589	29	43	20,795	19,632
Capital assets	32,259	30,956	163	179	32,422	31,135
Total assets	53,025	50,545	192	222	53,217	50,767
Long-term liabilities	747	660	7	2	754	662
Other liabilities	13,899	12,583	19	19	13,918	12,602
Total liabilities	14,646	13,243	26	21	14,672	13,264
Net assets:						
Invested in capital assets	32,259	30,956	163	179	32,422	31,135
Restricted	2,981	3,184	-	-	2,981	3,184
Unrestricted	3,139	3,162	3	22	3,142	3,184
Total net assets	\$ 38,379	37,302	166	201	38,545	37,503

The largest portion of the County's net assets is 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—decreased from approximately \$3,184,000 at June 30, 2005 to approximately \$2,981,000 at the end of this year, a decrease of 6.4 percent. The County has adopted a five year plan to replace aging equipment.

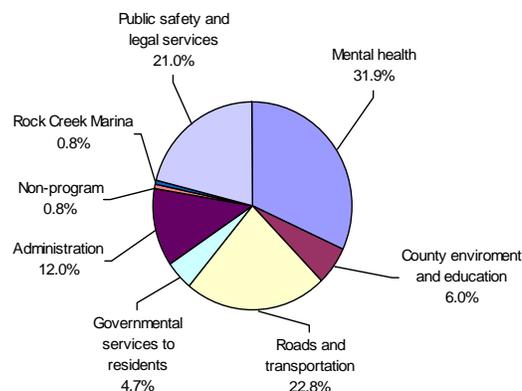
Changes in Net Assets of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for service	\$ 1,846	1,666	154	147	2,000	1,813
Operating grants, contributions and restricted interest	9,093	8,632	-	14	9,093	8,646
Capital grants, contributions and restricted interest	1,752	1,454	-	-	1,752	1,454
General revenues:						
Property tax	10,936	10,754	-	-	10,936	10,754
Penalty and interest on property tax	221	178	-	-	221	178
State tax credits	596	613	-	-	596	613
Local option sales and services tax	1,197	1,093	-	-	1,197	1,093
Unrestricted investment earnings	177	179	-	-	177	179
Other general revenues	232	141	-	-	232	141
Total revenues	26,050	24,710	154	161	26,204	24,871
Program expenses:						
Public safety and legal services	5,000	4,722	-	-	5,000	4,722
Physical health and social services	1,396	1,206	-	-	1,396	1,206
Mental health	7,580	6,628	-	-	7,580	6,628
County environment and education	1,431	1,332	-	-	1,431	1,332
Roads and transportation	5,418	5,831	-	-	5,418	5,831
Governmental services to residents	1,112	884	-	-	1,112	884
Administration	2,842	2,896	-	-	2,842	2,896
Non-program	194	568	-	-	194	568
Rock Creek Marina	-	-	189	158	189	158
Total expenses	24,973	24,067	189	158	25,162	24,225
Increase (decrease) in net assets	1,077	643	(35)	3	1,042	646
Net assets beginning of year	37,302	36,659	201	198	37,503	36,857
Net assets end of year	\$ 38,379	37,302	166	201	38,545	37,503

Revenues by Source



Expenses by Function



Clinton County's net assets of governmental activities increased approximately \$1,077,000 during the year. Revenues for governmental activities increased approximately \$1,340,000 over the prior year, with operating grants, contributions and restricted interest revenue up approximately \$461,000, or 5%, from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Clinton County completed the year, its governmental funds reported a combined fund balance decrease of approximately \$275,000 from last year's total of \$6.1 million. The decrease in fund balance is primarily attributable to expenditures exceeding revenues. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues exceeded expenditures by approximately \$530,000. The ending fund balance increased \$489,000 from the prior year to approximately \$3,454,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$7,592,000, an increase of 14.4% over the prior year. The Mental Health Fund balance at year end decreased approximately \$391,000 from the prior year.
- Rural Services Fund expenditures totaled approximately \$488,000, an increase of 13% over the prior year.
- Secondary Roads Fund expenditures decreased approximately \$788,000 from the prior year, mainly from a decrease in roadway construction expenditures. The Secondary Roads Fund balance at year end decreased approximately \$291,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended its budget one time. The amendment was made in May 2006 and resulted in an increase in budgeted disbursements related to an increase in cost for housing inmates out of county, inmate medical care, juvenile attorney fees, detention costs and disbursement of grant funds.

Disbursements did not exceed the budgeted amounts for the year ended June 30, 2006.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) - All Governmental Funds, the actual net disbursements of \$23,980,455 were \$1,901,087 less than the amended budget. The mental health, governmental services to residents and capital projects functions were \$414,570, \$335,126 and \$304,138, respectively, less than budgeted.

The mental health function was less than budgeted, primarily due to actual admissions for mental health hospitals and institutions decreasing from the levels anticipated when the budget was prepared. The governmental services to residents function was less than budgeted, primarily due to the timing of the payment for HAVA voting machines which was anticipated for FY06 but not paid for until FY07. The capital projects function was less than budgeted, primarily due to a bridge replacement project scheduled and budgeted for FY06 which was advanced in the five year plan via resolution/amendment into FY05 and was completed earlier than anticipated. The remaining decrease of approximately \$847,000 was accomplished primarily by reduced spending. The County's receipts were not significantly more than the amended budget, although intergovernmental receipts were \$354,170 less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, Clinton County had approximately \$32.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1.3 million, or 4.2%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2006	2005
Land	\$ 746	746
Construction in progress	2,560	1,593
Buildings and improvements	5,771	5,938
Equipment and vehicles	5,044	4,715
Infrastructure	18,138	17,964
Total	\$ 32,259	30,956
This year's major additions included (in thousands):		
Road projects		\$ 2,097
Voting machines		433
Secondary roads equipment		947
Total		\$ 3,477

The County had depreciation expense of approximately \$1,734,000 in FY06 and total accumulated depreciation of \$18,172,000 at June 30, 2006.

The County's fiscal year 2006 budget included \$1,114,000 for capital projects, principally for Secondary Roads improvements. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

At June 30, 2006, Clinton County had approximately \$229,000 in drainage warrants payable compared to approximately \$193,000 at June 30, 2005. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.8% versus 4.9% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 4.5%.

Inflation in the State nearly mirrored the national Consumer Price Index increase at the close of the fiscal year. The Midwest Region of the Department of Labor, of which Iowa is a member, CPI rate increase was 3.6% for fiscal year 2006, compared with the national rate of 4.5%. Inflation has been modest here due, in part, to the slowing of the residential housing market and modest increases in energy prices in 2005-2006.

These indicators were taken into account when adopting the budget for fiscal year 2007. Amounts available for appropriation in the operating budget are \$24 million, only a 1.6% increase over the final 2006 budget. Clinton County will use the increase in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise approximately \$241,000. Increased wage and cost-of-living adjustments and increases in mental health costs represent the largest increases. The County has added no major new programs or initiatives to the 2007 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2007.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Clinton County

Basic Financial Statements

Clinton County

Clinton County
Statement of Net Assets
June 30, 2006

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 6,907,991	22,816	6,930,807
Receivables:			
Property tax:			
Delinquent	97,471	-	97,471
Succeeding year	11,790,000	-	11,790,000
Interest and penalty on property tax	237,332	-	237,332
Accounts	72,908	6,179	79,087
Accrued interest	3,251	-	3,251
Drainage assessments:			
Current	25,014	-	25,014
Future	201,962	-	201,962
Due from other governments	1,145,557	-	1,145,557
Inventories	284,377	-	284,377
Capital assets (net of accumulated depreciation)	32,259,177	163,141	32,422,318
Total assets	53,025,040	192,136	53,217,176
Liabilities			
Accounts payable	1,053,778	16,971	1,070,749
Salaries and benefits payable	294,243	2,127	296,370
Due to other governments	760,771	-	760,771
Deferred revenue:			
Succeeding year property tax	11,790,000	-	11,790,000
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	518,609	7,042	525,651
Portion due or payable after one year:			
Drainage warrants payable	228,759	-	228,759
Total liabilities	14,646,160	26,140	14,672,300
Net Assets			
Invested in capital assets	32,259,177	163,141	32,422,318
Restricted for:			
Supplemental levy purposes	735,604	-	735,604
Mental health purposes	283,214	-	283,214
Secondary roads purposes	1,612,455	-	1,612,455
Resource enhancement and protection	20,762	-	20,762
Vietnam Veterans Memorial	5,000	-	5,000
Other	323,464	-	323,464
Unrestricted	3,139,204	2,855	3,142,059
Total net assets	\$ 38,378,880	165,996	38,544,876

See notes to financial statements.

Clinton County

Statement of Activities

Year ended June 30, 2006

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 5,000,216	365,970	413,522	-
Physical health and social services	1,395,988	69,577	713,072	-
Mental health	7,579,676	42,643	4,288,225	-
County environment and education	1,431,141	40,320	104,985	-
Roads and transportation	5,417,589	17,814	3,385,112	1,751,869
Governmental services to residents	1,112,058	793,476	-	-
Administration	2,842,352	478,715	-	-
Non-program	194,083	37,324	188,496	-
Total governmental activities	24,973,103	1,845,839	9,093,412	1,751,869
Business type activities:				
Rock Creek Marina	189,408	154,332	-	-
Total	\$ 25,162,511	2,000,171	9,093,412	1,751,869

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
 Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(4,220,724)	-	(4,220,724)
(613,339)	-	(613,339)
(3,248,808)	-	(3,248,808)
(1,285,836)	-	(1,285,836)
(262,794)	-	(262,794)
(318,582)	-	(318,582)
(2,363,637)	-	(2,363,637)
31,737	-	31,737
(12,281,983)	-	(12,281,983)
-	(35,076)	(35,076)
(12,281,983)	(35,076)	(12,317,059)
10,935,767	-	10,935,767
221,133	-	221,133
596,248	-	596,248
1,197,154	-	1,197,154
177,013	29	177,042
231,499	-	231,499
13,358,814	29	13,358,843
1,076,831	(35,047)	1,041,784
37,302,049	201,043	37,503,092
\$ 38,378,880	165,996	38,544,876

Clinton County
Balance Sheet
Governmental Funds

June 30, 2006

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 3,364,977	1,081,546	156,373
Receivables:			
Property tax:			
Delinquent	66,526	25,936	5,009
Succeeding year	7,852,000	2,757,000	1,181,000
Interest and penalty on property tax	237,332	-	-
Accounts	19,847	3,768	-
Accrued interest	3,097	-	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other funds	-	-	-
Due from other governments	589,128	92,563	-
Inventories	-	-	-
Total assets	\$ 12,132,907	3,960,813	1,342,382
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 211,139	270,063	3,548
Salaries and benefits payable	183,029	32,810	7,283
Due to other funds	9,030	-	12,815
Due to other governments	121,349	634,287	-
Deferred revenue:			
Succeeding year property tax	7,852,000	2,757,000	1,181,000
Other	301,935	25,936	5,009
Total liabilities	8,678,482	3,720,096	1,209,655
Fund balances:			
Reserved for:			
Supplemental levy purposes	718,626	-	-
Drainage warrants	-	-	-
Vietnam Veterans Memorial	-	-	-
Unreserved, reported in:			
General fund	2,735,799	-	-
Special revenue funds	-	240,717	132,727
Permanent fund	-	-	-
Total fund balances	3,454,425	240,717	132,727
Total liabilities and fund balances	\$ 12,132,907	3,960,813	1,342,382

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,171,614	345,184	6,119,694
-	-	97,471
-	-	11,790,000
-	-	237,332
1,701	1,723	27,039
-	154	3,251
-	25,014	25,014
-	201,962	201,962
12,815	9,030	21,845
434,912	28,954	1,145,557
284,377	-	284,377
<u>1,905,419</u>	<u>612,021</u>	<u>19,953,542</u>
212,192	31,135	728,077
71,121	-	294,243
-	-	21,845
3,435	1,700	760,771
-	-	11,790,000
-	226,976	559,856
<u>286,748</u>	<u>259,811</u>	<u>14,154,792</u>
-	-	718,626
-	2,074	2,074
-	5,000	5,000
-	-	2,735,799
1,618,671	339,456	2,331,571
-	5,680	5,680
<u>1,618,671</u>	<u>352,210</u>	<u>5,798,750</u>
<u>1,905,419</u>	<u>612,021</u>	<u>19,953,542</u>

Clinton County

Clinton County

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

June 30, 2006

Total governmental fund balances (page 21) \$ 5,798,750

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 \$50,430,671 and the accumulated depreciation is \$18,171,494. 32,259,177

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 559,856

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 508,465

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. (747,368)

Net assets of governmental activities (page 17) \$ 38,378,880

See notes to financial statements.

Clinton County

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

Year ended June 30, 2006

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 7,563,671	2,721,829	1,043,424
Interest and penalty on property tax	149,590	-	-
Intergovernmental	1,778,570	4,437,141	65,676
Licenses and permits	64,207	-	-
Charges for service	1,001,738	42,643	-
Use of money and property	291,266	-	-
Miscellaneous	130,507	-	74
Total revenues	10,979,549	7,201,613	1,109,174
Expenditures:			
Operating:			
Public safety and legal services	4,774,232	-	133,443
Physical health and social services	1,388,548	-	-
Mental health	-	7,592,273	-
County environment and education	944,687	-	354,637
Roads and transportation	-	-	-
Governmental services to residents	991,257	-	-
Administration	2,350,649	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	10,449,373	7,592,273	488,080
Excess (deficiency) of revenues over (under) expenditures	530,176	(390,660)	621,094
Other financing sources (uses):			
Sale of capital assets	15,813	-	-
Operating transfers in	-	-	-
Operating transfers out	(57,450)	-	(716,832)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(41,637)	-	(716,832)
Net change in fund balances	488,539	(390,660)	(95,738)
Fund balances beginning of year	2,965,886	631,377	228,465
Fund balances end of year	\$ 3,454,425	240,717	132,727

See notes to financial statements.

Secondary Roads	Nonmajor	Total
754,207	-	12,083,131
-	-	149,590
3,674,497	198,450	10,154,334
4,441	-	68,648
2,651	43,302	1,090,334
-	14,941	306,207
22,031	13,837	166,449
4,457,827	270,530	24,018,693
-	28,612	4,936,287
-	-	1,388,548
-	-	7,592,273
-	71,264	1,370,588
4,760,000	-	4,760,000
-	4,657	995,914
-	-	2,350,649
-	194,083	194,083
-	6,131	6,131
705,520	52,025	757,545
5,465,520	356,772	24,352,018
(1,007,693)	(86,242)	(333,325)
-	-	15,813
716,832	57,450	774,282
-	-	(774,282)
-	41,952	41,952
716,832	99,402	57,765
(290,861)	13,160	(275,560)
1,909,532	339,050	6,074,310
1,618,671	352,210	5,798,750

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, 2006

Net change in fund balances - Total governmental funds (page 25) \$ (275,560)

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	\$ 1,882,623	
Capital assets contributed by the Iowa Department of Transportation	1,464,578	
Depreciation expense	<u>(1,734,278)</u>	1,612,923

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (309,249)

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	78,349	
Other	<u>30,186</u>	108,535

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	(41,952)	
Repaid	<u>6,131</u>	(35,821)

Compensated absences payable 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. (52,073)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the change in net assets of the Internal Service Fund is reported with governmental activities. 28,076

Change in net assets of governmental activities (page 19) \$ 1,076,831

See notes to financial statements.

Clinton County
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 18,826	792,287
Accounts receivable	5,947	46,101
Capital assets, net of accumulated depreciation	163,141	-
Total assets	<u>187,914</u>	<u>838,388</u>
Liabilities		
Accounts payable	15,323	327,349
Salaries and benefits payable	2,127	-
Compensated absences	7,042	-
Total liabilities	<u>24,492</u>	<u>327,349</u>
Net Assets		
Invested in capital assets	163,141	-
Unrestricted	281	511,039
Total net assets	<u>163,422</u>	<u>511,039</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	2,574	
Net assets of business type activities	<u>\$ 165,996</u>	

See notes to financial statements.

Clinton County

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

Year ended June 30, 2006

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,190,443
Reimbursements from employees and others	-	164,946
Stop loss insurance recoveries	-	199,134
Camping fees	72,483	-
Boat rental fees	6,698	-
Other recreational fees	21,906	-
Concession sales	32,737	-
Miscellaneous	7,847	15,891
Total operating revenues	<u>141,671</u>	<u>2,570,414</u>
Operating expenses:		
Administrative fees	-	296,093
Medical and health services	-	2,244,883
Salaries	57,707	-
Employee benefits	20,504	-
Supplies	40,680	-
Utilities	17,019	-
Repair and improvements	21,849	-
Depreciation	16,016	-
Miscellaneous	3,621	6,690
Total operating expenses	<u>177,396</u>	<u>2,547,666</u>
Operating income (loss)	(35,725)	22,748
Non-operating revenues:		
Interest income	-	6,006
Change in net assets	(35,725)	28,754
Net assets beginning of year	<u>199,147</u>	<u>482,285</u>
Net assets end of year	163,422	<u>511,039</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	2,574	
Net assets of business type activities	<u><u>\$ 165,996</u></u>	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2006

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	2,190,443
Cash received from employees and others	-	164,946
Cash received from stop loss insurance recoveries	-	167,502
Cash received from camping fees	88,873	-
Cash received from boat rental fees	8,976	-
Cash received from other recreational fees	25,229	-
Cash received from concession sales	39,740	-
Cash received from miscellaneous operations	10,774	15,891
Cash paid for administrative fees	-	(296,093)
Cash paid to employees for services	(54,334)	-
Cash paid to suppliers for services	(102,816)	(2,177,576)
Net cash provided by operating activities	<u>16,442</u>	<u>65,113</u>
Cash flows from investing activities:		
Interest on investments	-	6,006
Net increase in cash and cash equivalents	<u>16,442</u>	<u>71,119</u>
Cash and cash equivalents beginning of year	<u>2,384</u>	<u>721,168</u>
Cash and cash equivalents end of year	<u>\$ 18,826</u>	<u>792,287</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (35,725)	22,748
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	16,016	-
Changes in assets and liabilities:		
Decrease (increase)in accounts receivable	31,920	(31,632)
Increase in accounts payable	175	73,997
Decrease in salaries and benefits payable	(1,243)	-
Increase in compensated absences	5,299	-
Total adjustments	<u>52,167</u>	<u>42,365</u>
Net cash provided by operating activities	<u>\$ 16,442</u>	<u>65,113</u>

See notes to financial statements.

Clinton County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006

Assets

Cash and pooled investments:	
County Treasurer	\$ 4,262,757
Other County officials	84,116
Receivables:	
Property tax:	
Delinquent	409,385
Succeeding year	42,324,000
Accounts	46,167
Drainage assessments:	
Delinquent	8,931
Succeeding year	43,456
Special assessments:	150,000
Total assets	<u>47,328,812</u>

Liabilities

Accounts payable	94,596
Salaries and benefits payable	20,323
Due to other governments	47,084,778
Trusts payable	43,747
Compensated absences	32,981
Stamped drainage warrants payable	52,387
Total liabilities	<u>47,328,812</u>

Net assets \$ -

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2006

(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 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, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for 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 are reported as other financing sources.

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

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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2006, 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 acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
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 compensatory and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, 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, 2006. 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.

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.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 12,815
Conservation Land Acquisition	General	9,030
Total		<u>\$ 21,845</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, 2006 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 716,832
Conservation Land Acquisition	General	57,450
Total		<u>\$ 774,282</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, 2006 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 746,133	-	-	746,133
Construction in progress	1,592,650	2,096,800	(1,129,390)	2,560,060
Total capital assets not being depreciated	<u>2,338,783</u>	<u>2,096,800</u>	<u>(1,129,390)</u>	<u>3,306,193</u>
Capital assets being depreciated:				
Buildings and improvements	8,698,676	-	-	8,698,676
Equipment and vehicles	7,773,016	1,380,493	(787,713)	8,365,796
Infrastructure, road network	28,930,616	1,129,390	-	30,060,006
Total capital assets being depreciated	<u>45,402,308</u>	<u>2,509,883</u>	<u>(787,713)</u>	<u>47,124,478</u>
Less accumulated depreciation for:				
Buildings and improvements	2,760,767	167,092	-	2,927,859
Equipment and vehicles	3,057,938	611,782	(348,372)	3,321,348
Infrastructure, road network	10,966,883	955,404	-	11,922,287
Total accumulated depreciation	<u>16,785,588</u>	<u>1,734,278</u>	<u>(348,372)</u>	<u>18,171,494</u>
Total capital assets being depreciated, net	<u>28,616,720</u>	<u>775,605</u>	<u>(439,341)</u>	<u>28,952,984</u>
Governmental activities capital assets, net	<u>\$ 30,955,503</u>	<u>2,872,405</u>	<u>(1,568,731)</u>	<u>32,259,177</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 99,735
Physical health and social services	6,885
Mental health	13,036
County environment and education	46,942
Roads and transportation	1,270,622
Governmental services to residents	109,722
Administration	<u>187,336</u>
Total depreciation expense - governmental activities	<u>\$ 1,734,278</u>

Business type activities capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Buildings	\$ 183,760	-	-	183,760
Equipment	90,641	-	-	90,641
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	<u>333,612</u>	-	-	<u>333,612</u>
Less accumulated depreciation for:				
Buildings	58,603	7,617	-	66,220
Equipment	67,088	3,811	-	70,899
Infrastructure	28,764	4,588	-	33,352
Total accumulated depreciation	<u>154,455</u>	<u>16,016</u>	-	<u>170,471</u>
Business type activities capital assets, net	<u>\$ 179,157</u>	<u>(16,016)</u>	-	<u>163,141</u>
Total depreciation expense - business type activities				<u>\$ 16,016</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	\$ 121,349
Special Revenue:		
Mental Health	Services	634,287
Secondary Roads	Services	3,435
Miscellaneous Grants	Services	1,700
		<u>639,422</u>
Total for governmental funds		<u>\$ 760,771</u>
Agency:		
County Assessor	Collections	\$ 598,343
City Assessor		1,051,843
Schools		23,230,726
Community Colleges		989,569
Corporations		18,174,576
Townships		369,481
Auto License and Use Tax		821,915
All other		1,848,325
Total for agency funds		<u>\$ 47,084,778</u>

(7) Changes in Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2006 is as follows:

	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 192,938	466,536	659,474
Increases	41,952	338,614	380,566
Decreases	6,131	286,541	292,672
Balance end of year	\$ 228,759	518,609	747,368
Due within one year	\$ -	518,609	-

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2006 is as follows:

	Compen- sated Absences
Balance beginning of year	\$ 1,743
Increases	5,299
Balance end of year	\$ 7,042
Due within one year	\$ 7,042

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.

Most regular 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 salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$448,654, \$443,008 and \$450,504, 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 531 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, 2006 were \$229,523.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, 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 Select Benefit Administrators. 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, 2006 was \$2,190,443.

Amounts payable from the Employee Group Health Fund at June 30, 2006 total \$327,349, 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 \$511,039 at June 30, 2006 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	\$ 253,352
Total incurred claims	2,318,880
Total payments	<u>(2,244,883)</u>
Unpaid claims end of year	<u><u>\$ 327,349</u></u>

Clinton County

Required Supplementary Information

Clinton County

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

Required Supplementary Information

Year ended June 30, 2006

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 12,019,720	-	12,019,720
Interest and penalty on property tax	168,167	-	168,167
Intergovernmental	9,880,547	-	9,880,547
Licenses and permits	68,648	-	68,648
Charges for service	1,109,504	-	1,109,504
Use of money and property	309,343	62	309,281
Miscellaneous	164,660	3,373	161,287
Total receipts	<u>23,720,589</u>	<u>3,435</u>	<u>23,717,154</u>
Disbursements:			
Public safety and legal services	4,885,400	-	4,885,400
Physical health and social services	1,277,144	-	1,277,144
Mental health	7,383,899	-	7,383,899
County environment and education	1,338,696	6,131	1,332,565
Roads and transportation	4,838,860	-	4,838,860
Governmental services to residents	995,188	-	995,188
Administration	2,345,118	-	2,345,118
Non-program	112,417	-	112,417
Capital projects	809,864	-	809,864
Total disbursements	<u>23,986,586</u>	<u>6,131</u>	<u>23,980,455</u>
Excess (deficiency) of receipts over (under) disbursements	(265,997)	(2,696)	(263,301)
Other financing sources, net	15,813	-	15,813
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(250,184)	(2,696)	(247,488)
Balance beginning of year	6,369,878	13,095	6,356,783
Balance end of year	<u>\$ 6,119,694</u>	<u>10,399</u>	<u>6,109,295</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
11,997,114	11,968,528	51,192
106,000	106,000	62,167
9,381,481	10,234,717	(354,170)
62,232	62,232	6,416
771,942	927,442	182,062
283,356	294,531	14,750
47,850	72,385	88,902
<u>22,649,975</u>	<u>23,665,835</u>	<u>51,319</u>
4,917,339	5,157,439	272,039
1,337,354	1,367,354	90,210
7,398,469	7,798,469	414,570
1,311,065	1,352,515	19,950
4,969,946	4,969,946	131,086
1,055,314	1,330,314	335,126
2,472,503	2,499,503	154,385
292,000	292,000	179,583
1,056,700	1,114,002	304,138
<u>24,810,690</u>	<u>25,881,542</u>	<u>1,901,087</u>
(2,160,715)	(2,215,707)	1,952,406
-	-	15,813
(2,160,715)	(2,215,707)	1,968,219
5,433,795	5,085,610	96,281
<u>3,273,080</u>	<u>2,869,903</u>	<u>2,064,500</u>

Clinton County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,720,589	298,104	24,018,693
Expenditures	23,986,586	365,432	24,352,018
Net	(265,997)	(67,328)	(333,325)
Other financing sources, net	15,813	41,952	57,765
Beginning fund balances	6,369,878	(295,568)	6,074,310
Ending fund balances	\$ 6,119,694	(320,944)	5,798,750

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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, one budget amendment increased budgeted disbursements by \$1,070,852. The budget amendment is 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, 2006, disbursements did not exceed the amounts budgeted.

Clinton County

Other Supplementary Information

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2006

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Seized Property
Assets					
Cash and pooled investments	\$ 20,762	64,928	28,425	19,968	15,894
Receivables:					
Accounts	-	-	-	988	651
Accrued interest	-	-	-	-	-
Drainage assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 20,762	64,928	28,425	20,956	16,545
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	-	-	299	-
Due to other governments	-	-	-	-	-
Deferred revenue:					
Other	-	-	-	-	-
Total liabilities	-	-	-	299	-
Fund equity:					
Fund balances:					
Reserved for:					
Drainage warrants	-	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	20,762	64,928	28,425	20,657	16,545
Permanent fund	-	-	-	-	-
Total fund equity	20,762	64,928	28,425	20,657	16,545
Total liabilities and fund equity	\$ 20,762	64,928	28,425	20,956	16,545

See accompanying independent auditor's report.

Special Revenue						Permanent		
Communi- cations Special	Miscel- laneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust		Total
104,630	5,301	10,399	59,178	4,837	336	10,526		345,184
-	-	-	84	-	-	-		1,723
-	-	-	-	-	-	154		154
-	-	25,014	-	-	-	-		25,014
-	-	201,962	-	-	-	-		201,962
-	-	-	9,030	-	-	-		9,030
-	28,954	-	-	-	-	-		28,954
104,630	34,255	237,375	68,292	4,837	336	10,680		612,021
-	29,712	-	1,124	-	-	-		31,135
-	1,700	-	-	-	-	-		1,700
-	-	226,976	-	-	-	-		226,976
-	31,412	226,976	1,124	-	-	-		259,811
-	-	2,074	-	-	-	-		2,074
-	-	-	-	-	-	5,000		5,000
104,630	2,843	8,325	67,168	4,837	336	-		339,456
-	-	-	-	-	-	5,680		5,680
104,630	2,843	10,399	67,168	4,837	336	10,680		352,210
104,630	34,255	237,375	68,292	4,837	336	10,680		612,021

Clinton County

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

Year ended June 30, 2006

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Seized Property
Revenues:					
Intergovernmental	\$ 9,954	-	-	-	-
Charges for service	-	11,355	25,022	-	-
Use of money and property	222	590	-	13,625	-
Miscellaneous	-	-	-	-	2,452
Total revenues	10,176	11,945	25,022	13,625	2,452
Expenditures:					
Operating:					
Public safety and legal services	-	-	19,034	7,625	1,653
County environment and education	27,033	2,279	-	-	-
Governmental services to residents	-	-	-	-	-
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	27,033	2,279	19,034	7,625	1,653
Excess (deficiency) of revenues over (under) expenditures	(16,857)	9,666	5,988	6,000	799
Other financing sources:					
Operating transfers in	-	-	-	-	-
Drainage warrants issued	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(16,857)	9,666	5,988	6,000	799
Fund balances beginning of year	37,619	55,262	22,437	14,657	15,746
Fund balances end of year	\$ 20,762	64,928	28,425	20,657	16,545

See accompanying independent auditor's report.

Special Revenue								Permanent	
Juvenile Inter- vention	Communi- cations Special	Miscel- laneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust	Total	
-	-	188,496	-	-	-	-	-	198,450	
-	6,925	-	-	-	-	-	-	43,302	
-	-	-	62	-	36	25	381	14,941	
-	-	-	3,373	8,012	-	-	-	13,837	
-	6,925	188,496	3,435	8,012	36	25	381	270,530	
300	-	-	-	-	-	-	-	28,612	
-	-	-	41,952	-	-	-	-	71,264	
-	-	-	-	-	-	4,657	-	4,657	
-	-	194,083	-	-	-	-	-	194,083	
-	-	-	6,131	-	-	-	-	6,131	
-	-	-	-	52,025	-	-	-	52,025	
300	-	194,083	48,083	52,025	-	4,657	-	356,772	
(300)	6,925	(5,587)	(44,648)	(44,013)	36	(4,632)	381	(86,242)	
-	-	-	-	57,450	-	-	-	57,450	
-	-	-	41,952	-	-	-	-	41,952	
-	-	-	41,952	57,450	-	-	-	99,402	
(300)	6,925	(5,587)	(2,696)	13,437	36	(4,632)	381	13,160	
300	97,705	8,430	13,095	53,731	4,801	4,968	10,299	339,050	
-	104,630	2,843	10,399	67,168	4,837	336	10,680	352,210	

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	2,355	271,240	775,934	453,788	17,515
Other County officials	84,116	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,083	1,170	4,137	218,938	8,054
Succeeding year	-	114,000	344,000	287,000	22,558,000	964,000
Accounts	4,405	-	-	-	-	-
Drainage assessments:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Total assets	\$ 88,521	117,438	616,410	1,067,071	23,230,726	989,569
Liabilities						
Accounts payable	\$ -	-	3,049	2,049	-	-
Salaries and benefits payable	-	-	6,868	6,261	-	-
Due to other governments	44,774	117,438	598,343	1,051,843	23,230,726	989,569
Trusts payable	43,747	-	-	-	-	-
Compensated absences	-	-	8,150	6,918	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
Total liabilities	\$ 88,521	117,438	616,410	1,067,071	23,230,726	989,569

See accompanying independent auditor's report.

Corporations	Townships	Special assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
310,165	6,943	121,333	821,915	563,778	5,806	911,985	4,262,757
-	-	-	-	-	-	-	84,116
174,411	1,538	-	-	-	-	54	409,385
17,690,000	361,000	-	-	-	-	6,000	42,324,000
-	-	-	-	34,271	-	7,491	46,167
-	-	-	-	-	8,931	-	8,931
-	-	-	-	-	43,456	-	43,456
-	-	150,000	-	-	-	-	150,000
18,174,576	369,481	271,333	821,915	598,049	58,193	925,530	47,328,812
-	-	-	-	3,789	-	85,709	94,596
-	-	-	-	-	-	7,194	20,323
18,174,576	369,481	271,333	821,915	594,260	5,806	814,714	47,084,778
-	-	-	-	-	-	-	43,747
-	-	-	-	-	-	17,913	32,981
-	-	-	-	-	52,387	-	52,387
18,174,576	369,481	271,333	821,915	598,049	58,193	925,530	47,328,812

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

Year ended June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets and Liabilities						
Balances beginning of year	\$ 61,931	117,214	540,239	1,149,547	22,653,661	875,514
Additions:						
Property and other county tax	-	113,750	442,071	350,381	22,405,154	958,944
E911 surcharge	-	-	-	-	-	-
State tax credits	-	6,218	17,033	13,627	1,193,681	46,251
Office fees and collections	920,974	-	6,710	5,003	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,065,321	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total additions	1,986,295	119,968	465,814	369,011	23,598,835	1,005,195
Deductions:						
Agency remittances:						
To other funds	555,300	-	-	-	-	-
To other governments	358,429	119,744	389,643	451,487	23,021,770	891,140
Trusts paid out	1,045,976	-	-	-	-	-
Total deductions	1,959,705	119,744	389,643	451,487	23,021,770	891,140
Balances end of year	\$ 88,521	117,438	616,410	1,067,071	23,230,726	989,569

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
16,619,960	345,725	369,244	825,535	551,558	5,424	525,682	44,641,234
17,527,965	353,228	-	-	-	-	7,007	42,158,500
-	-	-	-	197,644	-	-	197,644
704,079	23,447	-	-	-	-	312	2,004,648
-	-	-	-	-	-	1,642	934,329
-	-	-	9,330,712	-	-	-	9,330,712
-	-	264,843	-	-	7,596	-	272,439
-	-	-	-	-	-	-	1,065,321
-	-	-	-	22,222	387	1,050,758	1,073,367
18,232,044	376,675	264,843	9,330,712	219,866	7,983	1,059,719	57,036,960
-	-	-	329,728	-	-	-	885,028
16,677,428	352,919	362,754	9,004,604	173,375	7,601	626,674	52,437,568
-	-	-	-	-	-	33,197	1,079,173
16,677,428	352,919	362,754	9,334,332	173,375	7,601	659,871	54,401,769
18,174,576	369,481	271,333	821,915	598,049	5,806	925,530	47,276,425

Schedule 5

Clinton County

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

For the Last Six Years

	Modified Accrual Basis					
	2006	2005	2004	2003	2002	2001
Revenues:						
Property and other county tax	\$ 12,083,131	11,803,974	10,604,529	9,923,626	9,216,528	8,660,770
Interest and penalty on property tax	149,590	141,399	136,061	126,934	140,436	122,401
Intergovernmental	10,154,334	9,633,194	8,944,998	9,223,499	8,790,077	8,305,213
Licenses and permits	68,648	70,707	72,140	60,654	54,328	57,014
Charges for service	1,090,334	1,022,569	1,030,033	1,048,678	995,209	907,770
Use of money and property	306,207	290,174	301,262	376,337	579,883	1,215,019
Fines, forfeitures and defaults	-	-	-	-	1,542	536
Miscellaneous	166,449	144,475	356,861	135,193	107,772	184,306
Total	\$ 24,018,693	23,106,492	21,445,884	20,894,921	19,885,775	19,453,029
Expenditures:						
Operating:						
Public safety and legal services	\$ 4,936,287	4,679,136	5,130,033	5,198,361	4,962,123	4,545,327
Physical health and social services	1,388,548	1,204,231	1,262,023	1,341,749	1,313,660	1,302,684
Mental health	7,592,273	6,637,459	6,343,867	6,122,126	6,138,493	5,687,340
County environment and education	1,370,588	1,290,889	1,223,923	1,168,167	1,045,884	905,149
Roads and transportation	4,760,000	4,777,320	4,458,304	4,659,504	4,118,960	3,542,361
Governmental services to residents	995,914	865,039	814,434	825,694	759,371	711,638
Administration	2,350,649	2,437,853	2,249,299	2,368,381	2,225,806	2,466,712
Non-program	194,083	567,989	148,061	74,304	97,865	37,075
Debt service	6,131	36,319	21,717	4,739	-	-
Capital projects	757,545	1,501,840	518,630	1,920,508	2,195,005	2,294,561
Total	\$ 24,352,018	23,998,075	22,170,291	23,683,533	22,857,167	21,492,847

See accompanying independent auditor's report.

Clinton County

Schedule 6

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	3016158	\$ 1,574
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		36,945
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	05-CF-007	37,982
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Byrne Formula Grant Program	16.579	04F-0473	1,211
Byrne Formula Grant Program	16.579	05-JAG-C43	24,376
Byrne Formula Grant Program	16.579	05-JAG-E45	28,350
			53,937
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C023(65)-8J-23	40,183
Highway Planning and Construction	20.205	BROS-C023(67)-8J-23	15,898
Highway Planning and Construction	20.205	BROS-C023(72)-8J-23	185,221
			241,302
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	05-410, Task 08	1,885
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	05-410, Task 09	7,546
			9,431
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	05-163, Task 15	5,647
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	05-163, Task 14	2,268
			7,915
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payment	90.401	06-HAVA-23-SA	286,135

Clinton County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5885LP11	22,896
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	5884WW06	20,814
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	586NB06	34,140
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		44,635
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		10,647
Foster Care-Title VI-E	93.658		22,945
Adoption Assistance	93.659		5,670
Medical Assistance Program	93.778		59,073
Social Services Block Grant	93.667		28,344
Social Services Block Grant	93.667		242,944
			271,288
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	FFY 06 EMPG	26,962
State Domestic Preparedness Equipment Support Program	97.073	FY 03 SHSGP 1	11,578
State Domestic Preparedness Equipment Support Program	97.073	FY 03 SHSGP 11	90,797
			102,375
Total indirect			1,295,092
Total			\$ 1,296,666

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

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

To the Officials of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 31, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 opinions on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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 believe none of the reportable conditions described above are material weaknesses.

Compliance and Other Matters

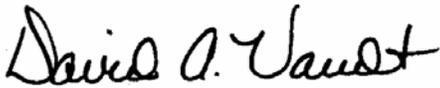
As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no

instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters 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, 2006 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.

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.

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 31, 2007

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Clinton County:

Compliance

We have audited 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 each of its major federal programs for the year ended June 30, 2006. Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clinton County's management. Our responsibility is to express an opinion on Clinton County's compliance based on our audit.

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

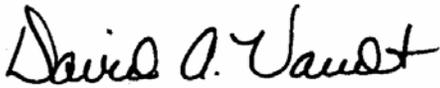
In our opinion, Clinton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Clinton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the 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 reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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 the internal control over compliance and its operation that we consider to be 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 31, 2007

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

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 programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (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 programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction.
 - CFDA Number 90.401 – Help America Vote Act Requirements Payments.
 - CFDA Number 93.667 – Social Services Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clinton County did not qualify as a low-risk auditee.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part II: Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

II-A-06 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the Office of the County Recorder may have control over the following areas for which no compensating controls exist: responsibility for collection, deposit preparation and reconciliation, recording and accounting for cash or preparing checks. Bank statements are not reviewed by a person independent from the collection, recording or disbursement functions.

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

Response - The Recorder will assign a person independent of money counting and check writing responsibilities to review, on a monthly basis, all bank reconciliations. The same employee will analyze and compare, on a monthly basis, total office receipts per register reports and bank deposits with total disbursements per checkbook. The aforementioned procedures will be so noted by employee's signature and date performed.

Conclusion - Response accepted.

II-B-06 Capital Assets - The County maintains detailed capital asset records. However, the listing was not updated for a number of additions and deletions. This issue was resolved for audit purposes. Deletion slips are not authorized or signed by department heads. In addition, the County has not formalized capital asset policies.

Recommendation - The County should maintain current capital asset records. Also, the Board of Supervisors should formally adopt a policy for capital assets, including, but not limited to, responsibilities for custody and safekeeping of assets and capitalization levels. A system should be developed to ensure all assets require written documentation to authorize deletions. Copies of the deletion authorization forms for equipment should be sent to the County Auditor's Office.

Response - Deletion of capital assets is an on going problem. The County will develop a more detailed capital asset policy. The new policy will go into effect July 1, 2007. Each office is now in the process of doing a complete inventory of all assets.

Conclusion - Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

II-C-06 Receipts – Receipts are not always coded to the proper account number and accrued receipts were not always properly identified. Additionally, State warrants are endorsed and remitted directly to certain agencies rather than being recorded in the County records and subsequently being remitted to those agencies.

Recommendation – The County/individual departments should ensure all receipts are coded to the proper account number and accrued receipts should be properly identified during the accrual period for inclusion in the proper financial reporting period. All monies for which Clinton County is the recipient should be recorded in the County records prior to being remitted to other agencies.

Response – Another memo will be sent to all offices asking that everyone be more diligent in coding. A memo has been sent to all agencies instructing those agencies to remit all state/federal monies to the County so the receipts and disbursements will be tracked through the County system.

Conclusion – Response accepted.

II-D-06 Accounting Procedures Manual – We encourage the development of office procedures and standardized accounting manuals for all County offices. In addition, we encourage obtaining or developing user manuals/help guides for the accounting software the County converted to during the current year. These manuals and guides should provide the following benefits:

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

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

Response – The Auditor’s Office will work to develop office procedural manuals. This office has attempted on several occasions to secure user manuals from InCode, but have not been able to obtain manuals.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

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 programs were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 did not exceed the amounts budgeted.

IV-B-06 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-C-06 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-06 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Janice Wilke, wife of Board of Supervisor member	Emergency Management Services	\$ 1,044

In accordance with Chapter 331.342 of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the transaction was less than \$1,500 during the fiscal year.

IV-E-06 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-06 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 ensure the minutes are published timely, as required.

Response – It is the practice of the County Auditor’s Office to have Board minutes mailed and e-mailed to the two (2) official county newspapers. The Office has no control over when the papers will publish the minutes. The minutes are sent in a timely manner but there always is a delay in the publication.

Conclusion – Response accepted.

IV-G-06 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.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-H-06 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-06 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, 2006 for the County Extension Office did not exceed the amount budgeted.

IV-J-06 Special Appraiser's Levy – Chapter 441.50 of the Code of Iowa states:

“The conference board shall have power to employ appraisers or other technical or expert help to assist in the valuation of property, the cost thereof to be paid in the same manner as other expenses of the assessor's office. The conference board may certify for levy annually an amount not to exceed forty and one-half cents per thousand dollars for the purpose of establishing a special appraiser's fund, to be used only for such purposes. From time to time the conference board may direct the transfer of any unexpended balance in the special appraiser's fund to the assessment expense fund.”

Pursuant to an Attorney General's letter of memorandum dated January 4, 2006, the “... salary, benefits, and other costs associated with employing appraisers and other personnel with a county assessor's office may be paid from the special appraiser's fund, as long as the employees provide “technical or expert help to assist in the valuation of property.”

The County Assessor Conference Board levies annually for the special appraiser's levy and transfers the amount received to the Assessment Expense Fund to supplement operations. Pursuant to an Attorney General's letter of memorandum dated January 4, 2006, “Given that the special appraiser's fund is a limited fund, I do not believe this is a reasonable interpretation of section 441.50. Nor would I advise the State Appeal Board approve special appraiser fund levy which was not based upon a good faith estimate of anticipated costs which could legitimately be paid for with this fund.

Recommendation – The Conference Board should discontinue budgeting and levying the special appraiser's levy to supplement the Assessment Expense Fund.

Both the City and the County Assessors and Conference Boards should consult the County Attorney to determine the proper disposition of the amounts levied for the City and the County Assessor - Special Appraiser's Funds for fiscal 2006 and prior years.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Responses –

County Assessor – The budget year being audited was adopted on February 28, 2005. The letter issued by the Attorney General's Office was dated January 4, 2006, over half way through the fiscal year. The Clinton County Assessor and County Conference Board changed the budgeting process for both FYE June 30, 2007 and FYE June 30, 2008 to comply with the memorandum of the Attorney General's Office.

City Assessor – For the upcoming budget I have discontinued budgeting and levying from the Special Appraisers Fund to supplement the Assessment Fund.

Conclusion – Responses acknowledged. The City and County Assessors and Conference Boards should also consult the County Attorney to determine the proper disposition of the amounts levied for the Special Appraiser's Fund for prior years.

Clinton County

Staff

This audit was performed by:

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Scott P. Boisen, Senior Auditor
Ryan J. Sisson, Staff Auditor
Carey L. Fraise, Staff Auditor
Michael R. Field, Assistant Auditor
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Andrew E. Nielsen, CPA
Deputy Auditor of State