

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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

April 26, 2016

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Clinton County, Iowa.

The County had local tax revenue of \$79,887,725 for the year ended June 30, 2015, which included \$5,175,000 in tax credits from the state. The County forwarded \$61,332,338 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$18,555,387 of the local tax revenue to finance County operations, a 5.3% increase over the prior year. Other revenues included charges for service of \$2,982,764, operating grants, contributions and restricted interest of \$6,145,820, capital grants, contributions and restricted interest of \$715,278, local option sales tax of \$1,511,708, unrestricted investment earnings of \$102,240 and other general revenues of \$589,595.

Expenses for County operations for the year ended June 30, 2015 totaled \$27,951,643, a less than 1% decrease from the prior year. Expenses included \$7,665,031 for roads and transportation, \$6,969,988 for public safety and legal services and \$3,520,736 for mental health.

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/1510-0023-B00F>.

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**CLINTON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2015**

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**Clinton County**

**Officials**

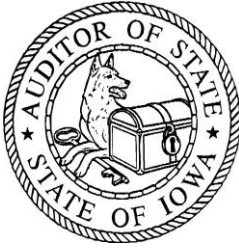
**(Before January 2015)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jill Davisson	Board of Supervisors	Jan 2015
Brian Schmidt	Board of Supervisors	Jan 2015
John Staszewski	Board of Supervisors	Jan 2017
Eric Van Lancker	County Auditor	Jan 2017
Rhonda McIntyre	County Treasurer	Jan 2015
Stephen Managan	County Recorder	Jan 2015
Rick Lincoln	County Sheriff	Jan 2017
Michael Wolf	County Attorney	Jan 2015
Roland Ehm	County Assessor	Jan 2016
John Moreland	City Assessor	Jan 2016

**(After January 2015)**

John Staszewski	Board of Supervisors	Jan 2017
Shawn Hamerlinck	Board of Supervisors	Jan 2019
Daniel Srp	Board of Supervisors	Jan 2019
Eric Van Lancker	County Auditor	Jan 2017
Rhonda McIntyre	County Treasurer	Jan 2019
Scott Judd	County Recorder	Jan 2019
Rick Lincoln	County Sheriff	Jan 2017
Michael Wolf	County Attorney	Jan 2019
Roland Ehm	County Assessor	Jan 2016
John Moreland	City Assessor	Jan 2016

**Clinton County**



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Independent Auditor's Report

To the Officials of Clinton County:

Report on the Financial Statements

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, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## 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 as of June 30, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of a Matter

As discussed in Note 15, Clinton County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 56 through 66 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 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified 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.


The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic 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.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 11, 2016 on our consideration of Clinton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of 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 in considering Clinton County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 11, 2016

**Clinton County**

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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, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by \$6,509,486 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased less than 1%, or approximately \$171,000, from fiscal year 2014 to fiscal year 2015. Capital grants, contributions and restricted interest decreased approximately \$1.5 million while property tax increased approximately \$564,000, charges for service increased approximately \$542,000 and state tax credits increased approximately \$366,000.
- Program expenses of the County's governmental activities decreased less than 1%, or approximately \$83,000, from fiscal year 2014 to fiscal year 2015. Roads and transportation expenses decreased approximately \$619,000 while mental health expenses increased approximately \$589,000.
- The County's governmental activities net position at June 30, 2015 increased 5.1%, or approximately \$2.7 million, over the restated June 30, 2014 balance.

### 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 Position 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 financial statements provide 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, the County's proportionate share of the net pension liability and related contributions, 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 Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position 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 position changed during the most recent fiscal year. All changes in net position 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 years.

The County's governmental activities are presented in the Statement of Net Position 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 and 4) 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 Enterprise, Rock Creek Marina Fund and the Internal Service, Employee Group Health 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position 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 governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Prior to restatement, Clinton County's combined net position decreased 6.6% from a year ago, from approximately \$59 million to approximately \$55 million. The analysis that follows focuses on the changes in the net position of the County's activities.

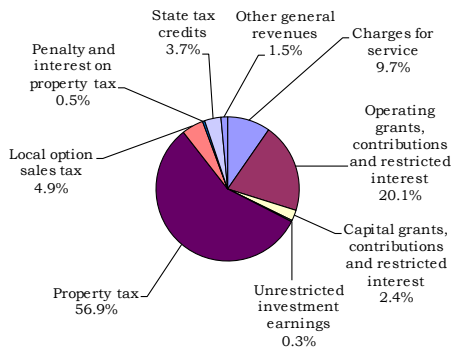
Net Position of Governmental and Business Type Activities						
(Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2014		2014		2014	
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)
Current and other assets	\$ 40,152	39,974	50	42	40,202	40,016
Capital assets	47,781	47,436	198	216	47,979	47,652
Total assets	87,933	87,410	248	258	88,181	87,668
Deferred outflows of resources	1,176	-	7	-	1,183	-
Long-term liabilities	12,724	9,239	36	11	12,760	9,250
Other liabilities	1,717	1,673	15	12	1,732	1,685
Total liabilities	14,441	10,912	51	23	14,492	10,935
Deferred inflows of resources	19,777	17,757	17	-	19,794	17,757
Net position:						
Net investment in capital assets	44,776	43,881	198	216	44,974	44,097
Restricted	12,591	11,084	-	-	12,591	11,084
Unrestricted	(2,476)	3,776	(11)	19	(2,487)	3,795
Total net position	\$ 54,891	58,741	187	235	55,078	58,976

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$3,795,000 at June 30, 2014 to approximately (\$2,487,000) at the end of this year, a decrease of \$6,282,000, or approximately 165.5%. The decrease is due primarily to reporting the net pension liability as of July 1, 2014.

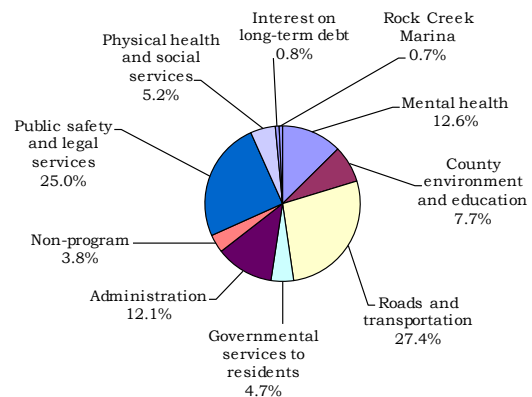
**Changes in Net Position of Governmental and Business Type Activities**  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2014		2014		2014	
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service	\$ 2,793	2,251	189	170	2,982	2,421
Operating grants, contributions and restricted interest	6,146	5,881	-	-	6,146	5,881
Capital grants, contributions and restricted interest	715	2,226	-	-	715	2,226
<b>General revenues:</b>						
Property tax	17,421	16,857	-	-	17,421	16,857
Penalty and interest on property tax	139	307	-	-	139	307
State tax credits	1,134	768	-	-	1,134	768
Local option sales tax	1,512	1,513	-	-	1,512	1,513
Unrestricted investment earnings	102	110	-	-	102	110
Other general revenues	451	329	-	-	451	329
<b>Total revenues</b>	<b>30,413</b>	<b>30,242</b>	<b>189</b>	<b>170</b>	<b>30,602</b>	<b>30,412</b>
<b>Program expenses:</b>						
Public safety and legal services	6,970	7,041	-	-	6,970	7,041
Physical health and social services	1,464	1,477	-	-	1,464	1,477
Mental health	3,520	2,931	-	-	3,520	2,931
County environment and education	2,156	2,081	-	-	2,156	2,081
Roads and transportation	7,665	8,284	-	-	7,665	8,284
Governmental services to residents	1,317	1,152	-	-	1,317	1,152
Administration	3,366	3,926	-	-	3,366	3,926
Non-program	1,070	688	-	-	1,070	688
Interest on long-term debt	225	256	-	-	225	256
Rock Creek Marina	-	-	198	184	198	184
<b>Total expenses</b>	<b>27,753</b>	<b>27,836</b>	<b>198</b>	<b>184</b>	<b>27,951</b>	<b>28,020</b>
<b>Change in net position</b>	<b>2,660</b>	<b>2,406</b>	<b>(9)</b>	<b>(14)</b>	<b>2,651</b>	<b>2,392</b>
<b>Net position beginning of year, as restated</b>	<b>52,231</b>	<b>56,335</b>	<b>196</b>	<b>249</b>	<b>52,427</b>	<b>56,584</b>
<b>Net position end of year</b>	<b>\$ 54,891</b>	<b>58,741</b>	<b>187</b>	<b>235</b>	<b>55,078</b>	<b>58,976</b>

**Revenues by Source**



**Expenses by Function**



Revenues for governmental activities increased approximately \$171,000 over the prior year. Capital grants, contributions and restricted interest decreased approximately \$1.5 million, or 67.9%, while property tax increased approximately \$564,000, charges for service increased approximately \$542,000 and state tax credits increased approximately \$366,000 over the prior year.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Clinton County completed the year, its governmental funds reported a combined fund balance of approximately \$16.26 million, an increase of approximately \$347,000 over last year's total of approximately \$15.92 million. The following are the major reasons for the changes in the fund balances of the major funds from the prior year:

- General Fund expenditures exceeded revenues by approximately \$222,000. The ending fund balance decreased approximately \$358,000 from the prior year to approximately \$6,184,000. Revenues increased from the previous fiscal year primarily due to an increase in state tax credits for the commercial and industrial tax replacement, which was new during fiscal year 2015. General Fund expenditures increased over fiscal year 2014 primarily due to the purchase of new voting equipment in the current fiscal year.
- Special Revenue, Mental Health Fund expenditures totaled approximately \$2,490,000, an increase of 41.7% over the prior year. The increase is due to the County transferring a portion of its fund balance to the Eastern Iowa Mental Health and Disabilities Services Region per the regional agreement. The Mental Health Fund balance at year end increased approximately \$303,000 over the prior year to \$2,113,184 at June 30, 2015.
- Special Revenue, Rural Services Fund revenues totaled approximately \$2,145,000, an increase of 13.4% over the prior year. Expenditures totaled approximately \$726,000, a decrease of 6.8% from the prior year. Transfers out increased approximately \$356,000 over the prior year. The ending fund balance decreased approximately \$146,000 to approximately \$226,000 at June 30, 2015.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$110,000 from the prior year. Although overall expenditures decreased slightly, capital projects expenditures increased approximately \$295,000, or 93.7%, over the prior year. The Secondary Roads Fund balance at year end increased approximately \$504,000 over the prior year ending balance.
- Debt Service Fund expenditures were approximately \$1,371,000 in fiscal year 2015, a less than 1% decrease from the prior year. The Debt Service Fund balance at year end increased approximately \$10,000 over the prior year fund balance, primarily due to an increase in state tax credits for the commercial and industrial tax replacement.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Clinton County amended its budget two times. The first amendment was made in December 2014 and resulted in an increase in budgeted disbursements in the governmental services to residents function for the purchase of new election equipment. Budgeted disbursements in the administration function were also increased for the salary and benefits of a new employee and repairs to a damaged sewer line. Three other functions also had modest increases in budgeted disbursements.

The second amendment was made in May 2015 and resulted in an increase in budgeted disbursements in the roads and transportation function for tire replacements, erosion control repairs due to flooding and roadway maintenance expenses. Budgeted disbursements in the administration function were also increased for the purchase and installation of two roof-top heating and air conditioning units. Two other functions also had modest increases in budgeted disbursements.

The County's receipts were approximately \$743,000 more than the amended budget. Intergovernmental receipts were approximately \$876,000 more than anticipated, largely due to an increase in state tax credits for the commercial and industrial tax replacement as well as grant reimbursements for the two generator projects.

Total disbursements were \$2,309,276, or 7.5%, less than the amended budget. Disbursements for the public safety and legal services function were \$709,535 less than budgeted due to less overtime, lower fuel costs and lower overall operating costs in fiscal year 2015. Disbursements for the mental health function were \$454,748 less than budgeted due to the County becoming a member of the Eastern Iowa Mental Health and Disabilities Services Region.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2015, Clinton County had approximately \$47.8 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 \$345,000, or 0.73%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 1,204	1,095
Construction in progress	-	798
Buildings and improvements	8,086	6,953
Equipment and vehicles	5,449	4,646
Infrastructure	33,042	33,944
Total	<u>\$ 47,781</u>	<u>47,436</u>

The County had depreciation expense of \$2,905,500 for governmental activities for fiscal year 2015 and total accumulated depreciation for governmental activities of \$36,932,674 at June 30, 2015.

The County's fiscal year 2015 budget included approximately \$767,000 for capital projects, primarily for 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, 2015, Clinton County had \$6,368,083 of general obligation bonds and other debt outstanding, compared to \$7,438,872 at June 30, 2014, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2015	2014
General obligation bonds	\$ 6,235,000	7,380,000
Drainage warrants	133,083	58,872
Total	\$ 6,368,083	7,438,872

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 \$6.4 million is significantly below its constitutional debt limit of approximately \$191 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 2016 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. At the end of the fiscal year, unemployment in the County was 4.9% versus 5.2% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Budgeted disbursements are expected to decrease approximately \$1.5 million. If these estimates are realized, the County's budgetary operating balance is expected to increase approximately \$47,000 by the close of fiscal year 2016.

### **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, Lynn Kirchhoff, 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 Position  
June 30, 2015

	Primary Government		Component Unit	
	Governmental Activities	Business Type Activities	Total	Conservation Foundation
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 15,567,846	73,517	15,641,363	126,073
Receivables:				
Property tax:				
Delinquent	142,885	-	142,885	-
Succeeding year	17,127,000	-	17,127,000	-
Penalty and interest on property tax	383,841	-	383,841	-
Accounts	37,588	6,537	44,125	-
Accrued interest	38	-	38	-
Drainage assessments:				
Delinquent	46,458	-	46,458	-
Succeeding year	34,146	-	34,146	-
Due from other governments	6,387,940	-	6,387,940	-
Inventories	394,443	-	394,443	-
Capital assets, net of accumulated depreciation	47,780,563	197,944	47,978,507	-
Internal balances	30,000	(30,000)	-	-
<b>Total assets</b>	<b>87,932,748</b>	<b>247,998</b>	<b>88,180,746</b>	<b>126,073</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	1,176,041	7,048	1,183,089	-
<b>Liabilities</b>				
Accounts payable	1,295,007	11,197	1,306,204	-
Accrued interest payable	16,240	-	16,240	-
Salaries and benefits payable	310,464	3,611	314,075	-
Due to other governments	95,294	414	95,708	-
Long-term liabilities:				
Portion due or payable within one year:				
General obligation bonds	1,170,000	-	1,170,000	-
Drainage warrants	98,937	-	98,937	-
Compensated absences	941,920	10,536	952,456	-
Portion due or payable after one year:				
General obligation bonds	5,065,000	-	5,065,000	-
Drainage warrants	34,146	-	34,146	-
Compensated absences	123,037	-	123,037	-
Net pension liability	4,447,556	25,444	4,473,000	-
Net OPEB liability	842,893	-	842,893	-
<b>Total liabilities</b>	<b>14,440,494</b>	<b>51,202</b>	<b>14,491,696</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	17,127,000	-	17,127,000	-
Pension related deferred inflows	2,650,064	16,502	2,666,566	-
<b>Total deferred inflows of resources</b>	<b>19,777,064</b>	<b>16,502</b>	<b>19,793,566</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	44,775,563	197,944	44,973,507	-
Restricted for:				
Nonexpendable:				
Permanent Fund	5,000	-	5,000	-
Expendable:				
Supplemental levy purposes	4,912,088	-	4,912,088	-
Mental health purposes	2,002,531	-	2,002,531	-
Rural services purposes	304,483	-	304,483	-
Secondary roads purposes	2,036,484	-	2,036,484	-
Debt service	2,826,974	-	2,826,974	-
Drainage purposes	50,500	-	50,500	-
Vietnam Veterans Memorial	7,978	-	7,978	-
Other	445,172	-	445,172	126,073
Unrestricted	(2,475,542)	(10,602)	(2,486,144)	-
<b>Total net position</b>	<b>\$ 54,891,231</b>	<b>187,342</b>	<b>55,078,573</b>	<b>126,073</b>

See notes to financial statements.

Clinton County  
Statement of Activities  
Year ended June 30, 2015

	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	\$ 6,969,988	426,569	27,683	-
Physical health and social services	1,463,861	59,470	432,670	-
Mental health	3,520,736	126,186	1,354,909	-
County environment and education	2,155,748	175,533	74,686	194,433
Roads and transportation	7,665,031	39,164	4,137,133	344,101
Governmental services to residents	1,317,069	708,355	9,198	-
Administration	3,365,971	61,650	97,001	176,744
Non-program	1,070,121	1,196,298	10,820	-
Interest on long-term debt	224,786	-	1,720	-
Total governmental activities	27,753,311	2,793,225	6,145,820	715,278
Business type activities:				
Rock Creek Marina	198,332	189,539	-	-
Total primary government	\$ 27,951,643	2,982,764	6,145,820	715,278
<b>Component Unit:</b>				
Conservation Foundation	\$ 58,323	-	84,932	-
<b>General Revenues:</b>				
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 position				
Net position beginning of year, as restated				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Unit
Business			Conservation Foundation
Governmental Activities	Type Activities	Total	
(6,515,736)	-	(6,515,736)	
(971,721)	-	(971,721)	
(2,039,641)	-	(2,039,641)	
(1,711,096)	-	(1,711,096)	
(3,144,633)	-	(3,144,633)	
(599,516)	-	(599,516)	
(3,030,576)	-	(3,030,576)	
136,997	-	136,997	
(223,066)	-	(223,066)	
(18,098,988)	-	(18,098,988)	
-	(8,793)	(8,793)	
(18,098,988)	(8,793)	(18,107,781)	
			26,609
16,127,323	-	16,127,323	-
1,293,553	-	1,293,553	-
138,988	-	138,988	-
1,134,511	-	1,134,511	-
1,511,708	-	1,511,708	-
102,240	-	102,240	427
227,550	-	227,550	-
223,057	-	223,057	-
20,758,930	-	20,758,930	427
2,659,942	(8,793)	2,651,149	27,036
52,231,289	196,135	52,427,424	99,037
\$ 54,891,231	187,342	55,078,573	126,073

Clinton County  
Balance Sheet  
Governmental Funds

June 30, 2015

	General	Special Revenue	
		Mental Health	Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 6,251,587	2,226,520	233,228
Receivables:			
Property tax:			
Delinquent	106,740	19,619	5,338
Succeeding year	11,959,000	1,702,000	2,170,000
Penalty and interest on property tax	383,841	-	-
Accounts	18,804	870	-
Accrued interest	-	-	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Interfund loan receivable	30,000	-	-
Due from other governments	392,538	86,073	-
Inventories	-	-	-
<b>Total assets</b>	<b>\$ 19,142,510</b>	<b>4,035,082</b>	<b>2,408,566</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 307,166	148,005	1,537
Salaries and benefits payable	223,674	7,021	5,398
Due to other governments	35,675	49,448	-
Total liabilities	566,515	204,474	6,935
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	11,959,000	1,702,000	2,170,000
Other	433,226	15,424	5,198
Total deferred inflows of resources	12,392,226	1,717,424	2,175,198
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Vietnam Veterans Memorial	-	-	-
Restricted for:			
Supplemental levy purposes	2,238,930	-	-
Mental health purposes	-	2,113,184	-
Rural services purposes	-	-	226,433
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Debt service	-	-	-
Other purposes	356,985	-	-
Unassigned	3,587,854	-	-
Total fund balances	6,183,769	2,113,184	226,433
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 19,142,510</b>	<b>4,035,082</b>	<b>2,408,566</b>

See notes to financial statements.

Secondary Roads	Debt Service	Nonmajor	Total
1,159,224	736,595	160,847	10,768,001
-	11,188	-	142,885
-	1,296,000	-	17,127,000
-	-	-	383,841
1,345	-	15	21,034
-	-	38	38
-	-	46,458	46,458
-	-	34,146	34,146
-	-	-	30,000
528,707	5,325,431	55,191	6,387,940
394,443	-	-	394,443
<u>2,083,719</u>	<u>7,369,214</u>	<u>296,695</u>	<u>35,335,786</u>
529,052	-	11,947	997,707
74,371	-	-	310,464
10,171	-	-	95,294
<u>613,594</u>	<u>-</u>	<u>11,947</u>	<u>1,403,465</u>
-	1,296,000	-	17,127,000
-	8,158	80,604	542,610
-	<u>1,304,158</u>	<u>80,604</u>	<u>17,669,610</u>
394,443	-	-	394,443
-	-	5,000	5,000
-	-	-	2,238,930
-	-	-	2,113,184
-	-	-	226,433
1,075,682	-	-	1,075,682
-	-	102,979	102,979
-	6,065,056	-	6,065,056
-	-	96,165	453,150
-	-	-	3,587,854
<u>1,470,125</u>	<u>6,065,056</u>	<u>204,144</u>	<u>16,262,711</u>
<u>2,083,719</u>	<u>7,369,214</u>	<u>296,695</u>	<u>35,335,786</u>

**Clinton County**



Clinton County  
 Reconciliation of the Balance Sheet –  
 Governmental Funds to the Statement of Net Position

June 30, 2015

**Total governmental fund balances (page 21)** \$ 16,262,711

***Amounts reported for governmental activities in the Statement of Net Position 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 \$84,713,237 and the accumulated depreciation is \$36,932,674. 47,780,563

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 542,610

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 Position. 4,519,099

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,176,041	
Deferred inflows of resources	<u>(2,650,064)</u>	(1,474,023)

Long-term liabilities, including bonds payable, drainage warrants payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (12,739,729)

**Net position of governmental activities (page 17)** \$ 54,891,231

See notes to financial statements.

Clinton County

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

Year ended June 30, 2015

	General	Special Revenue	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 11,916,318	2,158,625	2,030,968
Local option sales tax	559,332	-	-
Interest and penalty on property tax	175,574	-	-
Intergovernmental	2,844,803	508,682	113,920
Licenses and permits	18,904	-	-
Charges for service	990,188	126,186	-
Use of money and property	217,783	-	-
Miscellaneous	161,380	-	-
Total revenues	<u>16,884,282</u>	<u>2,793,493</u>	<u>2,144,888</u>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	6,948,465	-	317,402
Physical health and social services	1,508,593	-	-
Mental health	1,091,862	2,490,411	-
County environment and education	1,532,967	-	408,316
Roads and transportation	-	-	-
Governmental services to residents	1,568,637	-	-
Administration	4,446,301	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	9,023	-	-
Total expenditures	<u>17,105,848</u>	<u>2,490,411</u>	<u>725,718</u>
Excess (deficiency) of revenues over (under) expenditures	(221,566)	303,082	1,419,170
<b>Other financing sources (uses):</b>			
Sale of capital assets	148,900	-	-
Transfers in	5,000	-	-
Transfers out	(290,644)	-	(1,565,522)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>(136,744)</u>	<u>-</u>	<u>(1,565,522)</u>
Change in fund balances	(358,310)	303,082	(146,352)
Fund balances beginning of year	6,542,079	1,810,102	372,785
Fund balances end of year	<u>\$ 6,183,769</u>	<u>2,113,184</u>	<u>226,433</u>

See notes to financial statements.

Secondary Roads	Debt Service	Nonmajor	Total
-	1,292,394	-	17,398,305
952,376	-	-	1,511,708
-	-	-	175,574
4,170,428	86,738	35,749	7,760,320
29,640	-	-	48,544
-	-	8,148	1,124,522
-	1,720	304	219,807
27,940	-	114,738	304,058
5,180,384	1,380,852	158,939	28,542,838
-	-	2,984	7,268,851
-	-	-	1,508,593
-	-	-	3,582,273
-	-	164,649	2,105,932
5,922,243	-	-	5,922,243
-	-	895	1,569,532
-	-	-	4,446,301
-	-	23,306	23,306
-	1,371,048	92,036	1,463,084
610,662	-	-	619,685
6,532,905	1,371,048	283,870	28,509,800
(1,352,521)	9,804	(124,931)	33,038
-	-	-	148,900
1,856,166	-	-	1,861,166
-	-	(5,000)	(1,861,166)
-	-	165,195	165,195
1,856,166	-	160,195	314,095
503,645	9,804	35,264	347,133
966,480	6,055,252	168,880	15,915,578
1,470,125	6,065,056	204,144	16,262,711

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, 2015

**Change in fund balances - Total governmental funds (page 25)** \$ 347,133

**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	\$ 2,716,244	
Capital assets contributed by the State and others	453,201	
Depreciation expense	<u>(2,905,500)</u>	263,945

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 80,395

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

Property tax	22,571	
Other	<u>(44,512)</u>	(21,941)

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 Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issued	(165,195)	
Repaid	<u>1,235,984</u>	1,070,789

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 919,562

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	(6,152)	
Other postemployment benefits	(101,291)	
Pension expense	(331,655)	
Interest on long-term debt	<u>2,314</u>	(436,784)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the change in net position of the Internal Service Fund is reported with governmental activities. 436,843

**Change in net position of governmental activities (page 19)** \$ 2,659,942

See notes to financial statements.

Clinton County  
Statement of Net Position  
Proprietary Funds

June 30, 2015

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
<b>Assets</b>		
Cash and cash equivalents	\$ 57,864	4,815,498
Accounts receivable	6,483	16,608
Capital assets, net of accumulated depreciation	197,944	-
<b>Total assets</b>	<b>262,291</b>	<b>4,832,106</b>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	7,048	-
<b>Liabilities</b>		
Accounts payable	10,227	298,270
Salaries and benefits payable	3,611	-
Interfund loan payable	30,000	-
Due to other governments	414	-
Compensated absences	10,536	-
Net pension liability	25,444	-
<b>Total liabilities</b>	<b>80,232</b>	<b>298,270</b>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	16,502	-
<b>Net Position</b>		
Net investment in capital assets	197,944	-
Unrestricted	(25,339)	4,533,836
<b>Total net position</b>	<b>172,605</b>	<b>4,533,836</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	14,737	
<b>Net position of business type activities</b>	<b>\$ 187,342</b>	

See notes to financial statements.

Clinton County

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

Year ended June 30, 2015

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,443,631
Reimbursements from employees and others	-	250,971
Stop loss insurance recoveries	-	699,939
Hotel/motel excise tax	907	-
Camping fees	91,079	-
Boat rental fees	8,530	-
Other recreational fees	40,298	-
Concession sales	40,856	-
Miscellaneous	135	-
Total operating revenues	<u>181,805</u>	<u>3,394,541</u>
Operating expenses:		
Administrative fees	-	41,429
Medical and health services	-	2,787,993
Insurance premiums	-	95,901
Salaries	74,605	-
Employee benefits	14,904	-
Supplies	28,520	-
Utilities	27,828	-
Repair and improvements	13,824	-
Depreciation	17,671	-
Miscellaneous	4,801	45,055
Total operating expenses	<u>182,153</u>	<u>2,970,378</u>
Operating income (loss)	<u>(348)</u>	<u>424,163</u>
Non-operating income (expenses):		
Interest income	-	14,235
Miscellaneous	(10,000)	-
Net non-operating income (expenses)	<u>(10,000)</u>	<u>14,235</u>
Net income (loss)	(10,348)	438,398
Net position beginning of year, as restated	<u>182,953</u>	<u>4,095,438</u>
Net position end of year	172,605	<u>4,533,836</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	14,737	
<b>Net position of business type activities</b>	<u><u>\$ 187,342</u></u>	

See notes to financial statements.

Clinton County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2015

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	2,443,631
Cash received from employees and others	-	250,971
Cash received from stop loss insurance recoveries	-	693,387
Cash received from hotel/motel excise tax	878	-
Cash received from camping fees	87,639	-
Cash received from boat rental fees	10,200	-
Cash received from other recreational fees	40,006	-
Cash received from concession sales	39,579	-
Cash received from miscellaneous operations	363	-
Cash paid for administrative fees	-	(41,429)
Cash paid to employees for services	(93,032)	-
Cash paid to suppliers for services	(72,120)	(2,900,919)
Net cash provided by operating activities	13,513	445,641
Cash flows from investing activities:		
Interest on investments	-	14,235
Cash flows from non-capital financing activities:		
Cash received from other funds	20,000	-
Net increase in cash and cash equivalents	33,513	459,876
Cash and cash equivalents beginning of year	24,351	4,355,622
Cash and cash equivalents end of year	\$ 57,864	4,815,498
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (348)	424,163
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	17,671	-
Changes in assets and liabilities:		
Increase in accounts receivable	(3,140)	(6,552)
Increase decrease in accounts payable	2,653	28,030
Increase in salaries and benefits payable	442	-
Decrease in due to other governments	201	-
Decrease in compensated absences	(305)	-
Decrease in net pension liability	(18,483)	-
Increase in deferred outflows of resources	(1,680)	-
Increase in deferred inflows of resources	16,502	-
Total adjustments	13,861	21,478
Net cash provided by operating activities	\$ 13,513	445,641

See notes to financial statements.

Clinton County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2015

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 5,597,631
Other County officials	80,815
Receivables:	
Property tax:	
Delinquent	578,032
Succeeding year	57,925,000
Accounts	39,469
Drainage assessments	4,033
Special assessments	1,450,797
Due from other governments	156,531
<b>Total assets</b>	<u>65,832,308</u>

**Liabilities**

Accounts payable	126,896
Salaries and benefits payable	42,880
Due to other governments	65,468,590
Trusts payable	47,958
Compensated absences	132,776
Stamped drainage warrants payable	13,208
<b>Total liabilities</b>	<u>65,832,308</u>

**Net position**

\$ -

See notes to financial statements.



Clinton County

Notes to Financial Statements

June 30, 2015

**(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 forth 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, Eastern Iowa Mental Health and Disabilities Services Region and the Clinton County Area Solid Waste Agency.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position 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 Position presents the County’s nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require it to be maintained permanently by the County, including the County’s Permanent Fund.

*Expendable restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints 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, intellectual disabilities 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 Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads 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.

Additionally, the County reports the following 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.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position 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.

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 revenues 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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

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

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

Interfund Loan Receivable and Payable – Interfund loan receivable and payable represent the amount loaned between funds.

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 Position. 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	10 - 65
Intangibles	5 - 20
Equipment	2 - 30
Vehicles	3 - 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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.

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. 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 Position.

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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 inflows of resources in the governmental fund financial statements represent 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 inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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 Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated 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, 2015, disbursements in one department exceeded the amount appropriated.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2015 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 ensure 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) Interfund assets and liabilities**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise: Rock Creek Marina	\$ 30,000

The County transferred funds from the General Fund to supplement operations of the Enterprise, Rock Creek Marina Fund.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 290,644
	Special Revenue: Rural Services	1,565,522
		<u>1,856,166</u>
General	Special Revenue: County Recorder's Records Management	5,000
Total		<u>\$ 1,861,166</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, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 1,095,133	109,100	-	1,204,233
Construction in progress, road network	-	1,036,458	1,036,458	-
Construction in progress, other	797,552	579,060	1,376,612	-
Total capital assets not being depreciated	<u>1,892,685</u>	<u>1,724,618</u>	<u>2,413,070</u>	<u>1,204,233</u>
Capital assets being depreciated:				
Buildings and improvements	11,325,923	1,376,612	135,412	12,567,123
Equipment and vehicles	10,930,331	1,601,460	566,768	11,965,023
Infrastructure, road network	57,940,400	1,036,458	-	58,976,858
Total capital assets being depreciated	<u>80,196,654</u>	<u>4,014,530</u>	<u>702,180</u>	<u>83,509,004</u>
Less accumulated depreciation for:				
Buildings and improvements	4,372,452	243,947	135,412	4,480,987
Equipment and vehicles	6,283,804	723,014	490,530	6,516,288
Infrastructure, road network	23,996,860	1,938,539	-	25,935,399
Total accumulated depreciation	<u>34,653,116</u>	<u>2,905,500</u>	<u>625,942</u>	<u>36,932,674</u>
Total capital assets being depreciated, net	<u>45,543,538</u>	<u>1,109,030</u>	<u>76,238</u>	<u>46,576,330</u>
Governmental activities capital assets, net	<u>\$ 47,436,223</u>	<u>2,833,648</u>	<u>2,489,308</u>	<u>47,780,563</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 142,921
Physical health and social services	1,061
Mental health	565
County environment and education	133,238
Roads and transportation	2,346,695
Governmental services to residents	35,680
Administration	245,340
Total depreciation expense - governmental activities	<u>\$ 2,905,500</u>

Business type activities capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets being depreciated:				
Buildings	\$ 283,284	-	-	283,284
Equipment	159,731	-	-	159,731
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	502,226	-	-	502,226
Less accumulated depreciation for:				
Buildings	140,588	10,931	-	151,519
Equipment	86,812	6,740	-	93,552
Infrastructure	59,211	-	-	59,211
Total accumulated depreciation	286,611	17,671	-	304,282
Business type activities capital assets, net	<u>\$ 215,615</u>	<u>(17,671)</u>	-	<u>197,944</u>
Total depreciation expense - business type activities				<u>\$ 17,671</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, 2015 is as follows:

Fund	Description	Amount
General	Services	\$ 35,675
Special Revenue:		
Mental Health	Services	49,448
Secondary Roads	Services	10,171
		<u>59,619</u>
Total for governmental funds		<u>\$ 95,294</u>
Agency:		
County Assessor	Collections	\$ 955,065
City Assessor		1,059,951
Schools		31,927,124
Community Colleges		2,033,439
Corporations		23,649,083
Townships		445,671
All other		5,398,257
Total for agency funds		<u>\$ 65,468,590</u>

**(7) Long-Term Liabilities**

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2015 is as follows:

	General Obligation Bonds	Drainage Warrants	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$7,380,000	58,872	1,058,805	7,415,626	741,602	16,654,905
Increases	-	165,195	900,427	-	105,194	1,170,816
Decreases	1,145,000	90,984	894,275	2,968,070	3,903	5,102,232
Balance end of year	<u>\$6,235,000</u>	<u>133,083</u>	<u>1,064,957</u>	<u>4,447,556</u>	<u>842,893</u>	<u>12,723,489</u>
Due within one year	<u>\$1,170,000</u>	<u>98,937</u>	<u>941,920</u>	<u>-</u>	<u>-</u>	<u>2,210,857</u>

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2015 is as follows:

	Compen- sated Absences	Net Pension Liability	Total
Balance beginning of year, as restated	\$ 10,841	43,927	54,768
Increases	12,248	-	12,248
Decreases	12,553	18,483	31,036
Balance end of year	<u>\$ 10,536</u>	<u>25,444</u>	<u>35,980</u>
Due within one year	<u>\$ 10,536</u>	<u>-</u>	<u>10,536</u>

General Obligation Bonds

A summary of the County's June 30, 2015 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2009A Issued July 15, 2009			Series 2010A Issued April 1, 2010		
	Road and Bridge Construction			Road and Bridge Construction		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	3.60	135,000	10,180	3.00	465,000	51,390
2019	3.80	140,000	5,320	3.20	480,000	37,440
2020		-	-	3.45	640,000	22,080
Total		<u>\$ 530,000</u>	<u>48,960</u>		<u>\$ 2,475,000</u>	<u>250,780</u>

Year Ending June 30,	Series 2010B Issued April 1, 2010					
	Lincolnway Railport Industrial Park			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
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	3.00	645,000	65,113	1,245,000	126,683	1,371,683
2019	3.25	665,000	45,763	1,285,000	88,523	1,373,523
2020	3.50	690,000	24,150	1,330,000	46,230	1,376,230
Total		<u>\$ 3,230,000</u>	<u>319,389</u>	<u>6,235,000</u>	<u>619,129</u>	<u>6,854,129</u>

During the year ended June 30, 2015, the County retired \$1,145,000 of general obligation bonds.

Pursuant to a Chapter 28E agreement between the 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, 2015, \$6,000,000 of bond proceeds had been advanced to the City and repayments totaling \$674,569 have been received.

#### 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 Plan**

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1%. IPERS' Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$925,288.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$4,473,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.1127863%, which was a decrease of 0.017133% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$333,720. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,942	\$ 74,046
Changes of assumptions	206,859	72,954
Net difference between projected and actual earnings on pension plan investments	-	2,470,831
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	-	48,735
County contributions subsequent to the measurement date	925,288	-
Total	\$ 1,183,089	\$ 2,666,566

\$925,288 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (603,206)
2017	(603,206)
2018	(603,206)
2019	(603,206)
2020	4,059
Total	\$ (2,408,765)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)	\$ 10,110,702	\$ 4,473,000	\$ (280,433)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**(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 184 active and 4 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. 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 which, 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, 2015, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 130,610
Interest on net OPEB obligation	18,554
Adjustment to annual required contribution	<u>(43,970)</u>
Annual OPEB cost	105,194
Contributions made	<u>(3,903)</u>
Increase in net OPEB obligation	101,291
Net OPEB obligation beginning of year	<u>741,602</u>
Net OPEB obligation end of year	<u>\$ 842,893</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, 2015.

For the year ended June 30, 2015, the County contributed \$3,903 to the medical plan. Plan members eligible for benefits contributed \$26,196, or 87% 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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 109,291	11.31%	\$ 641,920
2014	104,324	4.45	741,602
2015	105,194	3.71	842,893



Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$895,637, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$895,637. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,787,000 and the ratio of the UAAL to covered payroll was 9.16%. As of June 30, 2015, 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, 2013 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 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$513 per month for retirees less than age 65 and \$1,177 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 727 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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, 2015 were \$313,153.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 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 Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$70,000. 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 Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2015 was \$2,443,631.

Amounts payable from the Employee Group Health Fund at June 30, 2015 total \$298,270, 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 \$4,533,836 at June 30, 2015 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. 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	\$ 270,240
Incurred claims (including claims incurred but not reported at June 30, 2015)	2,787,993
Payment on claims during the year	<u>2,759,963</u>
Unpaid claims end of year	<u>\$ 298,270</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 the 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, 2015:

Additions:		
Property tax from County general supplemental levy		<u>\$ 1,004,237</u>
Deductions:		
Salaries	\$ 617,856	
Benefits	269,055	
Office supplies	1,401	
Travel	2,991	
Uniforms	1,800	
Telephone	3,029	
Technology services	18,110	
Machinery and mechanical equipment	14,256	
Insurance	4,831	
Equipment/furniture	1,349	
Miscellaneous	<u>11,140</u>	<u>945,818</u>
Net		58,419
Balance beginning of year		<u>801,555</u>
Balance end of year		<u><u>\$ 859,974</u></u>

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

The 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, 2015 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State of Iowa grants:			
Early childhood	\$ 179,610	-	179,610
Family support and parent education	-	244,131	244,131
Preschool support for low-income families	-	108,089	108,089
Quality improvement	-	53,555	53,555
Allocation for administration	9,453	13,369	22,822
Other grant programs	-	26,214	26,214
Total state grants	189,063	445,358	634,421
Interest on investments	114	118	232
Total revenues	189,177	445,476	634,653
Expenditures:			
Program services:			
Early childhood	185,555	-	185,555
Family support and parent education	-	257,693	257,693
Preschool support for low income families	-	109,028	109,028
Quality improvement	-	54,844	54,844
Other program services	-	45,921	45,921
Total program services	185,555	467,486	653,041
Administration	3,981	12,566	16,547
Total expenditures	189,536	480,052	669,588
Change in fund balance	(359)	(34,576)	(34,935)
Fund balance beginning of year	24,845	72,261	97,106
Fund balance end of year	\$ 24,486	37,685	62,171

A finding related to the operations of the Early Childhood Iowa Area Board is included as item II-C-15 in the Schedule of Findings and Questioned Costs.

**(14) County Financial Information Included in the Eastern Iowa Mental Health and Disabilities Services Region**

The Eastern Iowa Mental Health and Disabilities Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Cedar County, Clinton County, Jackson County, Muscatine County, and Scott County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Eastern Iowa Mental Health and Disabilities Services Region for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		\$ 2,158,625
Intergovernmental:		
State tax credits	\$ 147,697	
Social services block grant	360,985	508,682
Charges for service		126,186
Total revenues		<u>2,793,493</u>
Expenditures:		
Services to persons with:		
Mental illness	1,137,646	
Intellectual disabilities	19,040	
Other developmental disabilities	65,135	1,221,821
General administration:		
Direct administration	168,686	
Distribution to regional fiscal agent	1,099,904	1,268,590
Total expenditures		<u>2,490,411</u>
Excess of revenues over expenditures		303,082
Fund balance beginning of year		<u>1,810,102</u>
Fund balance end of year		<u><u>\$ 2,113,184</u></u>

**(15) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities	Enterprise - Rock Creek Marina
Net position June 30, 2014, as previously reported	\$ 58,740,775	234,694	221,512
Net pension liability at June 30, 2014	(7,415,626)	(43,927)	(43,927)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	906,140	5,368	5,368
Net position July 1, 2014, as restated	<u>\$ 52,231,289</u>	<u>196,135</u>	<u>182,953</u>

**Clinton County**



**Required Supplementary Information**

Clinton County

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

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 18,871,682	-	18,871,682
Interest and penalty on property tax	149,662	-	149,662
Intergovernmental	8,030,494	-	8,030,494
Licenses and permits	51,794	-	51,794
Charges for service	1,133,851	-	1,133,851
Use of money and property	218,695	45	218,650
Miscellaneous	443,247	61,851	381,396
Total receipts	28,899,425	61,896	28,837,529
<b>Disbursements:</b>			
Public safety and legal services	7,220,104	-	7,220,104
Physical health and social services	1,476,108	-	1,476,108
Mental health	3,562,338	-	3,562,338
County environment and education	2,187,528	165,195	2,022,333
Roads and transportation	5,903,247	-	5,903,247
Governmental services to residents	1,567,503	-	1,567,503
Administration	4,535,415	-	4,535,415
Non-program	17,680	-	17,680
Debt service	1,463,084	92,037	1,371,047
Capital projects	673,249	-	673,249
Total disbursements	28,606,256	257,232	28,349,024
Excess (deficiency) of receipts over (under) disbursements	293,169	(195,336)	488,505
Other financing sources, net	314,095	165,195	148,900
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	607,264	(30,141)	637,405
Balance beginning of year	10,160,737	89,861	10,070,876
Balance end of year	\$ 10,768,001	59,720	10,708,281

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
19,332,577	19,332,577	(460,895)
138,850	138,850	10,812
7,143,756	7,154,533	875,961
34,825	34,825	16,969
1,023,545	1,023,545	110,306
203,923	203,923	14,727
189,050	206,077	175,319
28,066,526	28,094,330	743,199
7,902,450	7,929,639	709,535
1,696,197	1,711,892	235,784
4,017,086	4,017,086	454,748
2,087,964	2,146,545	124,212
5,901,253	6,011,253	108,006
1,652,512	1,777,512	210,009
4,788,961	4,906,597	371,182
-	20,000	2,320
1,371,098	1,371,098	51
766,678	766,678	93,429
30,184,199	30,658,300	2,309,276
(2,117,673)	(2,563,970)	3,052,475
(6)	4,474	144,426
(2,117,679)	(2,559,496)	3,196,901
7,882,792	7,882,792	2,188,084
5,765,113	5,323,296	5,384,985

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Clinton County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 28,899,425	(356,587)	28,542,838
Expenditures	28,606,256	(96,456)	28,509,800
Net	293,169	(260,131)	33,038
Other financing sources, net	314,095	-	314,095
Beginning fund balances	10,160,737	5,754,841	15,915,578
Ending fund balances	\$ 10,768,001	5,494,710	16,262,711

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

The 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 ten major classes of expenditures known as functions, not by fund. These ten 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 Debt Service Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$474,101. 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, 2015, disbursements in one department exceeded the amount appropriated.

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Clinton County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*  
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.1127863%
County's collective proportionate share of the net pension liability (asset)	\$ 4,473
County's covered-employee payroll	\$ 9,934
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.03%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

**Clinton County**

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Clinton County

Schedule of County Contributions

Iowa Public Employees' Retirement System  
Last Ten Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 925	912	865	819
Contributions in relation to the statutorily required contribution	<u>(925)</u>	<u>(912)</u>	<u>(865)</u>	<u>(819)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 10,101	9,934	9,644	9,668
Contributions as a percentage of covered-employee payroll	9.16%	9.18%	8.97%	8.47%

See accompanying independent auditor's report.



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2011	2010	2009	2008	2007	2006
676	621	562	497	455	439
(676)	(621)	(562)	(497)	(455)	(439)
-	-	-	-	-	-
9,081	8,905	8,422	7,826	7,305	7,098
7.44%	6.97%	6.67%	6.35%	6.23%	6.18%

Clinton County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

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		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
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
2013	Jul 1, 2011	-	939	939	0.00	9,460	9.92
2014	Jul 1, 2013	-	896	896	0.00	10,304	8.70
2015	Jul 1, 2013	-	896	896	0.00	9,787	9.16

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, 2015

		Resource Enhancement and Protection	County Recorder's Records Management	Special Seized Property
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$	24,474	34,307	19,247
Receivables:				
Accounts		-	-	-
Accrued interest		-	-	-
Drainage assessments:				
Delinquent		-	-	-
Succeeding year		-	-	-
Due from other governments		-	-	-
<b>Total assets</b>	<b>\$</b>	<b>24,474</b>	<b>34,307</b>	<b>19,247</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$	-	-	-
Deferred inflows of resources:				
Unavailable other revenues		-	-	-
Fund balances:				
Nonspendable:				
Vietnam Veterans Memorial		-	-	-
Restricted for:				
Drainage purposes		-	-	-
Other purposes		24,474	34,307	19,247
Total fund balances		24,474	34,307	19,247
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$</b>	<b>24,474</b>	<b>34,307</b>	<b>19,247</b>

See accompanying independent auditor's report.

Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
8,370	59,720	1,789	12,940		160,847
-	15	-	-		15
-	-	-	38		38
-	46,458	-	-		46,458
-	34,146	-	-		34,146
5,626	49,565	-	-		55,191
13,996	189,904	1,789	12,978		296,695
5,626	6,321	-	-		11,947
-	80,604	-	-		80,604
-	-	-	5,000		5,000
-	102,979	-	-		102,979
8,370	-	1,789	7,978		96,165
8,370	102,979	1,789	12,978		204,144
13,996	189,904	1,789	12,978		296,695

Clinton County

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

Year ended June 30, 2015

	Resource Enhancement and Protection	County Recorder's Records Management	Special Seized Property
Revenues:			
Intergovernmental	\$ 24,929	-	-
Charges for service	-	8,148	-
Use of money and property	42	63	-
Miscellaneous	-	-	3,322
Total revenues	24,971	8,211	3,322
Expenditures:			
Operating:			
Public safety and legal services	-	-	2,984
County environment and education	15,343	-	-
Governmental services to residents	-	895	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	15,343	895	2,984
Excess (deficiency) of revenues over (under) expenditures	9,628	7,316	338
Other financing sources (uses):			
Transfers out	-	(5,000)	-
Drainage warrant proceeds	-	-	-
Total other financing sources (uses)	-	(5,000)	-
Change in fund balances	9,628	2,316	338
Fund balances beginning of year	14,846	31,991	18,909
Fund balances end of year	\$ 24,474	34,307	19,247

See accompanying independent auditor's report.



Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
10,820	-	-	-		35,749
-	-	-	-		8,148
-	51	1	147		304
-	111,416	-	-		114,738
10,820	111,467	1	147		158,939
-	-	-	-		2,984
-	149,306	-	-		164,649
-	-	-	-		895
20,561	-	2,745	-		23,306
-	92,036	-	-		92,036
20,561	241,342	2,745	-		283,870
(9,741)	(129,875)	(2,744)	147		(124,931)
-	-	-	-		(5,000)
-	165,195	-	-		165,195
-	165,195	-	-		160,195
(9,741)	35,320	(2,744)	147		35,264
18,111	67,659	4,533	12,831		168,880
8,370	102,979	1,789	12,978		204,144

Clinton County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2015

	Agricultural					
	County Offices	Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>Assets</b>						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	2,563	556,234	729,195	349,046	19,638
Other County officials	80,815	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	2,197	1,189	5,241	291,078	16,801
Succeeding year	-	250,000	422,000	361,000	31,287,000	1,997,000
Accounts	3,074	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	112	-	-	-
<b>Total assets</b>	<b>\$ 83,889</b>	<b>254,760</b>	<b>979,535</b>	<b>1,095,436</b>	<b>31,927,124</b>	<b>2,033,439</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	1,077	3,420	-	-
Salaries and benefits payable	-	-	8,652	6,430	-	-
Due to other governments	35,931	254,760	955,065	1,059,951	31,927,124	2,033,439
Trusts payable	47,958	-	-	-	-	-
Compensated absences	-	-	14,741	25,635	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 83,889</b>	<b>254,760</b>	<b>979,535</b>	<b>1,095,436</b>	<b>31,927,124</b>	<b>2,033,439</b>

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
223,703	8,585	175,864	1,112,999	830,403	35,550	1,553,851	5,597,631
-	-	-	-	-	-	-	80,815
260,380	1,086	-	-	-	-	60	578,032
23,165,000	436,000	-	-	-	-	7,000	57,925,000
-	-	-	-	36,316	4	75	39,469
-	-	-	-	-	4,033	-	4,033
-	-	1,450,797	-	-	-	-	1,450,797
-	-	-	-	100,000	-	56,419	156,531
<b>23,649,083</b>	<b>445,671</b>	<b>1,626,661</b>	<b>1,112,999</b>	<b>966,719</b>	<b>39,587</b>	<b>1,617,405</b>	<b>65,832,308</b>
-	-	-	-	7,409	533	114,457	126,896
-	-	-	-	-	-	27,798	42,880
23,649,083	445,671	1,626,661	1,112,999	959,310	25,846	1,382,750	65,468,590
-	-	-	-	-	-	-	47,958
-	-	-	-	-	-	92,400	132,776
-	-	-	-	-	13,208	-	13,208
<b>23,649,083</b>	<b>445,671</b>	<b>1,626,661</b>	<b>1,112,999</b>	<b>966,719</b>	<b>39,587</b>	<b>1,617,405</b>	<b>65,832,308</b>

Clinton County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2015

	Agricultural					
	County Offices	Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 63,968	249,949	969,364	1,161,143	31,318,785	1,930,590
Additions:						
Property and other county tax	-	246,287	408,396	361,232	30,887,856	1,969,644
E911 surcharge	-	-	-	-	-	-
State tax credits	-	16,544	24,768	24,848	2,106,166	127,279
Office fees and collections	836,766	-	732	4,095	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	874,374	-	-	-	-	-
Miscellaneous	-	-	-	829	56,234	-
Total additions	1,711,140	262,831	433,896	391,004	33,050,256	2,096,923
Deductions:						
Agency remittances:						
To other funds	422,871	-	-	-	-	-
To other governments	413,467	258,020	423,725	456,711	32,441,917	1,994,074
Trusts paid out	854,881	-	-	-	-	-
Total deductions	1,691,219	258,020	423,725	456,711	32,441,917	1,994,074
Balances end of year	\$ 83,889	254,760	979,535	1,095,436	31,927,124	2,033,439

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
24,076,660	431,224	1,457,483	1,092,205	895,879	25,638	1,464,632	65,137,520
22,911,894	421,085	-	-	-	-	85,455	57,291,849
-	-	-	-	408,982	-	-	408,982
1,720,750	19,685	-	-	-	-	449	4,040,489
-	-	-	-	-	-	1,150	842,743
-	-	-	12,653,424	-	-	-	12,653,424
-	-	700,292	-	-	13,906	-	714,198
-	-	-	-	-	-	-	874,374
-	8,651	-	-	-	13	2,282,024	2,347,751
24,632,644	449,421	700,292	12,653,424	408,982	13,919	2,369,078	79,173,810
-	-	-	425,639	-	-	-	848,510
25,060,221	434,974	531,114	12,206,991	338,142	13,178	2,160,754	76,733,288
-	-	-	-	-	-	55,551	910,432
25,060,221	434,974	531,114	12,632,630	338,142	13,178	2,216,305	78,492,230
23,649,083	445,671	1,626,661	1,112,999	966,719	26,379	1,617,405	65,819,100

Clinton County

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

For the Last Ten Years

	2015	2014	2013	2012
<b>Revenues:</b>				
Property and other county tax	\$ 17,398,305	16,914,959	17,433,243	16,971,197
Local option sales tax	1,511,708	1,512,957	1,404,206	1,568,162
Interest and penalty on property tax	175,574	252,994	153,244	148,554
Intergovernmental	7,760,320	7,068,915	7,094,699	11,857,107
Licenses and permits	48,544	42,117	73,345	97,195
Charges for service	1,124,522	1,075,768	1,140,371	1,100,291
Use of money and property	219,807	251,657	250,931	245,406
Miscellaneous	304,058	380,963	507,538	890,743
<b>Total</b>	<b>\$ 28,542,838</b>	<b>27,500,330</b>	<b>28,057,577</b>	<b>32,878,655</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 7,268,851	7,058,888	7,588,190	6,844,604
Physical health and social services	1,508,593	1,482,708	1,390,552	1,392,888
Mental health	3,582,273	2,951,395	3,939,104	9,536,046
County environment and education	2,105,932	2,064,868	2,048,657	2,149,180
Roads and transportation	5,922,243	6,327,485	5,547,484	6,841,181
Governmental services to residents	1,569,532	1,163,451	1,173,154	1,130,337
Administration	4,446,301	4,632,264	3,481,834	3,202,208
Non-program	23,306	4,815	2,525	80,495
Debt service	1,463,084	1,497,708	1,682,112	1,441,928
Capital projects	619,685	388,251	719,795	1,246,850
<b>Total</b>	<b>\$ 28,509,800</b>	<b>27,571,833</b>	<b>27,573,407</b>	<b>33,865,717</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
16,215,989	15,151,449	13,122,899	12,611,466	11,889,226	10,885,977
1,568,149	1,493,260	1,596,635	1,349,137	1,502,602	1,197,154
153,069	152,824	167,424	175,190	144,441	149,590
10,745,146	9,984,494	11,379,705	10,954,929	10,339,027	10,154,334
90,602	107,223	95,627	100,548	68,677	68,648
1,093,479	1,005,790	1,017,760	1,041,896	1,121,830	1,090,334
284,566	312,597	325,334	481,374	439,454	306,207
816,752	331,319	319,848	435,410	357,352	166,449
<b>30,967,752</b>	<b>28,538,956</b>	<b>28,025,232</b>	<b>27,149,950</b>	<b>25,862,609</b>	<b>24,018,693</b>
6,900,152	6,378,617	5,773,813	5,698,173	5,391,799	4,936,287
1,398,099	1,550,419	1,476,184	1,370,152	1,397,848	1,388,548
7,916,840	7,640,292	8,495,067	8,351,568	7,935,820	7,592,273
1,950,917	1,889,731	1,855,913	1,561,503	1,825,999	1,370,588
5,623,843	4,668,020	5,039,654	5,344,431	4,378,909	4,760,000
1,067,379	1,136,514	1,240,716	996,106	1,204,331	995,914
3,321,195	3,143,634	3,020,633	2,617,109	2,453,222	2,350,649
148,616	59,960	61,998	106,136	464,257	194,083
1,573,694	1,047,003	150,383	375,174	139,031	6,131
3,808,551	2,924,093	425,943	237,297	361,943	757,545
<b>33,709,286</b>	<b>30,438,283</b>	<b>27,540,304</b>	<b>26,657,649</b>	<b>25,553,159</b>	<b>24,352,018</b>

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

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		\$ 17,716
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		<u>816</u>
Total direct			<u>18,532</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>35,216</u>
U.S. Department of Defense:			
Office of Treasurer of State:			
Payments to States in Lieu of Real Estate Taxes	12.112		<u>10,909</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-JAG-58807	<u>10,820</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
National Priority Safety Programs	20.616	14-405d-M6OT Task 16-00-00	5,106
National Priority Safety Programs	20.616	15-405d-M6OT Task 13-00-00	<u>15,219</u>
			<u>20,325</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)			
Aligned Cooperative Agreements	93.074	5885BT70	<u>76,579</u>
Immunization Cooperative Agreements	93.268	5885I419	<u>7,788</u>
Centers for Disease Control and Prevention_			
Investigations and Technical Assistance	93.283	5885NB09	<u>18,308</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5885I419	<u>3,728</u>



Clinton County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State			
Administered Programs	93.566		79
Child Care Mandatory and Matching			
Funds of the Child Care and Development Fund	93.596		9,119
Foster Care_Title IV-E	93.658		13,506
Adoption Assistance	93.659		4,266
Children's Health Insurance Program	93.767		216
Medical Assistance Program	93.778		66,301
Social Services Block Grant	93.667		10,832
Eastern Iowa Mental Health and Disabilities			
Services Region:			
Social Services Block Grant	93.667		360,985
			<u>371,817</u>
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and			
Emergency Management:			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters)	97.036	FEMA 4119 DR IA	43,310
Hazard Mitigation Grant	97.039	HMGP-DR-1998-0002 01	31,260
Hazard Mitigation Grant	97.039	HMGP-DR-1998-0019 01	105,043
			<u>136,303</u>
Emergency Management Performance Grants	97.042	EMPG-15-PT-23	38,202
Total indirect			<u>866,792</u>
Total			<u>\$ 885,324</u>

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

See accompanying independent auditor's report.

**Clinton County**



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Clinton County:

We have audited 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, the 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, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clinton County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clinton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Clinton County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

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 described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-15 and II-B-15 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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-C-15 to be a significant deficiency.

### 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, 2015 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


Clinton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Clinton County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

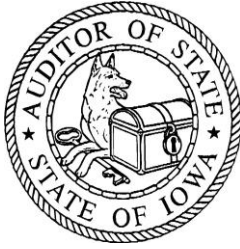
  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 11, 2016

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133**

**Clinton County**



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

Mary Mosiman, CPA  
Auditor of State

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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Officials of Clinton County:

Report on Compliance for Each Major Federal Program

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 its major federal programs for the year ended June 30, 2015. Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clinton County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Clinton County's compliance.

Opinion on Each Major Federal Program

In our opinion, Clinton County complied, in all material respects, with the types of compliance 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, 2015.

## Report on Internal Control Over Compliance


The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clinton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 11, 2016



Clinton County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A significant deficiency 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) Unmodified opinions were issued on compliance with requirements applicable to each of the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 93.667 – Social Services Block Grant.
  - CFDA Number 97.039 – Hazard Mitigation 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, 2015

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-15 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Incoming mail is not opened by an individual who is not authorized to make entries to the accounting records.	Conservation
(2) Collection and deposit preparation functions are not performed by an individual who does not record and account for cash receipts.	Conservation and Conservation Foundation
(3) Bank accounts are 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 documented by the signature or initials of the reviewer and the date of the review.

Responses –

Conservation – Segregation of duties is difficult with a small office staff. We will make an effort to try to utilize other, non-office staff to review and initial deposits and reports when they are available.

Conservation Foundation – All Foundation donations are first recorded by the Executive Director. All Foundation donations are then receipted by the Foundation Treasurer. All collection of cash and checks and deposit functions are performed by the Foundation Treasurer, or a member of the three-person Finance Committee. Bank accounts are reconciled monthly by the Foundation Treasurer. The retained CPA of the Foundation provides an independent reconciliation annually.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Conclusions -

Conservation - Response accepted.

Conservation Foundation - Response acknowledged. Bank reconciliations should be reviewed by an independent person monthly.

- II-B-15 Financial Reporting - During the audit, we identified material amounts of receivables and capital asset additions and deletions not recorded by the County. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation - The County should implement procedures to ensure all receivables and capital asset additions and deletions are identified and included in the County's financial statements.

Response - The County accepts the recommendation. The County has recently taken actions to improve its capital asset reporting.

Conclusion - Response accepted.

- II-C-15 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 County acts as fiscal agent for the Area Board and completes the annual report.

Total expenditures reported were overstated by \$2,202 since the expenditures did not deduct travel and training expenditures funded from Decat.

In addition, the beginning and ending fund balances reported in the annual report for fiscal year 2015 could not be reconciled to the accrual basis fund balance per the County's financial records.

The amounts reported in Note 13 to the financial statements reflect the activity reported in the annual report.

Recommendation - The County should review and reconcile the annual report with the County's year-end ledger balance adjusted for 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, including the necessity of amending the fiscal year 2015 annual report.

Response - The County accepts the recommendation. The County in cooperation with the State has recently taken actions to correct this matter.

Conclusion - Response accepted.

Clinton County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**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, 2015

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

IV-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted by function. However, disbursements exceeded the amount appropriated in one department.

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 has reviewed such instances with department heads. The County accepts the recommendation.

Conclusion – Response accepted.

IV-B-15 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-15 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-15 Business Transactions – The following business transactions between the County and County officials were noted:

Name, Title and Business Connection	Transaction Description	Amount
Jill Davisson, County Supervisor, sons own Davisson Tiling, LLC	Ditch repair and tile lines	\$ 3,703

In accordance with Chapters 331.342 (2)(i)(j) of the Code of Iowa, the transaction with Davisson Tiling, LLC may represent a conflict of interest since the transactions were not entered into through competitive bidding and the total exceeded \$1,500 for the fiscal year.

Recommendation – The County should consult legal counsel to determine disposition of this matter.

Response – As a matter of the Clinton County Drainage District Maintenance Policy and Procedures approved by the Board of Supervisors in April of 2013, this repair would not have come before the Board of Trustees under the section “Low Cost Drainage District Repair Projects (Estimated Cost<\$5,000). However, the County accepts the recommendation. Further, the Clinton County Drainage District Maintenance Policy and Procedures is due for a review and the recommendation stated above will be included in that discussion.

Conclusion – Response acknowledged. The County should consult legal counsel to determine the disposition of this matter.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- IV-E-15 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-15 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-15 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-15 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, 2015 for the County Extension Office did not exceed the amount budgeted.
- IV-J-15 Early Childhood Iowa Board – The 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-C-15, no instances of non-compliance were noted as a result of the audit procedures performed.
- IV-K-15 Conservation Land Acquisition – During the fiscal year ended June 30, 2015, the County issued a check from the Conservation Land Acquisition Fund to the Enterprise, Rock Creek Marina Fund to cover operating expenses. Under Chapter 350.6 of the Code of Iowa, the Conservation Land Acquisition Fund is to be expended for conservation land acquisition and capital improvement projects. An adjustment was subsequently made by the County to record an interfund loan receivable and payable.
- Recommendation – Funds from the Conservation Land Acquisition Fund should only be expended for conservation land acquisition and capital improvement projects pursuant to Chapter 350.6 of the Code of Iowa. The Enterprise, Rock Creek Marina Fund should reimburse the Conservation Land Acquisition Fund.
- Response – This matter has been reviewed with the Conservation Department and it has committed to repaying the Conservation Land Acquisition Fund.
- Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

IV-L-15 Rock Creek Marina Deficit – The Enterprise, Rock Creek Marina Fund had a deficit unrestricted net position of \$25,339 at June 30, 2015.

Recommendation – The County should investigate alternatives to eliminate this deficit and return this fund to a sound financial position.

Response – Corrective actions resulted in a deficit unrestricted net position for the Rock Creek Marina Fund. This matter will result in a discussion about alternatives to place the fund in a sound financial position.

Conclusion – Response accepted.

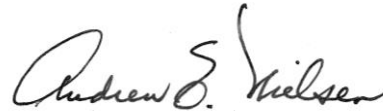


Clinton County

Staff

This audit was performed by:

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