



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

April 2, 2010

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 \$64,964,968 for the year ended June 30, 2009, which included \$2,429,295 in tax credits from the state. The County forwarded \$51,229,803 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$13,735,165 of the local tax revenue to finance County operations, a 4.0 percent increase over the prior year. Other revenues included charges for service of \$2,211,940, operating grants, contributions and restricted interest of \$10,525,818, capital grants, contributions and restricted interest of \$3,785,866, local option sales tax of \$1,596,635, unrestricted investment earnings of \$231,988 and other general revenues of \$392,842.

Expenses for County operations totaled \$28,535,455, a 2.1 percent increase over the prior year. Expenses included \$8,504,164 for mental health, \$5,877,967 for roads and transportation and \$5,803,163 for public safety and legal services.

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

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CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

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Clinton County

Officials

(Before January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Grant Wilke	Board of Supervisors	Jan 2009
Jill Davisson	Board of Supervisors	Jan 2011
Dennis Starling	Board of Supervisors	Jan 2011
Charles Sheridan	County Auditor	Jan 2009
Rhonda McIntyre	County Treasurer	Jan 2011
Stephen Managan	County Recorder	Jan 2011
Rick Lincoln	County Sheriff	Jan 2009
Michael Wolf	County Attorney	Jan 2011
Roland Ehm	County Assessor	Jan 2010
John Moreland	City Assessor	Jan 2010

(After January 2009)

Jill Davisson	Board of Supervisors	Jan 2011
Dennis Starling	Board of Supervisors	Jan 2011
John Staszewski	Board of Supervisors	Jan 2013
Eric Van Lancker	County Auditor	Jan 2013
Rhonda McIntyre	County Treasurer	Jan 2011
Stephen Managan	County Recorder	Jan 2011
Rick Lincoln	County Sheriff	Jan 2013
Michael Wolf	County Attorney	Jan 2011
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, 2009, 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.

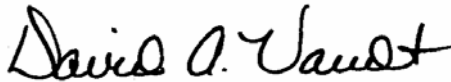
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2010 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, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 48 through 52 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 eight years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2010

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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 8.8%, or approximately \$2,622,000, from fiscal year 2008 to fiscal year 2009. Property tax increased approximately \$496,000, operating grants, contributions and restricted interest increased approximately \$318,000, capital grants, contributions and restricted interest increased approximately \$1,978,000 and local option sales and services tax increased approximately \$248,000.
- Program expenses of the County's governmental activities increased 2.0%, or approximately \$566,000. Mental health expenses increased approximately \$229,000 and public safety and legal services expenses increased approximately \$314,000.
- The County's governmental activities net assets increased 8.9%, or approximately \$3,821,000, from June 30, 2008 to June 30, 2009.

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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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 federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Clinton County's combined net assets increased from a year ago from approximately \$43.3 million to approximately \$47.2 million. The analysis that follows focuses on the changes in net assets.

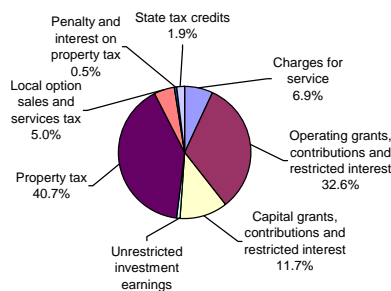
Net Assets of Governmental and Business Type Activities						
(Expressed in Thousands)						
	Governmental		Business Type		Total	
	Activities		Activities		June 30,	
	June 30,		June 30,		June 30,	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 27,556	24,552	41	16	27,597	24,568
Capital assets	37,708	34,630	255	145	37,963	34,775
Total assets	65,264	59,182	296	161	65,560	59,343
Long-term liabilities	1,219	819	11	8	1,230	827
Other liabilities	17,084	15,223	18	10	17,102	15,233
Total liabilities	18,303	16,042	29	18	18,332	16,060
Net assets:						
Invested in capital assets	37,708	34,630	255	145	37,963	34,775
Restricted	4,140	3,184	-	-	4,140	3,184
Unrestricted	5,113	5,326	12	(2)	5,125	5,324
Total net assets	\$ 46,961	43,140	267	143	47,228	43,283

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately \$5,324,000 at June 30, 2008 to approximately \$5,125,000 at the end of this year, a decrease of 3.7%. The County has adopted a five year plan to replace aging equipment.

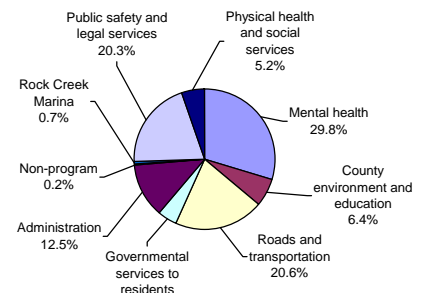
Changes in Net Assets of Governmental and Business Type Activities
(Expressed in Thousands)

	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,
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for service	\$ 2,044	2,290	168	136	2,212	2,426
Operating grants, contributions and restricted interest	10,526	10,208	-	-	10,526	10,208
Capital grants, contributions and restricted interest	3,763	1,785	23	10	3,786	1,795
General revenues:						
Property tax	13,122	12,626	-	-	13,122	12,626
Penalty and interest on property tax	170	265	-	-	170	265
State tax credits	613	580	-	-	613	580
Local option sales and services tax	1,597	1,349	-	-	1,597	1,349
Unrestricted investment earnings	232	352	-	-	232	352
Other general revenues	222	212	-	-	222	212
Total revenues	32,289	29,667	191	146	32,480	29,813
Program expenses:						
Public safety and legal services	5,803	5,489	-	-	5,803	5,489
Physical health and social services	1,471	1,358	-	-	1,471	1,358
Mental health	8,504	8,275	-	-	8,504	8,275
County environment and education	1,830	1,534	-	-	1,830	1,534
Roads and transportation	5,878	6,633	-	-	5,878	6,633
Governmental services to residents	1,227	1,053	-	-	1,227	1,053
Administration	3,554	3,345	-	-	3,554	3,345
Non-program	70	84	-	-	70	84
Rock Creek Marina	-	-	198	165	198	165
Total expenses	28,337	27,771	198	165	28,535	27,936
Increase (decrease) in net assets before transfers	3,952	1,896	(7)	(19)	3,945	1,877
Transfers	(131)	-	131	-	-	-
Increase (decrease) in net assets	3,821	1,896	124	(19)	3,945	1,877
Net assets beginning of year	43,140	41,244	143	162	43,283	41,406
Net assets end of year	\$ 46,961	43,140	267	143	47,228	43,283

Revenues by Source



Expenses by Function



Clinton County's net assets of governmental activities increased approximately \$3,821,000 during the year. Revenues for governmental activities increased approximately \$2,622,000 over the prior year, with operating grants, contributions and restricted interest up approximately \$318,000, or 3.1%, and capital grants, contributions and restricted interest revenue up approximately \$1,978,000, or 110.8%, from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Clinton County completed the year, its governmental funds reported a combined fund balance increase of approximately \$619,000 over last year's total of approximately \$7.1 million. The increase in fund balance is primarily attributable to revenues exceeding expenditures. The following are the major reasons for the changes in fund balances of the major funds over the prior year:

- General Fund revenues exceeded expenditures by approximately \$244,000. The ending fund balance increased approximately \$165,000 over the prior year to approximately \$4,930,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$8,495,000, an increase of 1.7% over the prior year. The Mental Health Fund balance at year end increased approximately \$149,000 over the prior year.
- Rural Services Fund expenditures totaled approximately \$626,000, an increase of 4.1% over the prior year.
- Secondary Roads Fund expenditures decreased approximately \$241,000 from the prior year, mainly due to a decrease in roadway construction and maintenance expenditures. The Secondary Roads Fund balance at year end decreased approximately \$169,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended its budget one time. The amendment was made in May 2009 and resulted in an increase in budgeted disbursements for medical examiner, county environment and secondary roads.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) - All Governmental Funds, the actual net disbursements of \$27,386,916 were \$1,942,441 less than the amended budget. The public safety and legal services, non-program, administration, governmental services to residents, roads and transportation, physical health and social services, mental health, county environment and education and capital projects function disbursements were \$438,337, \$429,569, \$264,364, \$197,297, \$187,997, \$177,410, \$96,408, \$76,646 and \$74,413, respectively, less than budgeted. The County's receipts were \$507,117 less than the amended budget. Intergovernmental receipts were \$575,992 less than anticipated.

Public safety and legal services function disbursements were less than budgeted, primarily due to less than anticipated room and board costs and a part time position which was filled. Non-program function disbursements were less than budgeted, primarily due to pass-through grants being less than anticipated. Administration function disbursements were less than budgeted, primarily due to decreased costs for insurance and costs for printing of renewal notices, postage and telephone being less than budgeted. Governmental services to residents function disbursements were less than budgeted, primarily due to the part time wages being less than anticipated and lower election equipment cost. Roads and transportation function disbursements were less than budgeted, primarily due to a decrease in roadway construction and maintenance. Physical health and social services function disbursements were less than budgeted, primarily due to less than anticipated juvenile residential care costs, lower costs for the Iowa Department of Human Services and pass-through grants for Local Health being less than budgeted. Mental health function disbursements were less than budgeted, primarily due to slightly lower expenses in the CMI, MR and the Case Management portion of the budget. County environment and education and capital projects function disbursements were only slightly less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Clinton County had approximately \$37.7 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 \$3,079,000, or 8.9%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 921	746
Construction in progress	5,508	1,937
Buildings and improvements	5,703	5,437
Equipment and vehicles	4,516	4,613
Infrastructure	21,060	21,896
Total	\$ 37,708	34,629

The County had depreciation expense of \$1,973,712 in fiscal year 2009 and total accumulated depreciation of \$22,853,654 at June 30, 2009.

The County's fiscal year 2009 budget included \$475,977 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, 2009, Clinton County had approximately \$180,000 in drainage warrants payable compared to approximately \$204,000 at June 30, 2008. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 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 7.8% versus 4.2% a year ago. This compares with the State's unemployment rate of 6.2% and the national rate of 9.5%.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are \$32,017,796, a 13.7% increase over the final fiscal year 2009 budget. Clinton County will use the increase in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to increase approximately \$3,459,000 due to the debt service levy established to finance a secondary road paving project.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of fiscal year 2010.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Clinton County

Basic Financial Statements

Clinton County

Clinton County
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Conservation Foundation
Assets				
Cash and pooled investments	\$ 10,573,220	28,117	10,601,337	546,776
Receivables:				
Property tax:				
Delinquent	65,216	-	65,216	-
Succeeding year	14,982,000	-	14,982,000	-
Penalty and interest on property tax	189,387	-	189,387	-
Accounts	118,105	12,484	130,589	-
Accrued interest	2,348	-	2,348	-
Drainage assessments:				
Delinquent	111,381	-	111,381	-
Succeeding year	74,257	-	74,257	-
Due from other governments	1,139,939	-	1,139,939	-
Inventories	299,999	-	299,999	-
Capital assets (net of accumulated depreciation)	37,708,094	255,350	37,963,444	-
Total assets	65,263,946	295,951	65,559,897	546,776
Liabilities				
Accounts payable	939,965	13,585	953,550	-
Salaries and benefits payable	452,442	4,469	456,911	-
Due to other governments	709,759	203	709,962	-
Deferred revenue:				
Succeeding year property tax	14,982,000	-	14,982,000	-
Long-term liabilities:				
Portion due or payable within one year:				
Drainage warrants	134,330	-	134,330	-
Compensated absences	474,623	10,674	485,297	-
Portion due or payable after one year:				
Drainage warrants	45,436	-	45,436	-
Compensated absences	420,891	-	420,891	-
Net OPEB liability	143,316	-	143,316	-
Total liabilities	18,302,762	28,931	18,331,693	-
Net Assets				
Invested in capital assets	37,708,094	255,350	37,963,444	-
Restricted for:				
Nonexpendable:				
Permanent fund	6,426	-	6,426	-
Expendable:				
Supplemental levy purposes	1,450,857	-	1,450,857	-
Mental health purposes	692,665	-	692,665	-
Secondary roads purposes	1,513,407	-	1,513,407	-
Drainage districts	114,279	-	114,279	-
Vietnam Veterans Memorial	5,000	-	5,000	-
Other	357,334	-	357,334	546,776
Unrestricted	5,113,122	11,670	5,124,792	-
Total net assets	\$ 46,961,184	267,020	47,228,204	546,776

See notes to financial statements.

Clinton County
Statement of Activities
Year ended June 30, 2009

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 5,803,163	408,584	538,155	-
Physical health and social services	1,470,719	75,672	343,731	-
Mental health	8,504,164	27,929	5,744,900	-
County environment and education	1,829,890	189,847	261,904	177,537
Roads and transportation	5,877,967	45,461	3,484,130	3,431,490
Governmental services to residents Administration	1,227,204	750,882	10,477	153,450
	3,554,139	543,424	71,758	-
Non-program	69,702	2,578	70,763	-
Total governmental activities	28,336,948	2,044,377	10,525,818	3,762,477
Business type activities:				
Rock Creek Marina	198,507	167,563	-	23,389
Total primary government	\$ 28,535,455	2,211,940	10,525,818	3,785,866
Component Unit:				
Conservation Foundation	\$ 224,904	-	277,653	-

General Revenues:

Property and other county tax levied for:
 General purposes
 Debt service
Penalty and interest on property tax
State tax credits
Local option sales and services tax
Unrestricted investment earnings
Miscellaneous
Transfers

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets				Component Unit
Primary Government			Conservation Foundation	
Governmental Activities	Business Type Activities	Total		
(4,856,424)	-	(4,856,424)	-	
(1,051,316)	-	(1,051,316)	-	
(2,731,335)	-	(2,731,335)	-	
(1,200,602)	-	(1,200,602)	-	
1,083,114	-	1,083,114	-	
(312,395)	-	(312,395)	-	
(2,938,957)	-	(2,938,957)	-	
3,639	-	3,639	-	
(12,004,276)	-	(12,004,276)	-	
-	(7,555)	(7,555)	-	
(12,004,276)	(7,555)	(12,011,831)	-	
-	-	-	52,749	
13,121,479	-	13,121,479	-	
456	-	456	-	
169,779	-	169,779	-	
613,230	-	613,230	-	
1,596,635	-	1,596,635	-	
231,988	-	231,988	10,249	
223,063	-	223,063	-	
(131,313)	131,313	-	-	
15,825,317	131,313	15,956,630	10,249	
3,821,041	123,758	3,944,799	62,998	
43,140,143	143,262	43,283,405	483,778	
\$ 46,961,184	267,020	47,228,204	546,776	

Clinton County
Balance Sheet
Governmental Funds

June 30, 2009

Assets	General	Special Revenue	
		Mental Health	Rural Services
Cash and pooled investments	\$ 5,068,816	1,087,863	702,897
Receivables:			
Property tax:			
Delinquent	44,023	13,951	6,786
Succeeding year	10,180,000	2,757,000	1,255,000
Penalty and interest on property tax	189,387	-	-
Accounts	22,287	7,735	-
Accrued interest	2,284	-	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other funds	-	-	-
Due from other governments	338,343	305,347	-
Inventories	-	-	-
Total assets	\$ 15,845,140	4,171,896	1,964,683
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 175,203	238,649	28,113
Salaries and benefits payable	286,300	55,538	14,150
Due to other funds	798	-	13,353
Due to other governments	51,968	652,527	-
Deferred revenue:			
Succeeding year property tax	10,180,000	2,757,000	1,255,000
Other	221,138	12,285	6,747
Total liabilities	10,915,407	3,715,999	1,317,363
Fund balances:			
Reserved for:			
Debt service	-	-	-
Supplemental levy purposes	703,811	-	-
Vietnam Veterans Memorial	-	-	-
Unreserved, reported in:			
General fund	4,225,922	-	-
Special revenue funds	-	455,897	647,320
Permanent fund	-	-	-
Total fund balances	4,929,733	455,897	647,320
Total liabilities and fund balances	\$ 15,845,140	4,171,896	1,964,683

See notes to financial statements.

Secondary Roads	Nonmajor	Total
754,395	430,735	8,044,706
-	456	65,216
-	790,000	14,982,000
-	-	189,387
26	9,411	39,459
-	64	2,348
-	111,381	111,381
-	74,257	74,257
14,151	-	14,151
392,801	103,448	1,139,939
299,999	-	299,999
1,461,372	1,519,752	24,962,843
157,542	66,947	666,454
96,454	-	452,442
-	-	14,151
5,264	-	709,759
-	790,000	14,982,000
-	185,637	425,807
259,260	1,042,584	17,250,613
-	456	456
-	-	703,811
-	5,000	5,000
-	-	4,225,922
1,202,112	465,286	2,770,615
-	6,426	6,426
1,202,112	477,168	7,712,230
1,461,372	1,519,752	24,962,843

Clinton County

Clinton County

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

June 30, 2009

Total governmental fund balances (page 21) \$ 7,712,230

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$60,561,748 and the accumulated depreciation is \$22,853,654. 37,708,094

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 425,807

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 2,333,649

Long-term liabilities, including drainage warrants payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,218,596)

Net assets of governmental activities (page 17) \$ 46,961,184

See notes to financial statements.

Clinton County

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

Year ended June 30, 2009

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 9,478,276	2,749,505	1,485,417
Penalty and interest on property tax	167,424	-	-
Intergovernmental	1,653,987	5,865,975	110,083
Licenses and permits	71,747	-	-
Charges for service	947,388	27,929	-
Use of money and property	313,340	-	-
Miscellaneous	121,250	489	697
Total revenues	12,753,412	8,643,898	1,596,197
Expenditures:			
Operating:			
Public safety and legal services	5,603,064	-	147,263
Physical health and social services	1,476,184	-	-
Mental health	-	8,495,067	-
County environment and education	1,172,624	-	478,300
Roads and transportation	-	-	-
Governmental services to residents	1,237,847	-	-
Administration	3,020,167	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	12,509,886	8,495,067	625,563
Excess (deficiency) of revenues over (under) expenditures	243,526	148,831	970,634
Other financing sources (uses):			
Sale of capital assets	-	-	15,450
Operating transfers in	-	-	-
Operating transfers out	(78,567)	-	(523,183)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(78,567)	-	(507,733)
Net change in fund balances	164,959	148,831	462,901
Fund balances beginning of year	4,764,774	307,066	184,419
Fund balances end of year	\$ 4,929,733	455,897	647,320

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,005,880	456	14,719,534
-	-	167,424
3,523,622	226,038	11,379,705
23,880	-	95,627
3,721	38,722	1,017,760
-	11,994	325,334
25,731	171,681	319,848
4,582,834	448,891	28,025,232
-	23,486	5,773,813
-	-	1,476,184
-	-	8,495,067
-	204,989	1,855,913
5,039,654	-	5,039,654
-	2,869	1,240,716
-	466	3,020,633
-	61,998	61,998
-	150,383	150,383
285,782	140,161	425,943
5,325,436	584,352	27,540,304
(742,602)	(135,461)	484,928
-	-	15,450
574,000	27,750	601,750
-	-	(601,750)
-	118,940	118,940
574,000	146,690	134,390
(168,602)	11,229	619,318
1,370,714	465,939	7,092,912
1,202,112	477,168	7,712,230

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, 2009

Net change in fund balances - Total governmental funds (page 25) \$ 619,318

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	\$ 1,351,950	
Capital assets contributed by the State and others	3,759,940	
Depreciation expense	<u>(1,973,712)</u>	3,138,178

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (59,669)

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	(963)	
Other	<u>(41,136)</u>	(42,099)

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 repayments exceeded issuances, as follows:

Issued	(118,940)	
Repaid	<u>142,679</u>	23,739

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

Compensated absences	(280,051)	
Other postemployment benefits	<u>(143,316)</u>	(423,367)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the change in net assets of the Internal Service Fund is reported with governmental activities. 564,941

Change in net assets of governmental activities (page 19) \$ 3,821,041

See notes to financial statements.

Clinton County
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 14,353	2,542,278
Accounts receivable	12,056	79,074
Capital assets, net of accumulated depreciation	255,350	-
Total assets	<u>281,759</u>	<u>2,621,352</u>
Liabilities		
Accounts payable	12,096	275,000
Salaries and benefits payable	4,469	-
Due to other governments	203	-
Compensated absences	10,674	-
Total liabilities	<u>27,442</u>	<u>275,000</u>
Net Assets		
Invested in capital assets	255,350	-
Unrestricted	(1,033)	2,346,352
Total net assets	<u>254,317</u>	<u>2,346,352</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	12,703	
Net assets of business type activities	<u>\$ 267,020</u>	

See notes to financial statements.

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

Year ended June 30, 2009

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,644,736
Reimbursements from employees and others	-	257,879
Stop loss insurance recoveries	-	196,397
Camping fees	67,115	-
Boat rental fees	5,321	-
Other recreational fees	30,489	-
Concession sales	35,594	-
Miscellaneous	14,576	-
Total operating revenues	<u>153,095</u>	<u>3,099,012</u>
Operating expenses:		
Administrative fees	-	393,711
Medical and health services	-	2,123,367
Salaries	64,710	-
Employee benefits	23,915	-
Supplies	33,991	-
Utilities	12,358	-
Repair and improvements	24,416	-
Depreciation	23,465	-
Miscellaneous	610	55,168
Total operating expenses	<u>183,465</u>	<u>2,572,246</u>
Operating income (loss)	<u>(30,370)</u>	<u>526,766</u>
Non-operating revenues:		
Federal grants	23,389	-
Interest income	-	41,056
Loss on sale of assets	(3,455)	-
Total non-operating revenues	<u>19,934</u>	<u>41,056</u>
Income (loss) before capital contributions	(10,436)	567,822
Capital contributions	131,313	-
Increase in net assets	120,877	567,822
Net assets beginning of year	133,440	1,778,530
Net assets end of year	254,317	<u>2,346,352</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	12,703	
Net assets of business type activities	<u>\$ 267,020</u>	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	2,644,736
Cash received from employees and others	-	257,879
Cash received from stop loss insurance recoveries	-	179,502
Cash received from camping fees	59,865	-
Cash received from boat rental fees	4,751	-
Cash received from other recreational fees	30,456	-
Cash received from concession sales	34,047	-
Cash received from miscellaneous operations	13,547	-
Cash paid for administrative fees	-	(80,455)
Cash paid to employees for services	(84,545)	-
Cash paid to suppliers for services	(64,681)	(2,481,791)
Net cash provided by (used for) operating activities	<u>(6,560)</u>	<u>519,871</u>
Cash flows from investing activities:		
Interest on investments	-	41,056
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(14,658)	-
Proceeds from sale of capital assets	8,900	-
	<u>(5,758)</u>	<u>-</u>
Cash flows from noncapital financing activities:		
Federal grants	23,389	-
Net increase (decrease) in cash and cash equivalents	11,071	560,927
Cash and cash equivalents beginning of year	3,282	1,981,351
Cash and cash equivalents end of year	<u>\$ 14,353</u>	<u>2,542,278</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (30,370)	526,766
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	23,465	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,429)	(16,895)
Increase (decrease) in accounts payable	6,490	10,000
Increase in salaries and benefits payable	1,237	-
Increase in due to other governments	203	-
(Decrease) in compensated absences	2,844	-
Total adjustments	<u>23,810</u>	<u>(6,895)</u>
Net cash provided by (used for) operating activities	<u>\$ (6,560)</u>	<u>519,871</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2009, \$131,313 was contributed from other funds for the purchase of capital assets.

See notes to financial statements.

Clinton County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

Assets	
Cash and pooled investments:	
County Treasurer	\$ 3,162,206
Other County officials	103,684
Receivables:	
Property tax:	
Delinquent	228,010
Succeeding year	48,867,000
Accounts	58,030
Drainage assessments	22,950
Special assessments	707,520
Due from other governments	177
Total assets	<u>53,149,577</u>
Liabilities	
Accounts payable	325,885
Salaries and benefits payable	24,618
Due to other governments	52,659,685
Trusts payable	77,132
Compensated absences	53,063
Stamped drainage warrants payable	9,194
Total liabilities	<u>53,149,577</u>
Net assets	<u>\$ -</u>

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

Discretely Presented Component Unit

The Clinton County Conservation Foundation, established under the Nonprofit Corporation Act, Chapter 504A of the 1991 Code of Iowa is legally separate from the County but has the potential to provide specific benefits to the County Conservation Board. The Foundation is governed by a five-member board. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues 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.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. 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, 2009, disbursements in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 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, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 798
	Special Revenue:	
	Rural Services	13,353
		<u>13,353</u>
Total		<u>\$ 14,151</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, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 50,817
	Special Revenue:	
	Rural Services	523,183
		<u>523,183</u>
Special Revenue:		
Conservation Land Acquisition	General	27,750
		<u>27,750</u>
Total		<u>\$ 601,750</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, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 746,133	175,000	-	921,133
Construction in progress	1,937,576	3,860,400	(289,602)	5,508,374
Total capital assets not being depreciated	<u>2,683,709</u>	<u>4,035,400</u>	<u>(289,602)</u>	<u>6,429,507</u>
Capital assets being depreciated:				
Buildings and improvements	8,698,676	439,600	-	9,138,276
Equipment and vehicles	8,702,915	749,890	(758,355)	8,694,450
Infrastructure, road network	36,009,913	289,602	-	36,299,515
Total capital assets being depreciated	<u>53,411,504</u>	<u>1,479,092</u>	<u>(758,355)</u>	<u>54,132,241</u>
Less accumulated depreciation for:				
Buildings and improvements	3,262,042	173,489	-	3,435,531
Equipment and vehicles	4,090,021	674,353	(585,686)	4,178,688
Infrastructure, road network	14,113,565	1,125,870	-	15,239,435
Total accumulated depreciation	<u>21,465,628</u>	<u>1,973,712</u>	<u>(585,686)</u>	<u>22,853,654</u>
Total capital assets being depreciated, net	<u>31,945,876</u>	<u>(494,620)</u>	<u>(172,669)</u>	<u>31,278,587</u>
Governmental activities capital assets, net	<u>\$ 34,629,585</u>	<u>3,540,780</u>	<u>(462,271)</u>	<u>37,708,094</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 110,766
Physical health and social services	4,743
Mental health	18,707
County environment and education	63,576
Roads and transportation	1,461,693
Governmental services to residents	138,178
Administration	176,049
Total depreciation expense - governmental activities	<u>\$ 1,973,712</u>

Business type activities capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets being depreciated:				
Buildings	\$ 183,760	123,284	(23,760)	283,284
Equipment	105,736	22,687	-	128,423
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	<u>348,707</u>	<u>145,971</u>	<u>(23,760)</u>	<u>470,918</u>
Less accumulated depreciation for:				
Buildings	81,455	12,548	(11,405)	82,598
Equipment	79,527	6,329	-	85,856
Infrastructure	42,526	4,588	-	47,114
Total accumulated depreciation	<u>203,508</u>	<u>23,465</u>	<u>(11,405)</u>	<u>215,568</u>
Business type activities capital assets, net	<u>\$ 145,199</u>	<u>122,506</u>	<u>(12,355)</u>	<u>255,350</u>
Total depreciation expense - business type activities				<u>\$ 23,465</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 51,968
Special Revenue:		
Mental Health	Services	652,527
Secondary Roads	Services	<u>5,264</u>
Total for governmental funds		<u>\$ 709,759</u>
Agency:		
County Assessor	Collections	\$ 764,292
City Assessor		1,087,770
Schools		25,422,545
Community Colleges		1,523,038
Corporations		20,670,967
Townships		355,523
Auto License and Use Tax		868,122
All other		<u>1,967,428</u>
Total for agency funds		<u>\$ 52,659,685</u>

(7) Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2009 is as follows:

	Drainage Warrants	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 203,505	615,463	-	818,968
Increases	118,940	645,582	143,316	907,838
Decreases	142,679	365,531	-	508,210
Balance end of year	\$ 179,766	895,514	143,316	1,218,596
Due within one year	\$ 134,330	474,623	-	608,953

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2009 is as follows:

	Compen- sated Absences
Balance beginning of year	\$ 7,830
Increases	3,032
Decreases	188
Balance end of year	\$ 10,674
Due within one year	\$ 10,674

Drainage Warrants

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

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

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$575,180, 508,534 and \$464,434, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions, during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 191 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 143,316
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>143,316</u>
Contributions made	-
Increase in net OPEB obligation	<u>143,316</u>
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 143,316</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

Plan members eligible for benefits contributed \$33,876 of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 143,316	0.00%	\$ 143,316

Funded Status and Funding Progress. As of July 1, 2007, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$2,181,810, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,181,810. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,812,400 and the ratio of the UAAL to covered payroll was 27.9%. As of June 30, 2009, there were no trust fund assets.

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

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

As of the July 1, 2007 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$500 per month for retirees less than age 65 and \$1,162 per month for family plans of retirees less than age 65. All coverage ceases when the retiree attains age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The actuary made no payroll assumptions as to the future because benefits are not payroll related. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member 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 577 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, 2009 were \$247,643.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, 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.

(11) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to American Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2009 was \$2,644,736.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$275,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,346,352 at June 30, 2009 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	\$ 265,000
Total incurred claims	2,123,367
Total payments	<u>(2,113,367)</u>
Unpaid claims end of year	<u>\$ 275,000</u>

(12) Subsequent Event

On July 15, 2009, the County issued \$1,885,000 of general obligation bonds for secondary roads improvements. The bonds shall bear interest payable December 1, 2009 and semiannually thereafter on the first of June and December in each year at rates ranging from 1.0% to 3.8% per annum. The first principal payment is payable on June 1, 2010.

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, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 14,732,702	-	14,732,702
Penalty and interest on property tax	188,483	22,139	166,344
Intergovernmental	11,067,632	-	11,067,632
Licenses and permits	94,088	-	94,088
Charges for service	1,008,692	-	1,008,692
Use of money and property	316,109	517	315,592
Miscellaneous	300,050	147,390	152,660
Total receipts	<u>27,707,756</u>	<u>170,046</u>	<u>27,537,710</u>
Disbursements:			
Public safety and legal services	5,779,028	-	5,779,028
Physical health and social services	1,460,181	-	1,460,181
Mental health	8,611,494	-	8,611,494
County environment and education	1,805,521	118,940	1,686,581
Roads and transportation	5,098,140	-	5,098,140
Governmental services to residents	1,244,837	-	1,244,837
Administration	3,042,660	-	3,042,660
Non-program	62,431	-	62,431
Debt service	150,383	150,383	-
Capital projects	401,564	-	401,564
Total disbursements	<u>27,656,239</u>	<u>269,323</u>	<u>27,386,916</u>
Excess (deficiency) of receipts over (under) disbursements	51,517	(99,277)	150,794
Other financing sources, net	134,390	118,940	15,450
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	185,907	19,663	166,244
Balance beginning of year	7,858,799	20,213	7,838,586
Balance end of year	<u>\$ 8,044,706</u>	<u>39,876</u>	<u>8,004,830</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
14,325,407	14,786,407	(53,705)
116,200	116,200	50,144
11,175,790	11,643,624	(575,992)
98,735	98,735	(4,647)
989,760	993,906	14,786
298,965	298,965	16,627
88,454	106,990	45,670
<u>27,093,311</u>	<u>28,044,827</u>	<u>(507,117)</u>
6,166,850	6,217,365	438,337
1,647,178	1,648,178	187,997
8,707,902	8,707,902	96,408
1,623,477	1,763,227	76,646
4,775,550	5,275,550	177,410
1,442,134	1,442,134	197,297
3,241,728	3,307,024	264,364
492,000	492,000	429,569
-	-	-
461,977	475,977	74,413
<u>28,558,796</u>	<u>29,329,357</u>	<u>1,942,441</u>
(1,465,485)	(1,284,530)	1,435,324
-	15,450	-
(1,465,485)	(1,269,080)	1,435,324
5,788,747	7,751,291	87,295
<u>4,323,262</u>	<u>6,482,211</u>	<u>1,522,619</u>

Clinton County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 27,707,756	317,476	28,025,232
Expenditures	27,656,239	(115,935)	27,540,304
Net	51,517	433,411	484,928
Other financing sources, net	134,390	-	134,390
Beginning fund balances	7,858,799	(765,887)	7,092,912
Ending fund balances	\$ 8,044,706	(332,476)	7,712,230

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$770,561. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

Clinton County

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

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2007	\$ -	2,182	2,182	0.00%	\$ 7,812	27.9%

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

Other Supplementary Information

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Special Seized Property
Assets					
Cash and pooled investments	\$ 29,758	80,110	62,242	21,836	9,835
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	-	481	-
Accrued interest	-	-	-	-	-
Drainage assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	-	-	645	-	-
Total assets	\$ 29,758	80,110	62,887	22,317	9,835
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 149	-	2,154	312	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	149	-	2,154	312	-
Fund equity:					
Fund balances:					
Reserved for:					
Debt service	-	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	29,609	80,110	60,733	22,005	9,835
Permanent fund	-	-	-	-	-
Total fund equity	29,609	80,110	60,733	22,005	9,835
Total liabilities and fund equity	\$ 29,758	80,110	62,887	22,317	9,835

See accompanying independent auditor's report.

Revenue							Permanent		
Communi- cations Special	Miscel- laneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	Pioneer Cemetery	Debt Service	Vietnam Veterans Trust	Total	
121,760	24,868	39,876	23,776	4,922	390	-	11,362	430,735	
-	-	-	-	-	-	456	-	456	
-	-	-	-	-	-	790,000	-	790,000	
-	-	30	8,900	-	-	-	-	9,411	
-	-	-	-	-	-	-	64	64	
-	-	111,381	-	-	-	-	-	111,381	
-	-	74,257	-	-	-	-	-	74,257	
-	-	102,803	-	-	-	-	-	103,448	
121,760	24,868	328,347	32,676	4,922	390	790,456	11,426	1,519,752	
-	12,580	34,302	17,300	-	150	-	-	66,947	
-	-	-	-	-	-	790,000	-	790,000	
-	-	185,637	-	-	-	-	-	185,637	
-	12,580	219,939	17,300	-	150	790,000	-	1,042,584	
-	-	-	-	-	-	456	-	456	
-	-	-	-	-	-	-	5,000	5,000	
121,760	12,288	108,408	15,376	4,922	240	-	-	465,286	
-	-	-	-	-	-	-	6,426	6,426	
121,760	12,288	108,408	15,376	4,922	240	456	11,426	477,168	
121,760	24,868	328,347	32,676	4,922	390	790,456	11,426	1,519,752	

Clinton County

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

Year ended June 30, 2009

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Special Seized Property
Revenues:					
Property and other county tax	\$ -	-	-	-	-
Intergovernmental	30,332	-	-	-	-
Charges for service	-	10,477	19,383	-	-
Use of money and property	328	450	-	10,355	-
Miscellaneous	220	-	-	-	1,529
Total revenues	30,880	10,927	19,383	10,355	1,529
Expenditures:					
Operating:					
Public safety and legal services	-	-	14,678	5,529	3,279
County environment and education	47,616	-	-	-	-
Governmental services to residents	-	2,533	-	-	-
Administration	-	-	-	-	-
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	47,616	2,533	14,678	5,529	3,279
Excess (deficiency) of revenues over (under) expenditures	(16,736)	8,394	4,705	4,826	(1,750)
Other financing sources:					
Operating transfers in	-	-	-	-	-
Drainage warrants issued	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(16,736)	8,394	4,705	4,826	(1,750)
Fund balances beginning of year	46,345	71,716	56,028	17,179	11,585
Fund balances end of year	\$ 29,609	80,110	60,733	22,005	9,835

See accompanying independent auditor's report.

Revenue									Permanent	
Communi- cations Special	Miscel- laneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Pioneer Cemetery	Debt Service	Vietnam Veterans Trust	Total	
-	-	-	-	-	-	-	456	-	456	
-	70,763	124,943	-	-	-	-	-	-	226,038	
4,990	-	-	-	-	-	3,872	-	-	38,722	
-	-	533	-	18	-	-	-	310	11,994	
-	10,165	147,390	11,437	-	-	500	-	440	171,681	
4,990	80,928	272,866	11,437	18	-	4,372	456	750	448,891	
-	-	-	-	-	-	-	-	-	23,486	
-	-	153,241	-	-	-	4,132	-	-	204,989	
-	-	-	-	-	336	-	-	-	2,869	
-	-	-	-	-	-	-	-	466	466	
-	61,998	-	-	-	-	-	-	-	61,998	
-	-	150,383	-	-	-	-	-	-	150,383	
-	-	-	140,161	-	-	-	-	-	140,161	
-	61,998	303,624	140,161	-	336	4,132	-	466	584,352	
4,990	18,930	(30,758)	(128,724)	18	(336)	240	456	284	(135,461)	
-	-	-	27,750	-	-	-	-	-	27,750	
-	-	118,940	-	-	-	-	-	-	118,940	
-	-	118,940	27,750	-	-	-	-	-	146,690	
4,990	18,930	88,182	(100,974)	18	(336)	240	456	284	11,229	
116,770	(6,642)	20,226	116,350	4,904	336	-	-	11,142	465,939	
121,760	12,288	108,408	15,376	4,922	-	240	456	11,426	477,168	

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	-	447,941	746,372	-	-
Other County officials	103,684	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,121	1,191	3,564	123,545	5,038
Succeeding year	-	233,000	352,000	529,000	25,299,000	1,518,000
Accounts	3,347	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	-	177	-	-
Total assets	\$ 107,031	234,121	801,132	1,279,113	25,422,545	1,523,038
Liabilities						
Accounts payable	\$ -	-	888	164,080	-	-
Salaries and benefits payable	-	-	9,287	8,557	-	-
Due to other governments	29,899	234,121	764,292	1,087,770	25,422,545	1,523,038
Trusts payable	77,132	-	-	-	-	-
Compensated absences	-	-	26,665	18,706	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
Total liabilities	\$ 107,031	234,121	801,132	1,279,113	25,422,545	1,523,038

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
-	1,968	-	868,122	643,862	10,257	443,684	3,162,206
-	-	-	-	-	-	-	103,684
91,967	1,555	-	-	-	-	29	228,010
20,579,000	352,000	-	-	-	-	5,000	48,867,000
-	-	-	-	54,394	6	283	58,030
-	-	-	-	-	22,950	-	22,950
-	-	707,520	-	-	-	-	707,520
-	-	-	-	-	-	-	177
20,670,967	355,523	707,520	868,122	698,256	33,213	448,996	53,149,577
-	-	-	-	26,798	-	134,119	325,885
-	-	-	-	-	-	6,774	24,618
20,670,967	355,523	707,520	868,122	671,458	24,019	300,411	52,659,685
-	-	-	-	-	-	-	77,132
-	-	-	-	-	-	7,692	53,063
-	-	-	-	-	9,194	-	9,194
20,670,967	355,523	707,520	868,122	698,256	33,213	448,996	53,149,577

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

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets and Liabilities						
Balances beginning of year	\$ 94,646	222,116	718,316	1,414,507	24,058,960	1,001,024
Additions:						
Property and other county tax	645,819	232,936	349,811	530,407	25,254,595	1,515,702
E911 surcharge	-	-	-	-	-	-
State tax credits	-	9,730	17,544	18,829	1,054,351	43,762
Office fees and collections	182,666	-	9,050	3,994	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	855,520	-	-	-	-	-
Miscellaneous	-	-	-	230	-	-
Total additions	<u>1,684,005</u>	<u>242,666</u>	<u>376,405</u>	<u>553,460</u>	<u>26,308,946</u>	<u>1,559,464</u>
Deductions:						
Agency remittances:						
To other funds	516,925	-	-	-	-	-
To other governments	308,994	230,661	293,589	688,854	24,945,361	1,037,450
Trusts paid out	845,701	-	-	-	-	-
Total deductions	<u>1,671,620</u>	<u>230,661</u>	<u>293,589</u>	<u>688,854</u>	<u>24,945,361</u>	<u>1,037,450</u>
Balances end of year	<u>\$ 107,031</u>	<u>234,121</u>	<u>801,132</u>	<u>1,279,113</u>	<u>25,422,545</u>	<u>1,523,038</u>

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
19,066,442	349,495	503,726	789,295	624,961	28,440	1,255,005	50,126,933
20,489,839	346,008	-	-	54,394	-	-	49,419,511
-	-	-	-	181,623	-	-	181,623
648,122	23,474	-	-	-	-	253	1,816,065
-	-	-	-	-	-	11,402	207,112
-	-	-	9,521,537	-	-	-	9,521,537
-	-	203,794	-	-	-	-	203,794
-	-	-	-	-	-	3,457,985	4,313,505
-	-	441,699	-	53,592	1,416	840,372	1,337,309
21,137,961	369,482	645,493	9,521,537	289,609	1,416	4,310,012	67,000,456
-	-	-	336,002	-	-	-	852,927
19,533,436	363,454	441,699	9,106,708	216,314	5,837	1,662,462	58,834,819
-	-	-	-	-	-	3,453,559	4,299,260
19,533,436	363,454	441,699	9,442,710	216,314	5,837	5,116,021	63,987,006
20,670,967	355,523	707,520	868,122	698,256	24,019	448,996	53,140,383

Clinton County

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

For the Last Nine Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 14,719,534	13,960,603	13,391,828	12,083,131
Penalty and interest on property tax	167,424	175,190	144,441	149,590
Intergovernmental	11,379,705	10,954,929	10,339,027	10,154,334
Licenses and permits	95,627	100,548	68,677	68,648
Charges for service	1,017,760	1,041,896	1,121,830	1,090,334
Use of money and property	325,334	481,374	439,454	306,207
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	319,848	435,410	357,352	166,449
Total	\$ 28,025,232	27,149,950	25,862,609	24,018,693
Expenditures:				
Operating:				
Public safety and legal services	\$ 5,773,813	5,698,173	5,391,799	4,936,287
Physical health and social services	1,476,184	1,370,152	1,397,848	1,388,548
Mental health	8,495,067	8,351,568	7,935,820	7,592,273
County environment and education	1,855,913	1,561,503	1,825,999	1,370,588
Roads and transportation	5,039,654	5,344,431	4,378,909	4,760,000
Governmental services to residents	1,240,716	996,106	1,204,331	995,914
Administration	3,020,633	2,617,109	2,453,222	2,350,649
Non-program	61,998	106,136	464,257	194,083
Debt service	150,383	375,174	139,031	6,131
Capital projects	425,943	237,297	361,943	757,545
Total	\$ 27,540,304	26,657,649	25,553,159	24,352,018

See accompanying independent auditor's report.

Modified Accrual Basis				
2005	2004	2003	2002	2001
11,803,974	10,604,529	9,923,626	9,216,528	8,660,770
141,399	136,061	126,934	140,436	122,401
9,633,194	8,944,998	9,223,499	8,790,077	8,305,213
70,707	72,140	60,654	54,328	57,014
1,022,569	1,030,033	1,048,678	995,209	907,770
290,174	301,262	376,337	579,883	1,215,019
-	-	-	1,542	536
144,475	356,861	135,193	107,772	184,306
<u>23,106,492</u>	<u>21,445,884</u>	<u>20,894,921</u>	<u>19,885,775</u>	<u>19,453,029</u>
4,679,136	5,130,033	5,198,361	4,962,123	4,545,327
1,204,231	1,262,023	1,341,749	1,313,660	1,302,684
6,637,459	6,343,867	6,122,126	6,138,493	5,687,340
1,290,889	1,223,923	1,168,167	1,045,884	905,149
4,777,320	4,458,304	4,659,504	4,118,960	3,542,361
865,039	814,434	825,694	759,371	711,638
2,437,853	2,249,299	2,368,381	2,225,806	2,466,712
567,989	148,061	74,304	97,865	37,075
36,319	21,717	4,739	-	-
1,501,840	518,630	1,920,508	2,195,005	2,294,561
<u>23,998,075</u>	<u>22,170,291</u>	<u>23,683,533</u>	<u>22,857,167</u>	<u>21,492,847</u>

Schedule 6

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice: Bulletproof Vest Partnership Program	16.607	3016158	\$ 1,109
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		30,830
U.S. Department of Justice: Governor's Office of Drug Control Policy: Byrne Formula Grant Program	16.579	08-JAG-E24	20,000
U.S. Federal Highway Association: Iowa Department of Transportation: Highway Planning and Construction	20.205		178,345
U.S. Department of Transportation: Iowa Department of Public Safety: Governor's Traffic Safety Bureau: Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	09-410, Task 18	16,534
Incentive Grants	20.601	08-410, Task 15	12,677
			29,211
U.S. Department of Health and Human Services: Iowa Department of Public Health: Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	5889WW06	9,125
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	5889NB09	34,440

Clinton County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		28,465
Refugee and Entrant Assistance_State Administered Programs	93.566		47
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,170
Foster Care-Title IV-E	93.658		17,251
Adoption Assistance	93.659		4,169
State Children's Insurance Program	93.767		235
Medical Assistance Program	93.778		37,519
Social Services Block Grant	93.667		18,656
Social Services Block Grant	93.667		229,338
			247,994
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance	97.036	FEMA 1763 DRIA	45,946
Disaster Grants - Public Assistance	97.036	FEMA 1763 DRIA	107,755
Disaster Grants - Public Assistance	97.036	FEMA 1763 DRIA	129,427
			283,128
Emergency Management Performance Grants	97.042		47,123
Black Hawk County Emergency Management Agency (Region VI):			
Homeland Security Grant Program (Non-Cash)	97.067		8,313
Total indirect			984,365
Total			\$ 985,474

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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 17, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clinton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clinton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of the internal control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Clinton County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Clinton County's financial statements that is more than inconsequential will not be prevented or detected by Clinton County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood a material misstatement of the financial statements will not be prevented or detected by Clinton County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not believe the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

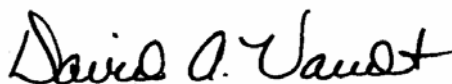
As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

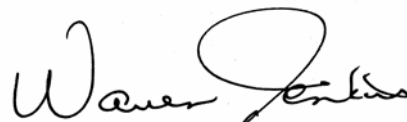
Clinton County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Clinton County's responses and, accordingly, we express no opinion on them.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2010

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

To the Officials of Clinton County:

Compliance

We have audited the compliance of Clinton County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. 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, 2009.

Internal Control Over Compliance

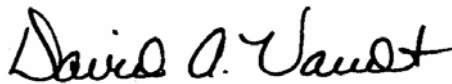
The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Clinton County's internal control 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. According, we do not express an opinion on the effectiveness of Clinton County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

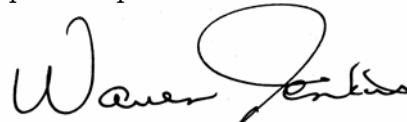
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2010

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies 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 each of the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 97.036 – Disaster Grants – Public Assistance
 - CFDA Number 93.667 – Social Services Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clinton County did not qualify as a low-risk auditee.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

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

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

Responses –

Conservation – Because of the small staff size of the Conservation Department office, it is impossible for us to have a total segregation of duties as suggested by this recommendation. Duties are segregated to the extent possible by having the Office Manager handle the collection of receipts and preparation of deposits which are then reviewed by the Executive Director who initials and dates the transactions, reconciliations and reports as evidence of review.

Conservation Foundation – Deposits are not directly handled by the Foundation Treasurer. Checks and cash are collected by the Executive Director, who in turn forwards the funds to the Conservation Foundation Treasurer for deposit. In addition, the Conservation Foundation has previously established a three person Finance Committee, with a forward-looking function of managing receipts and disbursements (in coordination with the County Treasurer) during the Eco-Center construction phase.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Bank accounts are reconciled by the Conservation Foundation Treasurer and all receipts and disbursements are reported to the Conservation Foundation Board monthly. In addition, an independent review of the reconciliation is performed annually by the Foundation's CPA. In addition, the CPA performed a compilation report of the Foundation's 2008 Balance Sheet and Income Statement.

County Recorder – To comply with this audit recommendation, a person independent of cash receipting or signing checks within the County Recorder's Office will be used to review financial transactions, bank reconciliations and monthly reports. These review procedures will be evidenced by the initials of the reviewer and the date of the review.

Conclusions –

Conservation – Response accepted.

Conservation Foundation – Response acknowledged. The reconciliation should be reviewed monthly.

County Recorder – Response accepted.

II-B-09 Accounting Procedures Manual – We encourage the development of office procedures and standardized accounting manuals for all County offices. In addition, we encourage obtaining or developing user manuals/help guides for the accounting software the County utilizes. These manuals and guides should provide the following benefits:

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

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

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

Conclusion – Response acknowledged. Each office should develop an accounting manual with office procedures.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-C-09 Credit Cards – The County maintains credit cards for use by various employees while on County business. The County has not adopted a policy to regulate credit card use.

Recommendation – The County should adopt a written policy regulating County credit card uses. The policy, at a minimum, should address who controls credit cards and for what purpose, as well as the types of supporting documentation required to substantiate charges.

Response – The County started working on building a policy in calendar year 2009. Several departments, including the County Attorney’s office, the County Board of Supervisors and the County Auditor’s office, are currently working to develop this policy. The County anticipates adopting a credit card policy in the first quarter of calendar year 2010.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

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

Response – The County has reviewed the conditions reported concerning certain departments exceeding their ending budget. The County accepts the recommendation to amend budgets in a timely manner before disbursements are allowed to exceed the budget.

Conclusion – Response accepted.

IV-B-09 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-09 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-09 Vehicle Usage – The County has several employees who are on call and are allowed to take vehicles home. This use of the County's vehicle should be reported as taxable income to the employee under Internal Revenue Service (IRS) regulations since the vehicles do not appear to meet the IRS definition of a qualified personal use vehicle.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Recommendation – Board policies should be reviewed and modified to address compliance with IRS regulations governing use of County vehicles for commuting.

Response – The County previously researched this matter. Based on the advice it received from tax professionals, the County determined the use of the County's vehicle should not be reported as taxable income to the employee under the Internal Revenue Service (IRS) regulations. However, the County will review its policy concerning this matter following this contrary finding in this Independent Auditor's Report.

Conclusion – Response accepted.

IV-J-09 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County Recorder's and County Sheriff's Offices retain cancelled checks through electronic image but do not obtain an image of the back of each cancelled check as required.

Recommendation – The County offices should obtain and retain images of both the front and back of cancelled checks as required.

Responses –

Recorder – On 12/11/09, as the Clinton County Recorder, I requested Clinton National Bank include, in the bank statement, images of the front and back of each check returned with the bank statement.

Sheriff – I will call the bank today and make sure the back of the checks will be shown on the monthly statement.

Conclusions – Responses accepted.

IV-H-09 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.

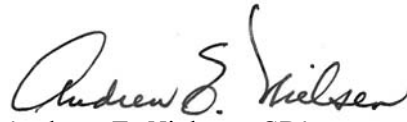
Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

Clinton County

Staff

This audit was performed by:

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Deputy Auditor of State