



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

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Auditor of State

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NEWS RELEASE

FOR RELEASE

March 28, 2013

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$78,584,050 for the year ended June 30, 2012, which included \$2,159,064 in tax credits from the state. The County forwarded \$61,011,333 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$17,572,717 of the local tax revenue to finance County operations, a 4.7% increase over the prior year. Other revenues included charges for service of \$2,408,126, operating grants, contributions and restricted interest of \$11,135,445, capital grants, contributions and restricted interest of \$2,593,932, local option sales tax of \$1,568,162, unrestricted investment earnings of \$123,208 and other general revenues of \$471,468.

Expenses for County operations totaled \$33,691,863, a 9.2% increase over the prior year. Expenses included \$9,523,802 for mental health, \$8,593,665 for roads and transportation and \$6,590,394 for public safety and legal services. The significant increase in expenses is due primarily to increases in the costs of mental health services and road materials.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1210-0023-B00F.pdf>.

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**CLINTON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**

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**Clinton County**

**Officials**

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

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David A. Vaudt, CPA  
Auditor of State

Independent Auditor's Report

To the Officials of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Clinton County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

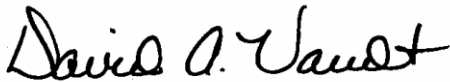
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County at June 30, 2012, 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 March 11, 2013 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.

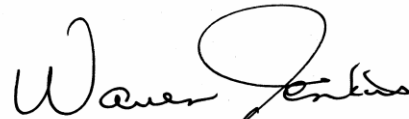
U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information 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

March 11, 2013



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

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Clinton County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 10.4 %, or approximately \$3,356,000, from fiscal year 2011 to fiscal year 2012. Property tax revenues increased approximately \$804,000, operating grants, contributions and restricted interest revenues increased approximately \$1,478,000, capital grants, contributions and restricted interest revenues increased approximately \$1,730,000 and local option sales tax revenues remained constant.
- Program expenses of the County's governmental activities increased 9.1%, or approximately \$2,782,000. Mental health expenses increased approximately \$1,619,000 and roads and transportation expenses increased approximately \$1,616,000.
- The County's governmental activities net assets increased 4.3%, or approximately \$2,202,000, from June 30, 2011 to June 30, 2012.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Clinton County's combined net assets increased from a year ago, from approximately \$51.9 million to approximately \$54.1 million. The analysis that follows focuses on the changes in net assets.

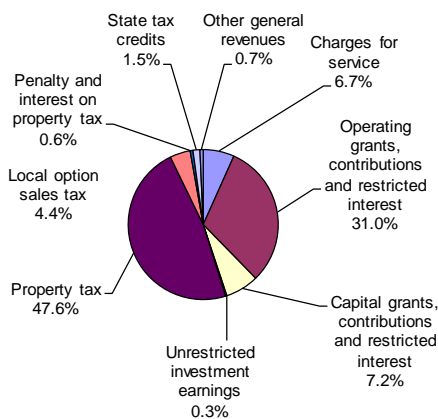
Net Assets of Governmental and Business Type Activities						
(Expressed in Thousands)						
	Governmental		Business Type		Total	
	Activities		Activities		June 30,	
	June 30,		June 30,		June 30,	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 39,577	39,275	44	40	39,621	39,315
Capital assets	46,138	44,534	217	229	46,355	44,763
Total assets	85,715	83,809	261	269	85,976	84,078
Long-term liabilities	11,361	12,289	10	6	11,371	12,295
Other liabilities	20,492	19,860	25	16	20,517	19,876
Total liabilities	31,853	32,149	35	22	31,888	32,171
Net assets:						
Invested in capital assets, net of related debt	41,513	40,108	209	229	41,722	40,337
Restricted	8,162	6,342	-	-	8,162	6,342
Unrestricted	4,187	5,210	17	18	4,204	5,228
Total net assets	\$ 53,862	51,660	226	247	54,088	51,907

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately \$5,228,000 at June 30, 2011 to approximately \$4,204,000 at the end of this year, a decrease of 19.6%.

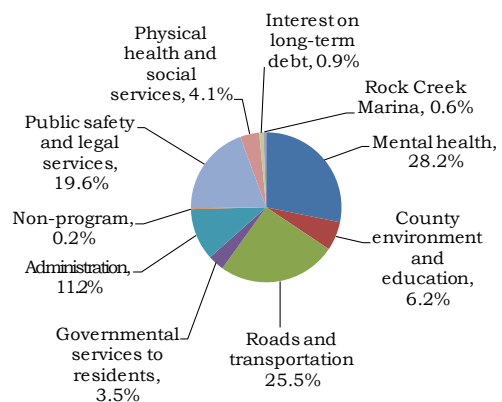
**Changes in Net Assets of Governmental and Business Type Activities**  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	Year ended		Year ended		Year ended	
	June 30,		June 30,		June 30,	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service	\$ 2,222	2,501	186	137	2,408	2,638
Operating grants, contributions and restricted interest	11,135	9,657	-	-	11,135	9,657
Capital grants, contributions and restricted interest	2,594	864	-	-	2,594	864
<b>General revenues:</b>						
Property tax	17,028	16,224	-	-	17,028	16,224
Penalty and interest on property tax	211	187	-	-	211	187
State tax credits	545	560	-	-	545	560
Local option sales tax	1,568	1,568	-	-	1,568	1,568
Unrestricted investment earnings	123	190	-	-	123	190
Other general revenues	261	580	-	-	261	580
<b>Total revenues</b>	<b>35,687</b>	<b>32,331</b>	<b>186</b>	<b>137</b>	<b>35,873</b>	<b>32,468</b>
<b>Program expenses:</b>						
Public safety and legal services	6,590	6,863	-	-	6,590	6,863
Physical health and social services	1,383	1,377	-	-	1,383	1,377
Mental health	9,524	7,905	-	-	9,524	7,905
County environment and education	2,074	1,910	-	-	2,074	1,910
Roads and transportation	8,594	6,978	-	-	8,594	6,978
Governmental services to residents	1,167	1,098	-	-	1,167	1,098
Administration	3,773	4,095	-	-	3,773	4,095
Non-program	80	149	-	-	80	149
Interest on long-term debt	300	328	-	-	300	328
Rock Creek Marina	-	-	207	162	207	162
<b>Total expenses</b>	<b>33,485</b>	<b>30,703</b>	<b>207</b>	<b>162</b>	<b>33,692</b>	<b>30,865</b>
<b>Increase (decrease) in net assets</b>	<b>2,202</b>	<b>1,628</b>	<b>(21)</b>	<b>(25)</b>	<b>2,181</b>	<b>1,603</b>
<b>Net assets beginning of year</b>	<b>51,660</b>	<b>50,032</b>	<b>247</b>	<b>272</b>	<b>51,907</b>	<b>50,304</b>
<b>Net assets end of year</b>	<b>\$ 53,862</b>	<b>51,660</b>	<b>226</b>	<b>247</b>	<b>54,088</b>	<b>51,907</b>

**Revenues by Source**



**Expenses by Function**



Clinton County's net assets of governmental activities increased approximately \$2,202,000 during the year. Revenues for governmental activities increased approximately \$3,356,000 from the prior year. Operating grants, contributions and restricted interest increased approximately \$1,478,000, or 15.3%, and capital grants, contributions and restricted interest revenue increased approximately \$1,730,000, or 200.2 %, from the prior year.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Clinton County completed the year, its governmental funds reported a combined fund balance of approximately \$15.1 million, a decrease of approximately \$794,000 from last year's total of approximately \$15.8 million. The decrease in fund balance is primarily attributable to the County paying the City of Clinton the remaining balance of the bonds issued on behalf of the City for the Lincolnway Railport project. 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 \$1,034,000. The ending fund balance increased \$783,440 over the prior year to approximately \$6,910,000. General Fund revenues increased primarily due to increases in property and other county tax.
- Special Revenue, Mental Health Fund expenditures totaled approximately \$9,536,000, an increase of 20.5% over the prior year. The increase is due to increased costs for Mental Retardation (MR) services. The Mental Health Fund balance at year end decreased approximately \$678,000 from the prior year to \$141,968 at June 30, 2012.
- Special Revenue, Rural Services Fund expenditures totaled approximately \$643,000, a decrease of 7.8% from the prior year.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$2,069,000 from the prior year, mainly due to a decrease in various capital projects. The Secondary Roads Fund balance at year end decreased approximately \$309,000 from the prior year end balance.
- Debt Service Fund expenditures were approximately \$1,385,000 in fiscal year 2012, a decrease of 0.9% from the prior year. The Debt Service Fund balance at year end increased approximately \$2,019,000 from the prior year fund balance, primarily due to the increase in the long-term receivable due from the City of Clinton.
- The Capital Projects Fund was established in fiscal year 2010. Transfers of \$2,773,828 to the Debt Service Fund were the result of payments to the City of Clinton for the Lincolnway Railport Project. All previously issued bond proceeds were used, leaving no ending fund balance at June 30, 2012. Future reimbursements from the City are to be deposited to the Debt Service Fund.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Clinton County amended its budget three times. The first amendment was made in November 2011 and resulted in an increase in budgeted disbursements related to pass-through grant funds. The second amendment was made in January 2012, primarily as a result of the disbursement of donations and grant funds. The third amendment was made in May 2012 and resulted in an increase in budgeted disbursements. The amendment was due primarily to increased costs for secondary road materials.

The County's receipts were \$194,250 less than the amended budget. Use of money and property receipts were \$55,269 less than anticipated.

Total disbursements were \$35,108,969, or 9.1% less than the amended budget. Disbursements for the mental health function were \$1,193,488 less than budgeted due to some State bills not being paid by year end. Disbursements for the public safety and legal services function were \$978,737 less than budgeted due to the lower cost of housing prisoners outside of the County and also due to unfilled deputy positions. Disbursements for the administration function were \$366,945 less than budgeted due to lower postage, utilities, insurance and various other general costs. Disbursements for the physical health and social services function were \$305,642 less than budgeted due to decreased costs in local health, general assistance and juvenile detention.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, Clinton County had approximately \$46.1 million invested in a broad range of governmental activities capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,605,000, or 3.6%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 982	921
Construction in progress	1,413	4,326
Buildings and improvements	5,342	5,368
Equipment and vehicles	4,539	4,339
Infrastructure	33,862	29,580
Total	\$ 46,138	44,534

The County had depreciation expense of \$2,679,761 for governmental activities in fiscal year 2012 and total accumulated depreciation of \$29,807,752 at June 30, 2012.

The County's fiscal year 2012 budget included \$3,702,983 for capital projects, principally for the Lincolnway Railport funding and secondary road improvements. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2012, Clinton County had \$9,851,661 of general obligation bonds and other debt outstanding, compared to \$10,808,680 at June 30, 2011, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2012	2011
General obligation bonds	\$ 9,610,000	10,695,000
Drainage warrants	241,661	113,680
Total	\$ 9,851,661	10,808,680

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Clinton County's outstanding general obligation debt of approximately \$9.6 million is significantly below its constitutional debt limit of approximately \$166 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 6.0% versus 6.6% a year ago. This compares with the State's unemployment rate of 5.1% and the national rate of 8.2%.

These indicators were taken into account when adopting the budget for fiscal year 2013. Amounts available for appropriation in the operating budget are \$32,982,000, a 2.4% decrease from the final fiscal year 2012 budget. Budgeted disbursements are expected to decrease approximately \$3,342,000 due to various capital projects being completed in fiscal year 2012.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2013.

### **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 North Third Street, Clinton Iowa 52733-2957.

## **Basic Financial Statements**



Clinton County  
Statement of Net Assets

June 30, 2012

	Primary Government			Component Unit
	Governmental		Business Type	Conservation
	Activities	Activities	Total	Foundation
<b>Assets</b>				
Cash, pooled investments and cash equivalents	\$ 14,474,257	43,613	14,517,870	112,725
Receivables:				
Property tax:				
Delinquent	126,416	-	126,416	-
Succeeding year	17,354,000	-	17,354,000	-
Penalty and interest on property tax	279,377	-	279,377	-
Accounts	70,278	8,545	78,823	-
Drainage assessments:				
Delinquent	82,009	-	82,009	-
Succeeding year	14,870	-	14,870	-
Due from other governments	6,877,595	-	6,877,595	-
Inventories	298,596	-	298,596	-
Capital assets, net of accumulated depreciation	46,138,087	208,783	46,346,870	-
<b>Total assets</b>	<b>85,715,485</b>	<b>260,941</b>	<b>85,976,426</b>	<b>112,725</b>
<b>Liabilities</b>				
Accounts payable	1,402,228	21,859	1,424,087	-
Accrued interest payable	22,711	-	22,711	-
Salaries and benefits payable	203,846	2,518	206,364	-
Due to other governments	1,510,231	573	1,510,804	-
Deferred revenue:				
Succeeding year property tax	17,354,000	-	17,354,000	-
Long-term liabilities:				
Portion due or payable within one year:				
General obligation bonds	1,105,000	-	1,105,000	-
Drainage warrants	92,124	-	92,124	-
Compensated absences	769,506	9,790	779,296	-
Portion due or payable after one year:				
General obligation bonds	8,505,000	-	8,505,000	-
Drainage warrants	149,538	-	149,538	-
Compensated absences	194,548	-	194,548	-
Net OPEB liability	544,992	-	544,992	-
<b>Total liabilities</b>	<b>31,853,724</b>	<b>34,740</b>	<b>31,888,464</b>	<b>-</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	41,513,087	208,783	41,721,870	-
Restricted for:				
Nonexpendable:				
Permanent Fund	5,000	-	5,000	-
Expendable:				
Supplemental levy purposes	4,065,286	-	4,065,286	-
Mental health purposes	439,493	-	439,493	-
Rural services purposes	606,629	-	606,629	-
Secondary roads purposes	1,597,277	-	1,597,277	-
Debt service	1,056,112	-	1,056,112	-
Drainage districts	53,159	-	53,159	-
Vietnam Veterans Memorial	7,626	-	7,626	-
Other	330,781	-	330,781	112,725
Unrestricted	4,187,311	17,418	4,204,729	-
<b>Total net assets</b>	<b>\$ 53,861,761</b>	<b>226,201</b>	<b>54,087,962</b>	<b>112,725</b>

See notes to financial statements.

Clinton County

Statement of Activities

Year ended June 30, 2012

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 6,590,394	444,721	166,588	-
Physical health and social services	1,383,297	75,699	331,203	-
Mental health	9,523,802	19,368	6,050,229	-
County environment and education	2,074,008	194,917	823,873	471,183
Roads and transportation	8,593,665	26,601	3,627,567	2,122,749
Governmental services to residents	1,167,452	853,670	-	-
Administration	3,772,624	607,049	55,909	-
Non-program	80,495	-	80,076	-
Interest on long-term debt	299,550	-	-	-
Total governmental activities	33,485,287	2,222,025	11,135,445	2,593,932
Business type activities:				
Rock Creek Marina	206,576	186,101	-	-
Total primary government	\$ 33,691,863	2,408,126	11,135,445	2,593,932
<b>Component Unit:</b>				
Conservation Foundation	\$ 942,782	-	286,849	-

**General Revenues:**

Property and other county tax levied for:

General purposes

Debt service

Penalty and interest on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			Component Unit
Primary Government			Conservation Foundation
Governmental Activities	Business Type Activities	Total	
(5,979,085)	-	(5,979,085)	
(976,395)	-	(976,395)	
(3,454,205)	-	(3,454,205)	
(584,035)	-	(584,035)	
(2,816,748)	-	(2,816,748)	
(313,782)	-	(313,782)	
(3,109,666)	-	(3,109,666)	
(419)	-	(419)	
(299,550)	-	(299,550)	
(17,533,885)	-	(17,533,885)	
-	(20,475)	(20,475)	
(17,533,885)	(20,475)	(17,554,360)	
			(655,933)
15,721,006	-	15,721,006	-
1,306,559	-	1,306,559	-
210,496	-	210,496	-
545,152	-	545,152	-
1,568,162	-	1,568,162	-
123,208	-	123,208	2,363
7,500	-	7,500	-
253,472	-	253,472	-
19,735,555	-	19,735,555	2,363
2,201,670	(20,475)	2,181,195	(653,570)
51,660,091	246,676	51,906,767	766,295
\$ 53,861,761	226,201	54,087,962	112,725

Clinton County  
Balance Sheet  
Governmental Funds

June 30, 2012

	General	Special Revenue	
		Mental Health	Rural Services
<b>Assets</b>			
Cash, pooled investments and cash equivalents	\$ 7,203,614	1,647,729	670,179
Receivables:			
Property tax:			
Delinquent	90,280	21,915	4,068
Succeeding year	11,462,000	2,798,000	1,725,000
Penalty and interest on property tax	279,377	-	-
Accounts	18,281	22,891	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other funds	12,577	-	-
Due from other governments	217,734	165,101	-
Inventories	-	-	-
<b>Total assets</b>	<b>\$ 19,283,863</b>	<b>4,655,636</b>	<b>2,399,247</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 373,120	237,820	42,394
Salaries and benefits payable	133,359	22,769	8,230
Due to other funds	15,254	-	12,997
Due to other governments	21,800	1,433,416	-
Deferred revenue:			
Succeeding year property tax	11,462,000	2,798,000	1,725,000
Other	368,482	21,663	3,997
Total liabilities	12,374,015	4,513,668	1,792,618
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Vietnam Veterans Memorial	-	-	-
Restricted for:			
Supplemental levy purposes	1,944,788	-	-
Mental health purposes	-	141,968	-
Rural services purposes	-	-	606,629
Secondary roads purposes	-	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Debt service	-	-	-
Other purposes	253,215	-	-
Unassigned	4,711,845	-	-
Total fund balances	6,909,848	141,968	606,629
<b>Total liabilities and fund balances</b>	<b>\$ 19,283,863</b>	<b>4,655,636</b>	<b>2,399,247</b>

See notes to financial statements.

Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
875,822	53,670	-	244,498	10,695,512
-	10,153	-	-	126,416
-	1,369,000	-	-	17,354,000
-	-	-	-	279,377
6,739	-	-	85	47,996
-	-	-	82,009	82,009
-	-	-	14,870	14,870
15,674	-	-	-	28,251
401,791	6,000,000	-	92,969	6,877,595
298,596	-	-	-	298,596
1,598,622	7,432,823	-	434,431	35,804,622
451,431	-	-	49,118	1,153,883
39,488	-	-	-	203,846
-	-	-	-	28,251
54,715	-	-	300	1,510,231
-	1,369,000	-	-	17,354,000
-	10,036	-	96,879	501,057
545,634	1,379,036	-	146,297	20,751,268
298,596	-	-	-	298,596
-	-	-	5,000	5,000
-	-	-	-	1,944,788
-	-	-	-	141,968
-	-	-	-	606,629
754,392	-	-	-	754,392
-	-	-	197,942	197,942
-	6,053,787	-	-	6,053,787
-	-	-	85,192	338,407
-	-	-	-	4,711,845
1,052,988	6,053,787	-	288,134	15,053,354
1,598,622	7,432,823	-	434,431	35,804,622

**Clinton County**

Clinton County

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

June 30, 2012

**Total governmental fund balances (page 19)** \$ 15,053,354

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$75,945,839 and the accumulated depreciation is \$29,807,752. 46,138,087

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 501,057

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 3,552,682

Long-term liabilities, including bonds payable, drainage warrants payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (11,383,419)

**Net assets of governmental activities (page 15)** \$ 53,861,761

See notes to financial statements.

Clinton County

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

Year ended June 30, 2012

	General	Special Revenue	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 11,326,651	2,701,760	1,636,227
Local option sales tax	580,220	-	-
Penalty and interest on property tax	148,554	-	-
Intergovernmental	1,890,091	6,136,680	62,009
Licenses and permits	74,499	-	-
Charges for service	1,071,357	19,368	-
Use of money and property	243,038	-	-
Miscellaneous	629,488	234	-
Total revenues	15,963,898	8,858,042	1,698,236
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	6,672,445	-	170,624
Physical health and social services	1,392,888	-	-
Mental health	-	9,536,046	-
County environment and education	1,449,275	-	472,293
Roads and transportation	-	-	-
Governmental services to residents	1,130,337	-	-
Administration	3,201,794	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	1,083,316	-	-
Total expenditures	14,930,055	9,536,046	642,917
Excess (deficiency) of revenues over (under) expenditures	1,033,843	(678,004)	1,055,319
<b>Other financing sources (uses):</b>			
Sale of capital assets	10,150	-	-
Operating transfers in	-	-	-
Operating transfers out	(260,553)	-	(1,054,940)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(250,403)	-	(1,054,940)
Change in fund balances	783,440	(678,004)	379
Fund balances beginning of year	6,126,408	819,972	606,250
Fund balances end of year	\$ 6,909,848	141,968	606,629

See notes to financial statements.



Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	1,306,559	-	-	16,971,197
987,942	-	-	-	1,568,162
-	-	-	-	148,554
3,627,567	40,561	-	100,199	11,857,107
22,696	-	-	-	97,195
8	-	-	9,558	1,100,291
-	-	1,840	528	245,406
22,378	2,144	-	236,499	890,743
4,660,591	1,349,264	1,840	346,784	32,878,655
-	-	-	1,535	6,844,604
-	-	-	-	1,392,888
-	-	-	-	9,536,046
-	-	-	227,612	2,149,180
6,841,181	-	-	-	6,841,181
-	-	-	-	1,130,337
-	-	-	414	3,202,208
-	-	-	80,495	80,495
-	1,384,547	-	57,381	1,441,928
163,534	-	-	-	1,246,850
7,004,715	1,384,547	-	367,437	33,865,717
(2,344,124)	(35,283)	1,840	(20,653)	(987,062)
-	-	-	-	10,150
2,034,884	2,054,437	-	-	4,089,321
-	-	(2,773,828)	-	(4,089,321)
-	-	-	183,392	183,392
2,034,884	2,054,437	(2,773,828)	183,392	193,542
(309,240)	2,019,154	(2,771,988)	162,739	(793,520)
1,362,228	4,034,633	2,771,988	125,395	15,846,874
1,052,988	6,053,787	-	288,134	15,053,354

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, 2012

**Change in fund balances - Total governmental funds (page 23)** \$ (793,520)

***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	\$ 2,161,577	
Capital assets contributed by the State and others	2,122,749	
Depreciation expense	<u>(2,679,761)</u>	1,604,565

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	56,368	
Other	<u>31,231</u>	87,599

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

Issued	(183,392)	
Repaid	<u>1,140,410</u>	957,018

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

Compensated absences	69,291	
Other postemployment benefits	(98,133)	
Interest on long-term debt	<u>1,968</u>	(26,874)

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

**Change in net assets of governmental activities (page 17)** \$ 2,201,670

See notes to financial statements.

Clinton County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
<b>Assets</b>		
Cash and cash equivalents	\$ 18,429	3,803,929
Accounts receivable	8,397	22,430
Capital assets, net of accumulated depreciation	208,783	-
<b>Total assets</b>	<u>235,609</u>	<u>3,826,359</u>
<b>Liabilities</b>		
Accounts payable	20,204	250,000
Salaries and benefits payable	2,518	-
Due to other governments	573	-
Compensated absences	9,790	-
<b>Total liabilities</b>	<u>33,085</u>	<u>250,000</u>
<b>Net Assets</b>		
Invested in capital assets	208,783	-
Unrestricted	(6,259)	3,576,359
<b>Total net assets</b>	<u>202,524</u>	<u>3,576,359</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	<u>23,677</u>	
<b>Net assets of business type activities</b>	<u>\$ 226,201</u>	

See notes to financial statements.

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

Year ended June 30, 2012

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,347,588
Reimbursements from employees and others	-	251,013
Stop loss insurance recoveries	-	102,108
Hotel/motel excise tax	1,124	-
Camping fees	89,708	-
Boat rental fees	6,405	-
Other recreational fees	24,765	-
Concession sales	37,540	-
Miscellaneous	8,577	-
Total operating revenues	168,119	2,700,709
Operating expenses:		
Administrative fees	-	382,318
Medical and health services	-	1,906,414
Salaries	77,089	-
Employee benefits	25,066	-
Supplies	30,131	-
Utilities	20,073	-
Repair and improvements	19,222	-
Depreciation	19,987	-
Miscellaneous	2,723	51,595
Total operating expenses	194,291	2,340,327
Operating income (loss)	(26,172)	360,382
Non-operating revenues:		
Interest income	-	18,197
Increase (decrease) in net assets	(26,172)	378,579
Net assets beginning of year	228,696	3,197,780
Net assets end of year	202,524	3,576,359
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	23,677	
<b>Net assets of business type activities</b>	<b>\$ 226,201</b>	

See notes to financial statements.

Clinton County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2012

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	2,347,588
Cash received from employees and others	-	251,013
Cash received from stop loss insurance recoveries	-	114,958
Cash received from hotel/motel excise tax	1,085	-
Cash received from camping fees	88,467	-
Cash received from boat rental fees	6,026	-
Cash received from other recreational fees	25,265	-
Cash received from concession sales	35,836	-
Cash received from miscellaneous operations	8,682	-
Cash paid for administrative fees	-	(66,698)
Cash paid to employees for services	(102,325)	-
Cash paid to suppliers for services	(59,107)	(2,293,629)
Net cash provided by operating activities	<u>3,929</u>	<u>353,232</u>
Cash flows from investing activities:		
Interest on investments	-	18,198
Net increase in cash and cash equivalents	3,929	371,430
Cash and cash equivalents beginning of year	14,500	3,432,499
Cash and cash equivalents end of year	<u>\$ 18,429</u>	<u>3,803,929</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (26,172)	360,382
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	19,987	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,759)	12,850
Increase (decrease) in accounts payable	12,843	(20,000)
Decrease in salaries and benefits payable	(3,783)	-
Increase in due to other governments	200	-
Increase in compensated absences	3,613	-
Total adjustments	<u>30,101</u>	<u>(7,150)</u>
Net cash provided by operating activities	<u>\$ 3,929</u>	<u>353,232</u>

See notes to financial statements.

Clinton County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2012

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 4,608,821
Other County officials	95,779
Receivables:	
Property tax:	
Delinquent	489,148
Succeeding year	57,364,000
Accounts	76,865
Drainage assessments	10,275
Special assessments	1,075,336
<b>Total assets</b>	<u>63,720,224</u>

**Liabilities**

Accounts payable	254,284
Salaries and benefits payable	25,459
Due to other governments	63,222,838
Trusts payable	65,923
Compensated absences	150,092
Stamped drainage warrants payable	1,628
<b>Total liabilities</b>	<u>63,720,224</u>

**Net assets** \$ -

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2012

**(1) Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

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

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

Discretely Presented Component Unit

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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



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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following proprietary funds:

An Enterprise Fund is utilized to account for the acquisition, operation and maintenance of governmental facilities and services which 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

The proprietary 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 financial statements:

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

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, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and enterprise 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, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted by function. However, disbursements in six departments exceeded the amounts appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2012 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, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Rural Services	\$ 12,577
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	15,254 420
Total		<u>\$ 28,251</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, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General Special Revenue: Rural Services Capital Projects	\$ 260,553 1,054,940 719,391
Debt Service	Capital Projects	<u>2,054,437</u>
Total		<u>\$ 4,089,321</u>

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

(5) **Capital Assets**

Governmental activities capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 921,133	61,000	-	982,133
Construction in progress, road network	3,987,478	2,201,877	6,146,697	42,658
Construction in progress, other	338,457	1,032,233		1,370,690
Total capital assets not being depreciated	5,247,068	3,295,110	6,146,697	2,395,481
Capital assets being depreciated:				
Buildings and improvements	9,147,847	148,750	-	9,296,597
Equipment and vehicles	9,500,891	840,466	34,000	10,307,357
Infrastructure, road network	47,799,707	6,146,697	-	53,946,404
Total capital assets being depreciated	66,448,445	7,135,913	34,000	73,550,358
Less accumulated depreciation for:				
Buildings and improvements	3,779,982	175,200	-	3,955,182
Equipment and vehicles	5,161,807	640,520	34,000	5,768,327
Infrastructure, road network	18,220,202	1,864,041	-	20,084,243
Total accumulated depreciation	27,161,991	2,679,761	34,000	29,807,752
Total capital assets being depreciated, net	39,286,454	4,456,152	-	43,742,606
Governmental activities capital assets, net	\$ 44,533,522	7,751,262	6,146,697	46,138,087

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 184,160
Physical health and social services	7,463
Mental health	3,429
County environment and education	74,357
Roads and transportation	2,230,807
Governmental services to residents	54,605
Administration	124,940
Total depreciation expense - governmental activities	<u>\$ 2,679,761</u>

Business type activities capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Capital assets being depreciated:				
Buildings	\$ 283,284	-	-	283,284
Equipment	146,481	-	-	146,481
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	488,976	-	-	488,976
Less accumulated depreciation for:				
Buildings	105,794	11,598	-	117,392
Equipment	98,122	5,468	-	103,590
Infrastructure	56,290	2,921	-	59,211
Total accumulated depreciation	260,206	19,987	-	280,193
Business type activities capital assets, net	\$ 228,770	(19,987)	-	208,783
Total depreciation expense - business type activities				<u>\$ 19,987</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 at June 30, 2012 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 21,800
Special Revenue:		
Mental Health	Services	1,433,416
Secondary Roads	Services	54,715
Miscellaneous Grants	Services	300
		<u>1,488,431</u>
Total for governmental funds		<u>\$ 1,510,231</u>
Agency:		
County Assessor	Collections	\$ 779,034
City Assessor		1,123,935
Schools		30,930,128
Community Colleges		1,842,519
Corporations		23,890,103
Townships		396,201
All other		4,260,918
Total for agency funds		<u>\$ 63,222,838</u>

**(7) Long-Term Liabilities**

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2012 is as follows:

	<u>General</u>		<u>Compen-</u>	<u>Net</u>	
	<u>Obligation</u>	<u>Drainage</u>	<u>sated</u>	<u>OPEB</u>	
	<u>Bonds</u>	<u>Warrants</u>	<u>Absences</u>	<u>Liability</u>	<u>Total</u>
Balance beginning of year	\$ 10,695,000	113,680	1,033,345	446,859	12,288,884
Increases	-	183,392	824,857	108,149	1,116,398
Decreases	1,085,000	55,410	894,148	10,016	2,044,574
Balance end of year	<u>\$ 9,610,000</u>	<u>241,662</u>	<u>964,054</u>	<u>544,992</u>	<u>11,360,708</u>
Due within one year	<u>\$ 1,105,000</u>	<u>92,124</u>	<u>769,506</u>	<u>-</u>	<u>1,966,630</u>

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2012 is as follows:

	<u>Compen-</u>
	<u>sated</u>
	<u>Absences</u>
Balance beginning of year	\$ 6,177
Increases	8,342
Decreases	4,729
Balance end of year	<u>\$ 9,790</u>
Due within one year	<u>\$ 9,790</u>



Bonds Payable

A summary of the County's June 30, 2012 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2009 A			Series 2010A		
	Issued July 15, 2009			Issued April 1, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	2.30%	\$ 120,000	28,420	2.50%	\$ 410,000	107,030
2014	2.65	120,000	25,660	2.50	420,000	96,780
2015	3.00	125,000	22,480	2.50	425,000	86,280
2016	3.20	125,000	18,730	2.60	440,000	75,655
2017	3.50	130,000	14,730	2.85	450,000	64,215
2018-2021	3.60-3.80	275,000	15,500	3.00-3.45	1,585,000	110,910
Total		<u>\$ 895,000</u>	<u>125,520</u>		<u>\$ 3,730,000</u>	<u>540,870</u>

Year Ending June 30,	Series 2010B			Total		
	Issued April 1, 2010			Principal	Interest	Total
	Interest Rates	Principal	Interest			
2013	2.00%	\$ 575,000	137,087	1,105,000	272,537	1,377,537
2014	2.00	585,000	125,588	1,125,000	248,028	1,373,028
2015	2.25	595,000	113,887	1,145,000	222,647	1,367,647
2016	2.75	605,000	100,500	1,170,000	194,885	1,364,885
2017	3.00	625,000	83,863	1,205,000	162,808	1,367,808
2018-2021	3.00-3.50	2,000,000	135,025	3,860,000	261,435	4,121,435
Total		<u>\$ 4,985,000</u>	<u>695,950</u>	<u>9,610,000</u>	<u>1,362,340</u>	<u>10,972,340</u>

During the year ended June 30, 2012, the County retired \$1,085,000 of general obligation bonds.

Pursuant to a 28E agreement between Clinton County and the City of Clinton, Iowa, the County is participating in the City-managed Lincolnway Railport Project by contributing \$6,000,000 of the series 2010B general obligation bond proceeds to the City of Clinton to be used solely for the purpose designated in the Clinton County Lincolnway Railport urban renewal area. The City is to repay the County from a portion of the sale of property in the Industrial Park. If the County has not been reimbursed by December 2020, the City will reimburse the County for any unpaid balance due on the monies advanced by the County for the project. As of June 30, 2012, \$6,000,000 of bond proceeds had been advanced to the City and no repayments have been made.

Drainage Warrants

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

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

**(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$838,043, \$691,744 and \$635,654, respectively, equal to the required contributions for each year.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 198 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 122,082
Interest on net OPEB obligation	11,171
Adjustment to annual required contribution	(25,104)
Annual OPEB cost	<u>108,149</u>
Contributions made	(10,016)
Increase in net OPEB obligation	98,133
Net OPEB obligation beginning of year	<u>446,859</u>
Net OPEB obligation end of year	<u>\$ 544,992</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$10,016 to the medical plan. Plan members eligible for benefits contributed \$45,337, or 82%, of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 143,316	0.00%	\$ 143,316
2010	178,029	1.06	319,465
2011	129,671	1.76	446,859
2012	108,149	9.26	544,992

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$938,651, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$938,651. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,603,000 and the ratio of the UAAL to covered payroll was 9.78%. As of June 30, 2012, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

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

Projected claim costs of the medical plan are \$513.00 per month for retirees less than age 65 and \$1,177.00 per month for family plans of retirees less than age 65. All coverage ceases when the retiree attains age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The actuary made no payroll assumptions as to the future because benefits are not payroll related. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(10) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% 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, 2012 were \$270,114.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, or series of claims, exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly,

at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

**(11) Employee Health Insurance Plan**

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2012 was \$2,347,588.

Amounts payable from the Employee Group Health Fund at June 30, 2012 total \$250,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$3,576,359 at June 30, 2012 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	\$ 270,000
Total incurred claims	1,906,414
Total payments	<u>1,926,414</u>
Unpaid claims end of year	<u><u>\$ 250,000</u></u>

**(12) Jointly Governed Organization**

The County participates in the Clinton County Communications Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The parties to the 28E organization are Clinton County, the cities of Camanche, Clinton and DeWitt and the Clinton County Emergency Management Commission. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2012:

Additions:		
Property tax from County general supplemental levy		<u>\$ 948,163</u>
Deductions:		
Salaries	\$569,817	
Benefits	213,204	
Office supplies	6,247	
Uniforms	1,800	
Telephone	7,569	
Technology services	6,303	
Machinery and mechanical equipment	18,405	
Insurance	5,125	
Equipment/furniture	1,601	
Miscellaneous	<u>16,875</u>	<u>846,946</u>
Net		101,217
Balance beginning of year		<u>574,745</u>
Balance end of year		<u><u>\$ 675,962</u></u>

**(13) Early Childhood Iowa Area Board**

Clinton County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2012 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State of Iowa grants:			
Early childhood	\$ 169,481	-	169,481
Family support and parent education	-	248,255	248,255
Preschool support for low-income families	-	109,002	109,002
Quality improvement	-	44,541	44,541
Allocation for administration	8,920	13,245	22,165
Other grant programs	-	26,452	26,452
Total state grants	178,401	441,495	619,896
Interest on investments	45	241	286
Total revenues	178,446	441,736	620,182
Expenditures:			
Program services:			
Early childhood	161,632	-	161,632
Family support and parent education	-	247,912	247,912
Preschool support for low income families	-	140,819	140,819
Quality improvement	-	44,541	44,541
Other program services	-	35,260	35,260
Total program services	161,632	468,532	630,164
Administration	9,261	6,377	15,638
Total expenditures	170,893	474,909	645,802
Change in fund balance	7,553	(33,173)	(25,620)
Fund balance beginning of year	25,572	86,318	111,890
Fund balance end of year	\$ 33,125	53,145	86,270

Findings related to the operations of the Early Childhood Iowa Area Board are included as items II-E-12 and IV-J-12 in the Schedule of Findings and Questioned Costs.

**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, 2012

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 18,539,708	-	18,539,708
Penalty and interest on property tax	152,955	-	152,955
Intergovernmental	11,874,828	-	11,874,828
Licenses and permits	97,593	-	97,593
Charges for service	1,100,953	-	1,100,953
Use of money and property	247,235	59	247,176
Miscellaneous	827,930	182,220	645,710
Total receipts	<u>32,841,202</u>	<u>182,279</u>	<u>32,658,923</u>
<b>Disbursements:</b>			
Public safety and legal services	6,946,748	-	6,946,748
Physical health and social services	1,380,392	-	1,380,392
Mental health	8,846,597	-	8,846,597
County environment and education	2,137,997	183,392	1,954,605
Roads and transportation	6,720,691	-	6,720,691
Governmental services to residents	1,151,266	-	1,151,266
Administration	3,223,037	-	3,223,037
Non-program	97,948	-	97,948
Debt service	1,441,928	57,381	1,384,547
Capital projects	3,403,138	-	3,403,138
Total disbursements	<u>35,349,742</u>	<u>240,773</u>	<u>35,108,969</u>
Deficiency of receipts under disbursements	(2,508,540)	(58,494)	(2,450,046)
Other financing sources, net	193,542	183,392	10,150
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,314,998)	124,898	(2,439,896)
Balance beginning of year	13,010,510	29,063	12,981,447
Balance end of year	<u>\$ 10,695,512</u>	<u>153,961</u>	<u>10,541,551</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
18,851,387	18,480,575	59,133
134,000	134,000	18,955
11,003,916	11,771,339	103,489
91,670	91,670	5,923
980,180	989,132	111,821
281,420	302,445	(55,269)
246,744	695,512	(49,802)
<u>31,589,317</u>	<u>32,464,673</u>	<u>194,250</u>
7,906,674	7,925,485	978,737
1,696,034	1,686,034	305,642
9,383,112	10,040,085	1,193,488
1,941,879	2,005,316	50,711
6,399,050	6,749,050	28,359
1,365,294	1,366,594	215,328
3,501,982	3,589,982	366,945
170,000	170,000	72,052
1,382,948	1,385,148	601
2,928,584	3,702,983	299,845
<u>36,675,557</u>	<u>38,620,677</u>	<u>3,511,708</u>
(5,086,240)	(6,156,004)	3,705,958
-	-	10,150
(5,086,240)	(6,156,004)	3,716,108
10,000,730	12,894,858	86,589
<u>4,914,490</u>	<u>6,738,854</u>	<u>3,802,697</u>

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Clinton County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 32,841,202	37,453	32,878,655
Expenditures	35,349,742	(1,484,025)	33,865,717
Net	(2,508,540)	1,521,478	(987,062)
Other financing sources, net	193,542	-	193,542
Beginning fund balances	13,010,510	2,836,364	15,846,874
Ending fund balances	\$ 10,695,512	4,357,842	15,053,354

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Capital Projects Fund, the Debt Service Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,945,120. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted by function. However, disbursements in six departments exceeded the amounts appropriated.

Clinton County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2007	-	\$ 2,181	2,181	0.00%	\$ 7,812	27.92%
2010	Jul 1, 2009	-	1,576	1,576	0.00	8,037	19.61
2011	Jul 1, 2009	-	1,576	1,576	0.00	8,916	17.68
2012	Jul 1, 2011	-	939	939	0.00	9,603	9.78

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

See accompanying independent auditor's report.

**Supplementary Information**

Clinton County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2012

		Resource Enhancement and Protection	County Recorder's Records Management	Special Seized Property
<b>Assets</b>				
Cash and pooled investments	\$	604	44,029	20,450
Receivables:				
Accounts		-	-	-
Drainage assessments:				
Delinquent		-	-	-
Succeeding year		-	-	-
Due from other governments		-	-	-
<b>Total assets</b>	<b>\$</b>	<b>604</b>	<b>44,029</b>	<b>20,450</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$	-	-	-
Due to other governments		-	-	-
Deferred revenue		-	-	-
Total liabilities		-	-	-
Fund balances:				
Nonspendable:				
Vietnam Veterans Memorial		-	-	-
Restricted for:				
Drainage warrants/drainage improvement certificates		-	-	-
Other purposes		604	44,029	20,450
Total fund balances		604	44,029	20,450
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>604</b>	<b>44,029</b>	<b>20,450</b>

See accompanying independent auditor's report.



Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
8,370	153,961	4,532	12,552		244,498
-	11	-	74		85
-	82,009	-	-		82,009
-	14,870	-	-		14,870
28,982	63,987	-	-		92,969
<b>37,352</b>	<b>314,838</b>	<b>4,532</b>	<b>12,626</b>		<b>434,431</b>
29,101	20,017	-	-		49,118
300	-	-	-		300
-	96,879	-	-		96,879
29,401	116,896	-	-		146,297
-	-	-	5,000		5,000
-	197,942	-	-		197,942
7,951	-	4,532	7,626		85,192
7,951	197,942	4,532	12,626		288,134
<b>37,352</b>	<b>314,838</b>	<b>4,532</b>	<b>12,626</b>		<b>434,431</b>

Clinton County

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

Year ended June 30, 2012

	Resource Enhancement and Protection	County Recorder's Records Management	Special Seized Property
Revenues:			
Intergovernmental	\$ 20,123	-	-
Charges for service	-	9,558	-
Use of money and property	30	91	-
Miscellaneous	-	-	10,291
Total revenues	<u>20,153</u>	<u>9,649</u>	<u>10,291</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	1,535
County environment and education	40,084	-	-
Administration	-	-	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	<u>40,084</u>	<u>-</u>	<u>1,535</u>
Excess (deficiency) of revenues over (under) expenditures	(19,931)	9,649	8,756
Other financing sources:			
Drainage warrants proceeds	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(19,931)	9,649	8,756
Fund balances beginning of year	<u>20,535</u>	<u>34,380</u>	<u>11,694</u>
Fund balances end of year	<u>\$ 604</u>	<u>44,029</u>	<u>20,450</u>

See accompanying independent auditor's report.

Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
80,076	-	-	-		100,199
-	-	-	-		9,558
-	60	2	345		528
-	226,208	-	-		236,499
80,076	226,268	2	345		346,784
-	-	-	-		1,535
-	187,528	-	-		227,612
-	-	414	-		414
80,495	-	-	-		80,495
-	57,381	-	-		57,381
80,495	244,909	414	-		367,437
(419)	(18,641)	(412)	345		(20,653)
-	183,392	-	-		183,392
(419)	164,751	(412)	345		162,739
8,370	33,191	4,944	12,281		125,395
7,951	197,942	4,532	12,626		288,134

Clinton County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	2,307	374,699	511,818	308,097	19,904
Other County officials	95,779	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,814	1,066	7,981	252,031	15,615
Succeeding year	-	237,000	422,000	631,000	30,370,000	1,807,000
Accounts	2,773	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 98,552</b>	<b>241,121</b>	<b>797,765</b>	<b>1,150,799</b>	<b>30,930,128</b>	<b>1,842,519</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	1,045	587	-	-
Salaries and benefits payable	-	-	4,102	4,202	-	-
Due to other governments	32,629	241,121	779,034	1,123,935	30,930,128	1,842,519
Trusts payable	65,923	-	-	-	-	-
Compensated absences	-	-	13,584	22,075	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 98,552</b>	<b>241,121</b>	<b>797,765</b>	<b>1,150,799</b>	<b>30,930,128</b>	<b>1,842,519</b>

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
180,433	4,279	174,946	997,417	651,229	14,223	1,369,469	4,608,821
-	-	-	-	-	-	-	95,779
209,670	922	-	-	-	-	49	489,148
23,500,000	391,000	-	-	-	-	6,000	57,364,000
-	-	-	-	34,388	2	39,702	76,865
-	-	-	-	-	10,275	-	10,275
-	-	1,075,336	-	-	-	-	1,075,336
<b>23,890,103</b>	<b>396,201</b>	<b>1,250,282</b>	<b>997,417</b>	<b>685,617</b>	<b>24,500</b>	<b>1,415,220</b>	<b>63,720,224</b>
-	-	-	-	26,563	-	226,089	254,284
-	-	-	-	-	-	17,155	25,459
23,890,103	396,201	1,250,282	997,417	659,054	22,872	1,057,543	63,222,838
-	-	-	-	-	-	-	65,923
-	-	-	-	-	-	114,433	150,092
-	-	-	-	-	1,628	-	1,628
<b>23,890,103</b>	<b>396,201</b>	<b>1,250,282</b>	<b>997,417</b>	<b>685,617</b>	<b>24,500</b>	<b>1,415,220</b>	<b>63,720,224</b>

Clinton County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2012

	Agricultural					
	County Offices	Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 119,738	235,259	744,389	1,082,924	31,412,481	2,050,301
Additions:						
Property and other county tax	643,353	230,358	412,998	613,734	29,512,516	1,752,772
E911 surcharge	-	-	-	-	-	-
State tax credits	-	7,156	14,757	15,408	944,451	61,911
Office fees and collections	187,364	-	4,325	1,101	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	654,055	-	-	-	-	-
Miscellaneous	-	-	-	23,966	29,333	-
Total additions	1,484,772	237,514	432,080	654,209	30,486,300	1,814,683
Deductions:						
Agency remittances:						
To other funds	491,274	-	-	-	-	-
To other governments	342,318	231,652	378,704	586,334	30,968,653	2,022,465
Trusts paid out	672,366	-	-	-	-	-
Total deductions	1,505,958	231,652	378,704	586,334	30,968,653	2,022,465
Balances end of year	\$ 98,552	241,121	797,765	1,150,799	30,930,128	1,842,519

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
22,956,130	386,230	1,472,268	961,247	701,396	24,854	1,289,389	63,436,606
22,780,118	381,099	-	-	-	-	3,070,473	59,397,421
-	-	-	-	204,961	-	-	204,961
555,876	14,159	-	-	-	-	194	1,613,912
-	-	-	-	-	-	1,748	194,538
-	-	-	11,442,988	-	-	-	11,442,988
-	-	655,626	-	-	967	-	656,593
-	-	-	-	-	-	-	654,055
-	4,513	-	-	-	12	2,084,446	2,142,270
23,335,994	399,771	655,626	11,442,988	204,961	979	5,156,861	76,306,738
-	-	-	400,440	-	-	-	891,714
22,402,021	389,800	877,612	11,006,378	220,740	1,333	5,031,030	74,459,040
-	-	-	-	-	-	-	672,366
22,402,021	389,800	877,612	11,406,818	220,740	1,333	5,031,030	76,023,120
23,890,103	396,201	1,250,282	997,417	685,617	24,500	1,415,220	63,720,224

Clinton County

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

For the Last Ten Years

	2012	2011	2010	2009
<b>Revenues:</b>				
Property and other county tax	\$ 16,971,197	16,215,989	15,151,449	13,122,899
Local option sales tax	1,568,162	1,568,149	1,493,260	1,596,635
Interest and penalty on property tax	148,554	153,069	152,824	167,424
Intergovernmental	11,857,107	10,745,146	9,984,494	11,379,705
Licenses and permits	97,195	90,602	107,223	95,627
Charges for service	1,100,291	1,093,479	1,005,790	1,017,760
Use of money and property	245,406	284,566	312,597	325,334
Miscellaneous	890,743	816,752	331,319	319,848
<b>Total</b>	<b>\$ 32,878,655</b>	<b>30,967,752</b>	<b>28,538,956</b>	<b>28,025,232</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 6,844,604	6,900,152	6,378,617	5,773,813
Physical health and social services	1,392,888	1,398,099	1,550,419	1,476,184
Mental health	9,536,046	7,916,840	7,640,292	8,495,067
County environment and education	2,149,180	1,950,917	1,889,731	1,855,913
Roads and transportation	6,841,181	5,623,843	4,668,020	5,039,654
Governmental services to residents	1,130,337	1,067,379	1,136,514	1,240,716
Administration	3,202,208	3,321,195	3,143,634	3,020,633
Non-program	80,495	148,616	59,960	61,998
Debt service	1,441,928	1,573,694	1,047,003	150,383
Capital projects	1,246,850	3,808,551	2,924,093	425,943
<b>Total</b>	<b>\$ 33,865,717</b>	<b>33,709,286</b>	<b>30,438,283</b>	<b>27,540,304</b>

See accompanying independent auditor's report.



Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
12,611,466	11,889,226	10,885,977	10,710,558	9,447,875	8,793,361
1,349,137	1,502,602	1,197,154	1,093,416	1,156,654	1,130,265
175,190	144,441	149,590	141,399	136,061	126,934
10,954,929	10,339,027	10,154,334	9,633,194	8,944,998	9,223,499
100,548	68,677	68,648	70,707	72,140	60,654
1,041,896	1,121,830	1,090,334	1,022,569	1,030,033	1,048,678
481,374	439,454	306,207	290,174	301,262	376,337
435,410	357,352	166,449	144,475	356,861	135,193
27,149,950	25,862,609	24,018,693	23,106,492	21,445,884	20,894,921
5,698,173	5,391,799	4,936,287	4,679,136	5,130,033	5,198,361
1,370,152	1,397,848	1,388,548	1,204,231	1,262,023	1,341,749
8,351,568	7,935,820	7,592,273	6,637,459	6,343,867	6,122,126
1,561,503	1,825,999	1,370,588	1,290,889	1,223,923	1,168,167
5,344,431	4,378,909	4,760,000	4,777,320	4,458,304	4,659,504
996,106	1,204,331	995,914	865,039	814,434	825,694
2,617,109	2,453,222	2,350,649	2,437,853	2,249,299	2,368,381
106,136	464,257	194,083	567,989	148,061	74,304
375,174	139,031	6,131	36,319	21,717	4,739
237,297	361,943	757,545	1,501,840	518,630	1,920,508
26,657,649	25,553,159	24,352,018	23,998,075	22,170,291	23,683,533

**Schedule 6**

## Clinton County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 4,513
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		<u>675</u>
Total direct			<u>5,188</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>41,022</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS-03	<u>57,200</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	SB-IA-C023(090)--2T-23	<u>722,007</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	11-410, Task 17	6,406
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	12-410, Task 19	<u>28,291</u>
			<u>34,697</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT23	6,754
Public Health Emergency Preparedness	93.069	5881BT323	3,407
Public Health Emergency Preparedness	93.069	5882BT23	<u>22,987</u>
			<u>33,148</u>
Centers for Disease Control and Prevention			
- Investigations and Technical Assistance	93.283	5882NB09	<u>40,115</u>

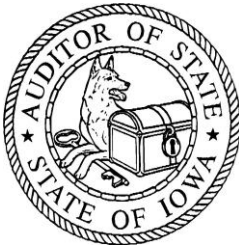
Clinton County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Programs	93.566		72
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		9,122
Foster Care-Title IV-E	93.658		14,973
Adoption Assistance	93.659		4,359
Children's Health Insurance Program	93.767		143
Medical Assistance Program	93.778		38,517
Social Services Block Grant	93.667		13,104
Social Services Block Grant	93.667		206,947
			220,051
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DRIA	57,588
Hazard Mitigation Grant	97.039		2,081
Emergency Management Performance Grants	97.042		18,466
Black Hawk County Emergency Management Agency (Region VI):			
Homeland Security Grant Program (Non-Cash)	97.067	FFY 2009	7,832
Homeland Security Grant Program (Non-Cash)	97.067	FFY 2010	942
			8,774
Total indirect			1,302,335
Total			\$ 1,307,523

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

See accompanying independent auditor's report.

**Clinton County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA  
Auditor of State

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

To the Officials of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 11, 2013. 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

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 and II-B-12 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-12 through II-E-12 to be significant deficiencies.

## Compliance and Other Matters

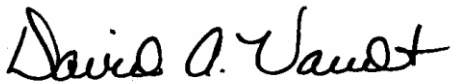
As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

March 11, 2013

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

**Clinton County**





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

To the Officials of Clinton County:

Compliance

We have audited Clinton County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Clinton County's major federal programs for the year ended June 30, 2012. Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clinton County's management. Our responsibility is to express an opinion on Clinton County's compliance based on our audit.

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

In our opinion, Clinton County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

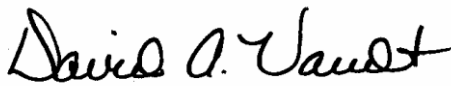
Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 11, 2013

Clinton County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each of 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 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, 2012

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-12 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Conservation and Conservation Foundation
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash.	Conservation and Conservation Foundation

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

Responses –

Conservation – There are only two individuals working in the Conservation office, the Administrative Assistant and the Executive Director. The Administrative Assistant prepares deposits and reconciles bank accounts. These are reviewed by the Executive Director who initials and dates each deposit and bank reconciliation.

Conservation Foundation – (1) All Foundation donations are first recorded by the Executive Director. All Foundation donations are then receipted by the Foundation Treasurer. All collection of cash and checks and deposit functions are prepared by the Foundation Treasurer or a member of the three-person finance committee. (2) We retain the services of an independent CPA who performs an annual review, reconciliation and compilation of financial condition and attests to our reviews.

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

II-B-12 Financial Reporting – During the audit, we identified a material payable not recorded by the County. An adjustment was subsequently made by the County to properly include this amount in the financial statements.

Recommendation – The County should implement procedures to ensure all payables are identified and included in the County's financial statements.

Response – The amount represented equipment which was budgeted for fiscal year 2013 but was received at the end of June in fiscal year 2012. Although the expenditure was coded to fiscal year 2013, the Engineer's office will show the equipment as expensed in fiscal year 2012.

Conclusion – Response accepted.

II-C-12 Accounting Procedures Manual – We encourage the development of office procedures and standardized accounting manuals for all County offices. In addition, we encourage obtaining or developing user manuals/help guides for the accounting software the County utilizes. These manuals and guides should provide the following benefits:

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

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

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

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

II-D-12 County Engineer's Petty Cash – A petty cash fund is maintained by the County Engineer for the purchase of miscellaneous items. However, the petty cash fund is not maintained on an imprest basis and receipts are not always maintained for petty cash purchases.

Recommendation – The petty cash fund should be maintained on an imprest basis, having a set, established amount to ensure proper accountability and should be reconciled on a regular basis. Receipts should be maintained for petty cash purchases.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Response – A resolution setting petty cash fund limits and policies (such as reimbursement procedures) will be developed and considered by the Board of Supervisors.

Conclusion – Response accepted.

- II-E-12 Early Childhood Iowa Board – County Records - Section 256I.8 of the Code of Iowa states, in part, the Early Childhood Iowa Area Board shall “submit an annual report on the effectiveness of the community plan in addressing school readiness and children’s health and safety needs to the state board and to the local government bodies in the area.” The annual report template is provided on the Early Childhood Iowa website maintained by the Department of Management.

The annual report submitted for fiscal year 2012 did not reconcile to the Area Board’s financial activity. The ending fund balances reported on the Annual Financial Report for fiscal year 2012 were understated by \$12,376 for the Early Childhood funds and overstated by \$14,620 for the School Ready funds. In addition, \$1,402 of School Ready Fund expenditures in the County’s general ledger were reported as Early Childhood Fund expenditures in the annual report submitted by the Early Childhood Iowa Area Board.

The amounts reported in Note 13 to the financial statements reflect the activity recorded in the County’s general ledger.

Recommendation – The Area Board should review and reconcile the annual report with the fiscal agent’s year-end ledger balance adjusted for outstanding accruals and make appropriate corrections to the annual report, as necessary. In addition, the Area Board should contact the Early Childhood Iowa Office within the Department of Management to determine the appropriate resolution.

Response – We accept the recommendations.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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

IV-A-12 Certified Budget – During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted by function. However, disbursements in six departments exceeded the amounts appropriated.

In addition, another department exceeded its appropriation prior to the Board of Supervisor’s resolution to increase the appropriation.

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

Response – The County accepts the recommendation.

Conclusion – Response accepted.

IV-B-12 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-12 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-12 Business Transactions – The following business transactions between the County and County officials were noted:

Name, Title and Business Connection	Transaction Description	Amount
Tyler and Travis Davisson, sons of County Supervisor, owners of Davisson Tiling	Ditch repair and tile lines, per bid	\$ 25,477

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

IV-E-12 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-12 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-12 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, 2012

IV-H-12 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-12 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, 2012 for the County Extension Office did not exceed the amount budgeted.

IV-J-12 Early Childhood Iowa Board – Clinton County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization.

Except for the item identified in II-E-12, no instances of non-compliance were noted as a result of the audit procedures performed.

IV-K-12 Taxable Fringe Benefits – The Clinton County Communications Commission provides a \$150 clothing allowance to certain employees. In addition, the County Engineer's Office and the County Sheriff's Office provide a clothing allowance to certain employees per the union contract. In accordance with Internal Revenue Service (IRS) regulations, these types of clothing allowances are a fringe benefit which should be reported as income on employee W-2 forms. The Commission, County Engineer's Office and County Sheriff's Office do not report these fringe benefits as income, as required.

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

Response – The County accepts the recommendation. The departments mentioned will be alerted to the situation and encouraged to visit the IRS in regards to this matter.

Conclusion – Response accepted.

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Clinton County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager  
Brian P. Schenkelberg, CPA, Senior Auditor II  
Tyler L. Carter, Staff Auditor  
Russell G. Jordan, CPA, Staff Auditor  
Brooke A. Robb, Staff Auditor  
Jessica L. Barloon, Assistant Auditor  
William B. Corley, Assistant Auditor  
Benjamin P. James, Assistant Auditor  
Eric L. Rath, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State