



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

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Auditor of State

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NEWS RELEASE

FOR RELEASE

June 22, 2006

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$50,600,287 for the year ended June 30, 2005, which included \$2,625,544 in tax credits from the state. The County forwarded \$39,233,967 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,366,320 of the local tax revenue to finance County operations, a 10.8 percent increase over the prior year. Other revenues included charges for service of \$1,824,190, operating grants, contributions and restricted interest of \$8,635,727, capital grants, contributions and restricted interest of \$1,454,326, local option sales tax of \$1,093,416, unrestricted investment earnings of \$178,493 and other general revenues of \$318,400.

Expenses for County operations totaled \$24,224,931, a 6 percent increase over the prior year. Expenses included \$6,628,158 for mental health, \$5,831,379 for roads and transportation and \$4,772,154 for public safety and legal services.

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

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CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2005

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Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2005)		
Grant Wilke	Board of Supervisors	Jan 2005
Jill Davisson	Board of Supervisors	Jan 2007
Lewis Todtz	Board of Supervisors	Jan 2007
Charles Sheridan	County Auditor	Jan 2005
Rhonda McIntyre	County Treasurer	Jan 2007
Stephen Managan	County Recorder	Jan 2007
Rick Lincoln	County Sheriff	Jan 2005
Michael Wolf	County Attorney	Jan 2007
Roland Ehm	County Assessor	Jan 2010
John Moreland	City Assessor	Jan 2010
(After January 2005)		
Jill Davisson	Board of Supervisors	Jan 2007
Lewis Todtz	Board of Supervisors	Jan 2007
Grant Wilke	Board of Supervisors	Jan 2009
Charles Sheridan	County Auditor	Jan 2009
Rhonda McIntyre	County Treasurer	Jan 2007
Stephen Managan	County Recorder	Jan 2007
Rick Lincoln	County Sheriff	Jan 2009
Michael Wolf	County Attorney	Jan 2007
Roland Ehm	County Assessor	Jan 2010
John Moreland	City Assessor	Jan 2010

Clinton County



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Independent Auditor's Report

To the Officials of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Clinton County's management. Our responsibility is to express opinions on these financial statements based on our audit.

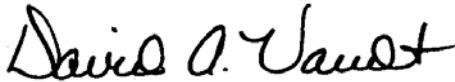
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clinton County at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2006 on our consideration of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State

January 31, 2006



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clinton County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 4.6%, or approximately \$1,094,000, from fiscal 2004 to fiscal 2005. Property tax increased approximately \$1,248,000, operating grants, contributions and restricted interest increased approximately \$713,000, capital grants, contributions and restricted interest decreased approximately \$739,000 and local option sales tax decreased approximately \$64,000.
- Program expenses of the County's governmental activities increased 6.1%, or approximately \$1,380,000. Roads and transportation increased approximately \$630,000, administration increased approximately \$364,000 and public safety and legal services decreased approximately \$382,000.
- The County's governmental activities net assets increased 1.8%, or approximately \$643,000, from June 30, 2004 to June 30, 2005.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Clinton County's combined net assets were virtually unchanged from a year ago, increasing from \$36.9 million to \$37.5 million. The analysis that follows focuses on the changes in the net assets.

Net Assets of Governmental and Business Type Activities (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total		
	June 30,		June 30,		June 30,		
	2005	2004	2005	2004	2005	2004	
Current and other assets	\$ 19,589	20,734	43	15	19,632	20,749	
Capital assets	30,956	29,422	179	195	31,135	29,617	
Total assets	50,545	50,156	222	210	50,767	50,366	
Long-term liabilities	660	471	2	3	662	474	
Other liabilities	12,583	13,026	19	9	12,602	13,035	
Total liabilities	13,243	13,497	21	12	13,264	13,509	
Net assets:							
Invested in capital assets	30,956	29,422	179	195	31,135	29,617	
Restricted	3,184	4,438	-	-	3,184	4,438	
Unrestricted	3,162	2,799	22	3	3,184	2,802	
Total net assets	\$ 37,302	36,659	201	198	37,503	36,857	

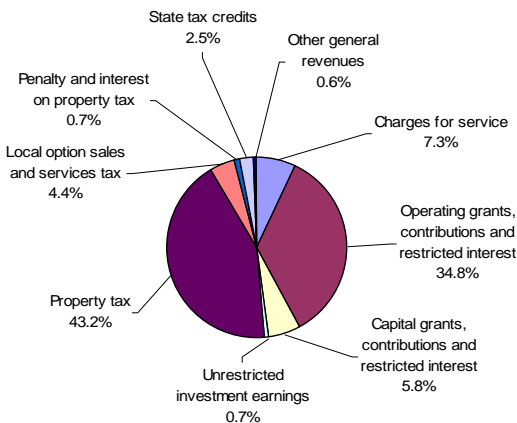
The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$2,802,000 at June 30, 2004 to approximately \$3,184,000 at the end of this year, an increase of 14 percent.

This increase of approximately \$382,000 in unrestricted net assets was primarily a result of capital assets contributed by the Iowa Department of Transportation. The County has adopted a five year plan to replace aging equipment.

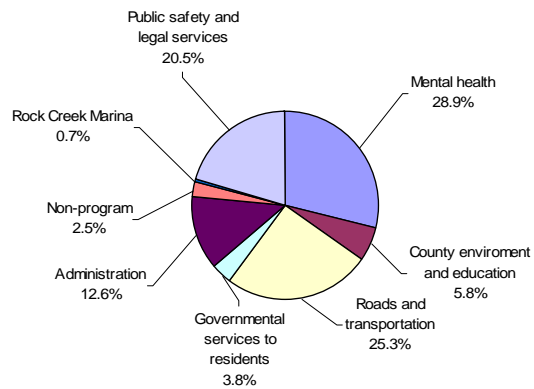
Changes in Net Assets of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental		Business Type		Total	
	Activities		Activities		Year ended June 30,	
	Year ended June 30,	Year ended June 30,	Year ended June 30,	Year ended June 30,	Year ended June 30,	Year ended June 30,
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for service	\$ 1,666	1,498	147	119	1,813	1,617
Operating grants, contributions and restricted interest	8,632	7,919	14	3	8,646	7,922
Capital grants, contributions and restricted interest	1,454	2,193	-	12	1,454	2,205
General revenues:						
Property tax	10,754	9,506	-	-	10,754	9,506
Penalty and interest on property tax	178	142	-	-	178	142
State tax credits	613	751	-	-	613	751
Local option sales and services tax	1,093	1,157	-	-	1,093	1,157
Unrestricted investment earnings	179	195	-	-	179	195
Other general revenues	141	255	-	2	141	257
Total revenues	24,710	23,616	161	136	24,871	23,752
Program expenses:						
Public safety and legal services	4,722	5,104	-	-	4,722	5,104
Physical health and social services	1,206	1,263	-	-	1,206	1,263
Mental health	6,628	6,351	-	-	6,628	6,351
County environment and education	1,332	1,195	-	-	1,332	1,195
Roads and transportation	5,831	5,201	-	-	5,831	5,201
Governmental services to residents	884	829	-	-	884	829
Administration	2,896	2,532	-	-	2,896	2,532
Non-program	568	212	-	-	568	212
Rock Creek Marina	-	-	158	160	158	160
Total expenses	24,067	22,687	158	160	24,225	22,847
Increase (decrease) in net assets	643	929	3	(24)	646	905
Net assets beginning of year	36,659	35,730	198	222	36,857	35,952
Net assets end of year	\$ 37,302	36,659	201	198	37,503	36,857

Revenues by Source



Expenses by Function



Clinton County's net assets of governmental activities increased by approximately \$643,000 during the year. Revenues for governmental activities increased by approximately \$1,094,000 over the prior year, with property tax revenue up from the prior year by approximately \$1,248,000, or 13 percent.

INDIVIDUAL MAJOR FUND ANALYSIS

As Clinton County completed the year, its governmental funds reported a combined fund balance of approximately a decrease of approximately \$739,000 from last year's total of \$6.8 million. The decrease in fund balance is primarily attributable to expenditures exceeding revenue. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues exceeded expenditures by approximately \$611,000. The ending fund balance increased \$579,000 from the prior year to \$2,966,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$6,637,000, an increase of 4.6% over the prior year. The Mental Health Fund balance at year ended decreased by approximately \$368,000 from the prior year.
- Rural Services Fund expenditures totaled approximately \$433,000, an increase of 45% over the prior year. Approximately \$127,000 of uniform patrol services costs were moved from the General Fund to the Rural Services Fund for the current fiscal year.
- Secondary Roads Fund expenditures increased by approximately \$1,409,000 over the prior year. This increase, mainly from an increase in roadway construction expenditures, resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$926,000, or 33%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended its budget two times. The first amendment was made in October 2004 and resulted in an increase in budgeted disbursements related to an increase in disbursement of grant funds. The second amendment was made in April 2005. This amendment was made to allow for the additional disbursement of grant funds and other miscellaneous revenue in various departments.

Even with these amendments, disbursements exceeded the budgeted amounts in the capital projects function by \$491,000 for the year ended June 30, 2005.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, Clinton County had approximately \$31 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1.5 million, or 5.2 percent, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2005	2004
Land	\$ 746	746
Construction in progress	1,593	784
Buildings and improvements	5,938	6,105
Equipment and vehicles	4,715	4,690
Infrastructure	17,964	17,097
Total	\$ 30,956	29,422
This year's major additions included (in thousands):		
Road projects		\$ 2,583
Secondary roads equipment		656
Total		\$ 3,239

The County had depreciation expense of approximately \$1,569,000 in FY05 and total accumulated depreciation of \$16,786,000 at June 30, 2005.

The County's fiscal year 2005 capital budget included \$944,000 for capital projects, principally for Secondary Roads improvements. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

At June 30, 2005, Clinton County had approximately \$193,000 in drainage warrants payable compared to approximately \$81,000 at June 30, 2004. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 5.1 percent versus 6.0 percent a year ago. This compares with the State's unemployment rate of 4.6 percent and the national rate of 5.0 percent.

Inflation in the State nearly mirrored the national Consumer Price Index increase at the close of the fiscal year. The Midwest Region of the Department of Labor, of which Iowa is a member, CPI rate increase was 2.6 percent for fiscal year 2005, compared with the national rate of 2.5 percent. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2004-2005.

These indicators were taken into account when adopting the budget for fiscal year 2006. Amounts available for appropriation in the operating budget are \$22.6 million, a decrease of less than 1 percent from the final 2005 budget. Property tax (benefiting from the 2005 rate increase and increases in assessed valuations) and grant receipts (boosted by increased State funding in several of our current programs) are expected to increase. Clinton County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise by approximately \$83,000. Increased wage and cost-of-living adjustments and increases in Mental Health cost represent the largest increases. The County has added no major new programs or initiatives to the 2006 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2006.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Clinton County

Clinton County
Statement of Net Assets
June 30, 2005

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 7,088,211	5,219	7,093,430
Receivables:			
Property tax:			
Delinquent	137,808	-	137,808
Succeeding year	10,837,000	-	10,837,000
Interest and penalty on property tax	184,366	-	184,366
Accounts	65,879	37,924	103,803
Accrued interest	4,649	-	4,649
Drainage assessments:			
Current	28,295	-	28,295
Future	160,817	-	160,817
Due from other governments	822,264	-	822,264
Inventories	260,034	-	260,034
Capital assets (net of accumulated depreciation)	30,955,503	179,157	31,134,660
	50,544,826	222,300	50,767,126
Liabilities			
Accounts payable	965,792	16,144	981,936
Salaries and benefits payable	271,767	3,370	275,137
Due to other governments	508,744	-	508,744
Deferred revenue:			
Succeeding year property tax	10,837,000	-	10,837,000
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	466,536	1,743	468,279
Portion due or payable after one year:			
Drainage warrants payable	192,938	-	192,938
	13,242,777	21,257	13,264,034
Net Assets			
Invested in capital assets	30,955,503	179,157	31,134,660
Restricted for:			
Supplemental levy purposes	522,350	-	522,350
Mental health purposes	682,084	-	682,084
Secondary roads purposes	1,936,736	-	1,936,736
Resource enhancement and protection	37,619	-	37,619
Vietnam Veterans Memorial	5,000	-	5,000
Other	774	-	774
Unrestricted	3,161,983	21,886	3,183,869
	\$ 37,302,049	201,043	37,503,092

See notes to financial statements.

Clinton County

Statement of Activities

Year ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 4,722,154	329,769	506,084	-
Physical health and social services	1,205,716	70,637	438,026	-
Mental health	6,628,158	47,375	3,364,744	-
County environment and education	1,331,659	42,369	85,962	-
Roads and transportation	5,831,379	9,963	3,663,751	1,454,326
Governmental services to residents	883,924	757,874	-	-
Administration	2,896,015	279,145	-	-
Non-program	567,988	129,346	573,720	-
Total governmental activities	24,066,993	1,666,478	8,632,287	1,454,326
Business type activities:				
Rock Creek Marina	157,938	157,712	3,440	-
Total	\$ 24,224,931	1,824,190	8,635,727	1,454,326

General Revenues:

Property and other county tax levied for general purposes
 Penalty and interest on property tax
 State tax credits
 Local option sales and services tax
 Unrestricted investment earnings
 Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(3,886,301)	-	(3,886,301)
(697,053)	-	(697,053)
(3,216,039)	-	(3,216,039)
(1,203,328)	-	(1,203,328)
(703,339)	-	(703,339)
(126,050)	-	(126,050)
(2,616,870)	-	(2,616,870)
135,078	-	135,078
(12,313,902)	-	(12,313,902)
-	3,214	3,214
(12,313,902)	3,214	(12,310,688)
10,753,734	-	10,753,734
177,601	-	177,601
612,586	-	612,586
1,093,416	-	1,093,416
178,488	5	178,493
140,799	-	140,799
12,956,624	5	12,956,629
642,722	3,219	645,941
36,659,327	197,824	36,857,151
\$ 37,302,049	201,043	37,503,092

Clinton County
Balance Sheet
Governmental Funds

June 30, 2005

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,946,774	1,210,411	249,685	1,640,961
Receivables:				
Property tax:				
Delinquent	94,806	37,248	5,754	-
Succeeding year	7,029,000	2,740,000	1,068,000	-
Interest and penalty on property tax	184,366	-	-	-
Accounts	24,589	23,082	-	150
Accrued interest	4,594	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other funds	-	-	-	10,294
Due from other governments	288,592	113,970	6,950	391,769
Inventories	-	-	-	260,034
Total assets	\$ 10,572,721	4,124,711	1,330,389	2,303,208
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 148,046	217,777	11,496	325,409
Salaries and benefits payable	166,266	29,087	8,248	68,166
Due to other funds	3,172	-	10,294	-
Due to other governments	26,576	481,922	-	101
Deferred revenue:				
Succeeding year property tax	7,029,000	2,740,000	1,068,000	-
Other	233,775	24,548	3,886	-
Total liabilities	7,606,835	3,493,334	1,101,924	393,676
Fund balances:				
Reserved for:				
Supplemental levy purposes	522,350	-	-	-
Drainage warrants	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-
Unreserved, reported in:				
General fund	2,443,536	-	-	-
Special revenue funds	-	631,377	228,465	1,909,532
Permanent fund	-	-	-	-
Total fund balances	2,965,886	631,377	228,465	1,909,532
Total liabilities and fund balances	\$ 10,572,721	4,124,711	1,330,389	2,303,208

See notes to financial statements.

Nonmajor	Total
322,047	6,369,878
-	137,808
-	10,837,000
-	184,366
3,646	51,467
55	4,649
28,295	28,295
160,817	160,817
3,172	13,466
20,983	822,264
-	260,034
539,015	18,870,044
10,708	713,436
-	271,767
-	13,466
145	508,744
-	10,837,000
189,112	451,321
199,965	12,795,734
-	522,350
4,600	4,600
5,000	5,000
-	2,443,536
324,151	3,093,525
5,299	5,299
339,050	6,074,310
539,015	18,870,044

Clinton County

Clinton County

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

June 30, 2005

Total governmental fund balances (page 19) \$ 6,074,310

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$47,741,091 and the accumulated depreciation is \$16,785,588. 30,955,503

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 451,321

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 480,389

Long-term liabilities, including drainage warrants and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (659,474)

Net assets of governmental activities (page 15) \$ 37,302,049

See notes to financial statements.

Clinton County

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

Year ended June 30, 2005

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 7,422,597	2,702,989	989,536	688,852
Interest and penalty on property tax	141,399	-	-	-
Intergovernmental	1,512,549	3,519,197	64,691	3,944,085
Licenses and permits	63,857	-	-	6,850
Charges for service	928,973	47,375	-	7
Use of money and property	276,605	-	-	-
Miscellaneous	72,538	315	7,070	27,293
Total revenues	<u>10,418,518</u>	<u>6,269,876</u>	<u>1,061,297</u>	<u>4,667,087</u>
Expenditures:				
Operating:				
Public safety and legal services	4,510,515	-	126,871	-
Physical health and social services	1,204,231	-	-	-
Mental health	-	6,637,459	-	-
County environment and education	830,062	-	306,372	-
Roads and transportation	-	-	-	4,777,320
Governmental services to residents	825,249	-	-	-
Administration	2,437,853	-	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,476,161
Total expenditures	<u>9,807,910</u>	<u>6,637,459</u>	<u>433,243</u>	<u>6,253,481</u>
Excess (deficiency) of revenues over (under) expenditure:	610,608	(367,583)	628,054	(1,586,394)
Other financing sources (uses):				
Sale of capital assets	4,999	-	-	-
Operating transfers in	-	-	-	660,627
Operating transfers out	(36,373)	-	(660,627)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	<u>(31,374)</u>	<u>-</u>	<u>(660,627)</u>	<u>660,627</u>
Net change in fund balances	579,234	(367,583)	(32,573)	(925,767)
Fund balances beginning of year	2,386,652	998,960	261,038	2,835,299
Fund balances end of year	<u>\$ 2,965,886</u>	<u>631,377</u>	<u>228,465</u>	<u>1,909,532</u>

See notes to financial statements.

Nonmajor	Total
-	11,803,974
-	141,399
592,672	9,633,194
-	70,707
46,214	1,022,569
13,569	290,174
37,259	144,475
689,714	23,106,492
41,750	4,679,136
-	1,204,231
-	6,637,459
154,455	1,290,889
-	4,777,320
39,790	865,039
-	2,437,853
567,989	567,989
36,319	36,319
25,679	1,501,840
865,982	23,998,075
(176,268)	(891,583)
-	4,999
36,373	697,000
-	(697,000)
147,877	147,877
184,250	152,876
7,982	(738,707)
331,068	6,813,017
339,050	6,074,310

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, 2005

Net change in fund balances - Total governmental funds (page 23) \$ (738,707)

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

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

Expenditures for capital assets	\$ 1,785,177	
Capital assets contributed by the Iowa Department of Transportation	1,454,326	
Depreciation expense	(1,569,250)	1,670,253

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (136,911)

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

Property tax	55,918	
Other	(143,630)	(87,712)

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

Issued	(147,877)	
Repaid	36,319	(111,558)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (77,037)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 124,394

Change in net assets of governmental activities (page 17) \$ 642,722

See notes to financial statements.

Clinton County
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 2,384	721,168
Accounts receivable	37,867	14,469
Capital assets, net of accumulated depreciation	179,157	-
Total assets	219,408	735,637
Liabilities		
Accounts payable	15,148	253,352
Salaries and benefits payable	3,370	-
Compensated absences	1,743	-
Total liabilities	20,261	253,352
Net Assets		
Invested in capital assets	179,157	-
Unrestricted	19,990	482,285
Total net assets	199,147	482,285
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	1,896	
Net assets of business type activities	\$ 201,043	

See notes to financial statements.

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

Year ended June 30, 2005

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	1,876,046
Reimbursements from employees and others	-	110,144
Stop loss insurance recoveries	-	102,949
Camping fees	70,375	-
Boat rental fees	10,348	-
Other recreational fees	20,261	-
Concession sales	46,243	-
Miscellaneous	13,927	2,836
Total operating revenues	<u>161,154</u>	<u>2,091,975</u>
Operating expenses:		
Administrative fees	-	254,712
Medical and health services	-	1,708,404
Salaries	55,371	-
Employee benefits	15,720	-
Supplies	46,962	-
Utilities	15,070	-
Repair and improvements	4,380	-
Depreciation	16,015	-
Miscellaneous	4,573	11,233
Total operating expenses	<u>158,091</u>	<u>1,974,349</u>
Operating income	3,063	117,626
Non-operating revenues:		
Interest income	5	6,920
Change in net assets	3,068	124,546
Net assets beginning of year	<u>196,079</u>	<u>357,739</u>
Net assets end of year	199,147	<u><u>482,285</u></u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	1,896	
Net assets of business type activities	<u><u>\$ 201,043</u></u>	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2005

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	1,876,046
Cash received from employees and others	-	110,144
Cash received from stop loss insurance recoveries	-	88,480
Cash received from camping fees	51,896	-
Cash received from boat rental fees	7,535	-
Cash received from other recreational fees	18,436	-
Cash received from concession sales	34,950	-
Cash received from miscellaneous operations	10,468	2,836
Cash paid for administration fees	-	(254,712)
Cash paid to employees for services	(55,351)	-
Cash paid to suppliers for services	(77,835)	(1,697,318)
Net cash provided (used) by operating activities	<u>(9,901)</u>	<u>125,476</u>
Cash flows from investing activities:		
Interest on investments	5	6,920
Net increase (decrease) in cash and cash equivalents	(9,896)	132,396
Cash and cash equivalents beginning of year	12,280	588,772
Cash and cash equivalents end of year	<u>\$ 2,384</u>	<u>721,168</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ 3,063	117,626
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	16,015	-
Changes in assets and liabilities:		
Increase in accounts receivable	(37,867)	(14,469)
Increase in accounts payable	9,217	22,319
(Decrease) in due to other governments	(332)	-
Increase in salaries and benefits payable	1,122	-
(Decrease) in compensated absences	(1,119)	-
Net cash provided (used) by operating activities	<u>\$ (9,901)</u>	<u>125,476</u>

See notes to financial statements.

Clinton County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Cash and pooled investments:

County Treasurer	\$ 3,542,738
Other County officials	57,502

Receivables:

Property tax:

Delinquent	580,441
Succeeding year	40,074,000

Accounts	55,893
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Drainage assessments:

Delinquent	13,033
Succeeding year	35,860

Special assessments:

Delinquent	171,665
Succeeding year	159,000

Total assets	<u>44,690,132</u>
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Liabilities

Accounts payable	47,755
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Salaries and benefits payable	14,752
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Due to other governments	44,519,970
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Trusts payable	24,478
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Compensated absences	34,279
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Stamped drainage warrants payable	48,898
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Total liabilities	<u>44,690,132</u>
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Net assets	<u><u>\$ -</u></u>
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See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

The Statement of Net Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

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

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

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

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

financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2004.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the

County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is

reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the capital projects function and disbursements in one department exceeded the amount appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2005 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 10,294
Conservation Land Acquisition	General	3,172
Total		<u>\$ 13,466</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 660,627
Conservation Land Acquisition	General	36,373
Total		<u>\$ 697,000</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 746,133	-	-	746,133
Construction in progress	784,794	2,582,995	(1,775,139)	1,592,650
Total capital assets not being depreciated	<u>1,530,927</u>	<u>2,582,995</u>	<u>(1,775,139)</u>	<u>2,338,783</u>
Capital assets being depreciated:				
Buildings and improvements	8,698,676	-	-	8,698,676
Equipment and vehicles	7,561,236	656,508	(444,728)	7,773,016
Infrastructure, road network	27,155,477	1,775,139	-	28,930,616
Total capital assets being depreciated	<u>43,415,389</u>	<u>2,431,647</u>	<u>(444,728)</u>	<u>45,402,308</u>
Less accumulated depreciation for:				
Buildings and improvements	2,593,676	167,091	-	2,760,767
Equipment and vehicles	2,871,544	494,211	(307,817)	3,057,938
Infrastructure, road network	10,058,935	907,948	-	10,966,883
Total accumulated depreciation	<u>15,524,155</u>	<u>1,569,250</u>	<u>(307,817)</u>	<u>16,785,588</u>
Total capital assets being depreciated, net	<u>27,891,234</u>	<u>862,397</u>	<u>(136,911)</u>	<u>28,616,720</u>
Governmental activities capital assets, net	<u>\$ 29,422,161</u>	<u>3,445,392</u>	<u>(1,912,050)</u>	<u>30,955,503</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 101,079
Physical health and social services	6,885
Mental health	7,690
County environment and education	52,651
Roads and transportation	1,182,392
Governmental services to residents	23,085
Administration	<u>195,468</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,569,250</u></u>

Business type activities capital assets activity for the year ended June 30, 2005 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Buildings	\$ 183,760	-	-	183,760
Equipment	90,641	-	-	90,641
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	<u>333,612</u>	<u>-</u>	<u>-</u>	<u>333,612</u>
Less accumulated depreciation for:				
Buildings	50,986	7,617	-	58,603
Equipment	63,278	3,810	-	67,088
Infrastructure	24,176	4,588	-	28,764
Total accumulated depreciation	<u>138,440</u>	<u>16,015</u>	<u>-</u>	<u>154,455</u>
Business type activities capital assets, net	<u>\$ 195,172</u>	<u>(16,015)</u>	<u>-</u>	<u>179,157</u>
Total depreciation expense - business type activities				<u><u>\$ 16,015</u></u>

(6) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 26,576
Special Revenue:		
Mental Health	Services	481,922
Secondary Roads	Services	101
Resource Enhancement and Protection	Services	145
		<u>482,168</u>
Total for governmental funds		<u>\$ 508,744</u>
Agency:		
County Assessor	Collections	\$ 526,951
City Assessor		1,135,773
Schools		22,653,661
Community Colleges		875,514
Corporations		16,619,960
Townships		345,725
Auto License and Use Tax		825,535
All other		<u>1,536,851</u>
Total for agency funds		<u>\$ 44,519,970</u>

(7) Changes in Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2005 is as follows:

	<u>Drainage</u>	<u>Compen-</u>	
	<u>Warrants</u>	<u>sated</u>	<u>Total</u>
		<u>Absences</u>	
Balance beginning of year	\$ 81,380	389,499	470,879
Increases	147,877	77,037	224,914
Decreases	36,319	-	36,319
Balance end of year	<u>\$ 192,938</u>	<u>466,536</u>	<u>659,474</u>
Due within one year	<u>\$ -</u>	<u>466,536</u>	<u>466,536</u>

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2005 is as follows:

	<u>Compen- sated Absences</u>
Balance beginning of year	\$ 2,862
Decreases	1,119
Balance end of year	<u>\$ 1,743</u>
Due within one year	<u>\$ 1,743</u>

Drainage Warrants

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

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

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$443,008, \$450,504 and \$463,192, respectively, equal to the required contributions for each year.

(9) Risk Management

Clinton County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2005 were \$225,209.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Gallagher Bassett Services, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Gallagher Bassett Services, Inc. from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2005 was \$1,876,046.

Amounts payable from the Employee Group Health Fund at June 30, 2005 total \$253,352, 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 \$482,285 at June 30, 2005 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 231,033
Total incurred claims	1,730,723
Total payments	<u>(1,708,404)</u>
Unpaid claims end of year	<u><u>\$ 253,352</u></u>

Clinton County

Required Supplementary Information

Clinton County

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

Required Supplementary Information

Year ended June 30, 2005

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 11,818,416	-
Interest and penalty on property tax	122,245	-
Intergovernmental	9,543,511	-
Licenses and permits	70,707	-
Charges for service	999,310	-
Use of money and property	286,117	96
Miscellaneous	139,161	18,445
Total receipts	<u>22,979,467</u>	<u>18,541</u>
Disbursements:		
Public safety and legal services	4,669,211	-
Physical health and social services	1,218,621	-
Mental health	6,666,575	-
County environment and education	1,165,704	37,856
Roads and transportation	4,709,309	-
Governmental services to residents	865,084	-
Administration	2,424,787	-
Non-program	580,668	-
Capital projects	1,435,464	-
Total disbursements	<u>23,735,423</u>	<u>37,856</u>
Excess (deficiency) of receipts over (under) disbursements	(755,956)	(19,315)
Other financing sources, net	4,999	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(750,957)	(19,315)
Balance beginning of year	7,120,835	32,410
Balance end of year	<u>\$ 6,369,878</u>	<u>13,095</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
11,818,416	12,044,090	12,044,090	(225,674)
122,245	105,500	105,500	16,745
9,543,511	8,572,451	9,334,692	208,819
70,707	63,250	63,250	7,457
999,310	753,060	793,060	206,250
286,021	329,631	329,631	(43,610)
120,716	147,350	178,832	(58,116)
22,960,926	22,015,332	22,849,055	111,871
4,669,211	4,999,878	5,128,860	459,649
1,218,621	1,302,565	1,337,755	119,134
6,666,575	7,024,889	7,024,889	358,314
1,127,848	1,154,447	1,156,043	28,195
4,709,309	4,800,970	4,800,970	91,661
865,084	981,426	1,036,426	171,342
2,424,787	2,263,242	2,548,862	124,075
580,668	100,000	750,000	169,332
1,435,464	918,841	944,361	(491,103)
23,697,567	23,546,258	24,728,166	1,030,599
(736,641)	(1,530,926)	(1,879,111)	1,142,470
4,999	-	-	4,999
(731,642)	(1,530,926)	(1,879,111)	1,147,469
7,088,425	6,964,721	6,964,721	123,704
6,356,783	5,433,795	5,085,610	1,271,173

Clinton County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 22,979,467	127,025	23,106,492
Expenditures	23,735,423	262,652	23,998,075
Net	(755,956)	(135,627)	(891,583)
Other financing sources, net	4,999	147,877	152,876
Beginning fund balances	7,120,835	(307,818)	6,813,017
Ending fund balances	\$ 6,369,878	(295,568)	6,074,310

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,181,908. 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, 2005, disbursements exceeded the amount budgeted in the capital projects function and disbursements in one department exceeded the amount appropriated.

Clinton County

Other Supplementary Information

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2005

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Special Seized Property
Assets					
Cash and pooled investments	\$ 29,646	55,262	22,437	13,923	15,746
Receivables:					
Accounts	-	-	-	974	-
Accrued interest	-	-	-	-	-
Drainage assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	9,430	-	-	-	-
Total assets	\$ 39,076	55,262	22,437	14,897	15,746
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 1,312	-	-	240	-
Due to other governments	145	-	-	-	-
Deferred revenue:					
Other	-	-	-	-	-
Total liabilities	1,457	-	-	240	-
Fund equity:					
Fund balances:					
Reserved for:					
Drainage warrants	-	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	37,619	55,262	22,437	14,657	15,746
Permanent fund	-	-	-	-	-
Total fund equity	37,619	55,262	22,437	14,657	15,746
Total liabilities and fund equity	\$ 39,076	55,262	22,437	14,897	15,746

See accompanying independent auditor's report.

Revenue								Permanent	
Juvenile Intervention	Communications Special	Miscellaneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust	Total	
-	97,705	5,300	13,095	48,920	4,801	4,968	10,244	322,047	
-	-	-	-	2,672	-	-	-	3,646	
-	-	-	-	-	-	-	55	55	
-	-	-	28,295	-	-	-	-	28,295	
-	-	-	160,817	-	-	-	-	160,817	
-	-	-	-	3,172	-	-	-	3,172	
300	-	11,253	-	-	-	-	-	20,983	
300	97,705	16,553	202,207	54,764	4,801	4,968	10,299	539,015	
-	-	8,123	-	1,033	-	-	-	10,708	
-	-	-	-	-	-	-	-	145	
-	-	-	189,112	-	-	-	-	189,112	
-	-	8,123	189,112	1,033	-	-	-	199,965	
-	-	-	4,600	-	-	-	-	4,600	
-	-	-	-	-	-	-	5,000	5,000	
300	97,705	8,430	8,495	53,731	4,801	4,968	-	324,151	
-	-	-	-	-	-	-	5,299	5,299	
300	97,705	8,430	13,095	53,731	4,801	4,968	10,299	339,050	
300	97,705	16,553	202,207	54,764	4,801	4,968	10,299	539,015	

Clinton County

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

Year ended June 30, 2005

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Special Seized Property
Revenues:					
Intergovernmental	\$ 18,652	-	-	-	-
Charges for service	-	11,162	12,706	-	-
Use of money and property	235	524	-	12,259	-
Miscellaneous	-	-	-	-	1,794
Total revenues	18,887	11,686	12,706	12,259	1,794
Expenditures:					
Operating:					
Public safety and legal services	-	-	11,642	25,002	5,106
County environment and education	5,041	-	-	-	-
Governmental services to residents	-	7,562	-	-	-
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	5,041	7,562	11,642	25,002	5,106
Excess (deficiency) of revenues over (under) expenditures	13,846	4,124	1,064	(12,743)	(3,312)
Other financing sources:					
Operating transfers in	-	-	-	-	-
Drainage warrants issued	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	13,846	4,124	1,064	(12,743)	(3,312)
Fund balances beginning of year	23,773	51,138	21,373	27,400	19,058
Fund balances end of year	\$ 37,619	55,262	22,437	14,657	15,746

See accompanying independent auditor's report.

Revenue								Permanent		
Juvenile Intervention	Communi- cations Special	Miscellaneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust		Total	
300	-	573,720	-	-	-	-	-	-	592,672	
-	8,150	-	-	-	-	14,196	-	-	46,214	
-	-	-	96	-	36	241	178	-	13,569	
-	-	2,690	13,971	18,804	-	-	-	-	37,259	
300	8,150	576,410	14,067	18,804	36	14,437	178	-	689,714	
-	-	-	-	-	-	-	-	-	41,750	
-	-	-	149,414	-	-	-	-	-	154,455	
-	-	-	-	-	-	32,228	-	-	39,790	
-	-	567,989	-	-	-	-	-	-	567,989	
-	-	-	36,319	-	-	-	-	-	36,319	
-	-	-	-	25,679	-	-	-	-	25,679	
-	-	567,989	185,733	25,679	-	32,228	-	-	865,982	
300	8,150	8,421	(171,666)	(6,875)	36	(17,791)	178	-	(176,268)	
-	-	-	-	36,373	-	-	-	-	36,373	
-	-	-	147,877	-	-	-	-	-	147,877	
-	-	-	147,877	36,373	-	-	-	-	184,250	
300	8,150	8,421	(23,789)	29,498	36	(17,791)	178	-	7,982	
-	89,555	9	36,884	24,233	4,765	22,759	10,121	-	331,068	
300	97,705	8,430	13,095	53,731	4,801	4,968	10,299	-	339,050	

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	1,713	241,617	857,342	333,600	13,064
Other County officials	57,502	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,501	1,881	7,205	307,061	11,450
Succeeding year	-	114,000	296,000	285,000	22,013,000	851,000
Accounts	4,429	-	741	-	-	-
Drainage assessments:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Special assessments:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Total assets	\$ 61,931	117,214	540,239	1,149,547	22,653,661	875,514
Liabilities						
Accounts payable	\$ -	-	-	568	-	-
Salaries and benefits payable	-	-	5,984	5,454	-	-
Due to other governments	37,578	117,214	526,951	1,135,773	22,653,661	875,514
Trusts payable	24,353	-	-	-	-	-
Compensated absences	-	-	7,304	7,752	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
Total liabilities	\$ 61,931	117,214	540,239	1,149,547	22,653,661	875,514

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
198,591	5,829	38,579	825,535	501,185	5,429	520,254	3,542,738
-	-	-	-	-	-	-	57,502
249,369	1,896	-	-	-	-	78	580,441
16,172,000	338,000	-	-	-	-	5,000	40,074,000
-	-	-	-	50,373	-	350	55,893
-	-	-	-	-	13,033	-	13,033
-	-	-	-	-	35,860	-	35,860
-	-	171,665	-	-	-	-	171,665
-	-	159,000	-	-	-	-	159,000
16,619,960	345,725	369,244	825,535	551,558	54,322	525,682	44,690,132
-	-	-	-	2,575	-	44,612	47,755
-	-	-	-	-	-	3,314	14,752
16,619,960	345,725	369,244	825,535	548,983	5,424	458,408	44,519,970
-	-	-	-	-	-	125	24,478
-	-	-	-	-	-	19,223	34,279
-	-	-	-	-	48,898	-	48,898
16,619,960	345,725	369,244	825,535	551,558	54,322	525,682	44,690,132

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

Year ended June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets and Liabilities						
Balances beginning of year	\$ 47,086	119,819	832,193	1,179,461	23,778,013	941,721
Additions:						
Property and other county tax	-	106,091	274,132	262,423	20,370,778	787,162
E911 surcharge	-	-	-	-	-	-
State tax credits	-	6,290	17,861	16,251	1,230,167	47,986
Office fees and collections	857,291	-	5,355	4,641	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	376,420	-	-	-	-	-
Miscellaneous	-	-	-	-	15,927	-
Total additions	1,233,711	112,381	297,348	283,315	21,616,872	835,148
Deductions:						
Agency remittances:						
To other funds	497,692	-	-	-	-	-
To other governments	347,655	114,986	589,302	313,229	22,741,224	901,355
Trusts paid out	373,519	-	-	-	-	-
Total deductions	1,218,866	114,986	589,302	313,229	22,741,224	901,355
Balances end of year	\$ 61,931	117,214	540,239	1,149,547	22,653,661	875,514

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
16,745,088	358,791	464,279	815,830	465,831	5,397	345,285	46,098,794
15,103,525	312,280	-	-	-	-	4,618	37,221,009
-	-	-	-	215,966	-	-	215,966
672,581	21,498	-	-	-	-	324	2,012,958
-	-	-	-	-	-	13,269	880,556
-	-	-	9,603,690	-	-	-	9,603,690
-	-	358,937	-	-	922	-	359,859
-	-	-	-	-	-	-	376,420
5,513	-	-	-	10,213	42	8,145,960	8,177,655
15,781,619	333,778	358,937	9,603,690	226,179	964	8,164,171	58,848,113
-	-	-	184,609	-	-	-	682,301
15,906,747	346,844	453,972	9,409,376	140,452	937	792,543	52,058,622
-	-	-	-	-	-	7,191,231	7,564,750
15,906,747	346,844	453,972	9,593,985	140,452	937	7,983,774	60,305,673
16,619,960	345,725	369,244	825,535	551,558	5,424	525,682	44,641,234

Schedule 5

Clinton County

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

For the Last Five Years

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

See accompanying independent auditor's report.

Clinton County

Schedule 6

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	3016158	\$ 199
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements: State Administrative Matching Grants for Food Stamp Program	10.561		25,065
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	04-CF-008-03	463,211
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	CJJP-05-D3-001	4,477
Title V-Delinquency Prevention Program	16.548	CJJP-05-D3-001	3,709
Governor's Office of Drug Control Policy:			
Byrne Formula Grant Program	16.579	04F-0473	33,457
Byrne Formula Grant Program	16.579	04B-1344	28,842
			62,299
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C023(44)-8J-23	250,695
Highway Planning and Construction	20.205	BROS-C023(65)-8J-23	187,255
Highway Planning and Construction	20.205	BROS-C023(67)-8J-23	180,071
Highway Planning and Construction	20.205	BROS-1250(601)-5F-23	14,555
			632,576
Iowa Department of Public Safety:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	05-410, Task 11	2,587
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	05-410, Task 08	14,726
			17,313
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	05-163, Task 14	7,953

Clinton County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5885LP11	26,195
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	5884WW06	24,402
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.919	5885NB09	42,735
U.S. Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families Refugee and Entrant Assistance-State Administered Programs	93.558		33,394
Child Care Mandatory and Matching Funds of the child Care and Development Fund	93.566		46
Foster Care-Title VI-E	93.596		6,519
Adoption Assistance	93.658		17,526
Medical Assistance Program	93.659		4,076
Social Services Block Grant	93.778		36,002
Social Services Block Grant	93.667		21,784
Social Services Block Grant	93.667		246,862
			268,646
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	FFY 05 EMPG	27,965
State Homeland Security Program (SHSP)	95.073	FY 03 SHSGP 1	1,166
State Homeland Security Program (SHSP)	96.073	FY 03 SHSGP 11	72,760
			73,926
Total indirect			1,778,035
Total			\$ 1,778,234

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

See accompanying independent auditor's report.

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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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 the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 31, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

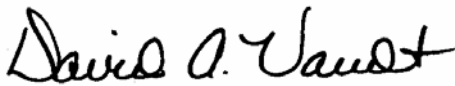
As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

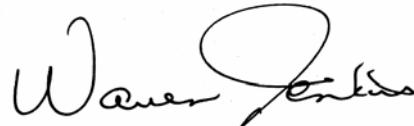
This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clinton County and other parties to whom Clinton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should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

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



DAVID A. VAUDT, CPA
Auditor of State

January 31, 2006



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

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

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

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

To the Officials of Clinton County:

Compliance

We have audited the compliance of Clinton County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clinton County's management. Our responsibility is to express an opinion on Clinton County's compliance based on our audit.

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

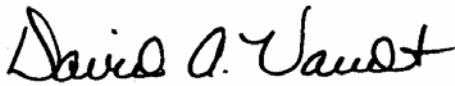
In our opinion, Clinton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Clinton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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



DAVID A. VAUDT, CPA
Auditor of State

January 31, 2006



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 14.228 – Community Development Block Grants/State's Program.
 - CFDA Number 20.205 – Highway Planning and Construction.
- (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, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-05 Capital Asset Records – Detailed capital asset records are maintained. However, deletions are not always supported by properly authorized written documentation. The capital asset listing was not consistently updated for current additions and deletions.

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

Response – The County Auditor’s Office will develop new capital asset record addition forms and capital asset deletion forms. As a check and balance no claims will be processed unless there is an asset addition form attached.

Conclusion – Response accepted.

II-B-05 Compensated Absences – Individual departments maintain records of vacation and compensatory time for calculating compensated absences at June 30. However these records are not maintained on a current ongoing basis. Additionally, when employees earn personal and wellness time, not all departments maintain accurate records of this time.

Recommendation – All compensated absence records should be maintained timely.

Response – New formats with CMS Incode will track records better and will keep better accountability per department. The Board will require all departments to submit this information on a quarterly basis and the department heads to sign off.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

II-C-05 County Receipts – County receipts are not always coded to the proper account and accrued receipts were not always properly identified. Additionally, \$4,778.25 of state monies to be received by the County went directly to Emergency Medical Services rather than being recorded in the County records and subsequently being remitted to Emergency Medical Services.

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

Response – The Board of Supervisors, Treasurer and Auditor will devise a plan that will not allow receipts to be accepted unless the year the receipts are due in is identified. Unfortunately we have no control over the coding of some receipts. A memo will be sent to all offices asking that everyone be more diligent in coding. A memo will also be sent to all agencies instructing those agencies to remit all state/federal monies to the County so the receipts and disbursements will be tracked through the County system.

Conclusion – Response accepted.

II-D-05 Conservation Office – Collections were not deposited intact timely by the Conservation Office. In most cases, monies were deposited in the bank more than a month after being receipted. April collections were not deposited with the County Treasurer's Office until mid June.

Recommendation – All collections should be deposited intact and timely.

Response – Monies were deposited into a bank account in a timely manner. However, this bank statement was being reconciled once per month, with the ending balance being sent by check to the Treasurer's Office.

Upon recommendation of the State Auditor, deposits will be reconciled two to three times per month with checks being sent to the Treasurer's Office no less than twice per month.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-05 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

IV-B-05 Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amount budgeted in the capital projects function. Disbursements in the Secondary Roads department exceeded the amount appropriated.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Response – Will attempt to be more vigilant in the future.

Conclusion – Response accepted.

IV-C-05 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-D-05 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-05 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Janice Wilke, wife of Board of Supervisor member	Emergency Management Services	\$ 65
Davisson Tiling, Inc, owners are sons of a Board of Supervisor member	Bulldozer work for a drainage district	188

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

IV-F-05 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-G-05 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

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

Response – Minutes are submitted on a timely basis but we have no control over when the minutes will be published. Minutes are sent to the newspapers by US Postal Service as well as by email.

Conclusion – Response accepted.

IV-H-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-05 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-05 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.

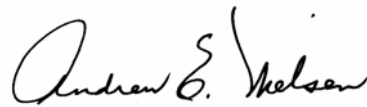
Disbursements during the year ended June 30, 2005 for the County Extension Office did not exceed the amount budgeted.

Clinton County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Kip M. Druecker, Staff Auditor
Ryan Sisson, Assistant Auditor
Brandon J. Yuska, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State