



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 17, 2008

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

The County had local tax revenue of \$59,361,766 for the year ended June 30, 2007, which included \$2,498,355 in tax credits from the state. The County forwarded \$46,854,551 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,507,215 of the local tax revenue to finance County operations, a 8.5 percent increase over the prior year. Other revenues included charges for service of \$2,365,810, operating grants, contributions and restricted interest of \$9,408,162, capital grants, contributions and restricted interest of \$2,475,989, local option sales tax of \$1,502,602, unrestricted investment earnings of \$280,076 and other general revenues of \$403,093.

Expenses for County operations totaled \$26,081,494, a 3.7 percent increase over the prior year. Expenses included \$7,895,626 for mental health, \$5,244,534 for public safety and legal services and \$4,964,680 for roads and transportation.

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/reports.htm>.

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CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

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Clinton County

Officials

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

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, 2007, 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.

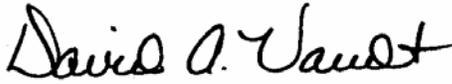
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2007, 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 May 23, 2008 on our consideration of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2006 (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

May 23, 2008

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, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 10.5%, or approximately \$2,724,000, from fiscal 2006 to fiscal 2007. Property tax increased approximately \$997,000, operating grants, contributions and restricted interest increased approximately \$315,000, capital grants, contributions and restricted interest increased approximately \$724,000 and local option sales tax increased approximately \$306,000.
- Program expenses of the County's governmental activities increased 3.8%, or approximately \$936,000. County environment and education, mental health, non-program, public safety and legal services and governmental services to residents increased approximately \$381,000, \$316,000, \$270,000, \$244,000 and \$136,000, respectively. Roads and transportation decreased approximately \$453,000.
- The County's governmental activities net assets increased 7.5%, or approximately \$2,866,000, from June 30, 2006 to June 30, 2007.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various 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, and 3) the Permanent Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Clinton County's combined net assets were virtually unchanged from a year ago, increasing from \$38.5 million to \$41.4 million. The analysis that follows focuses on the changes in net assets.

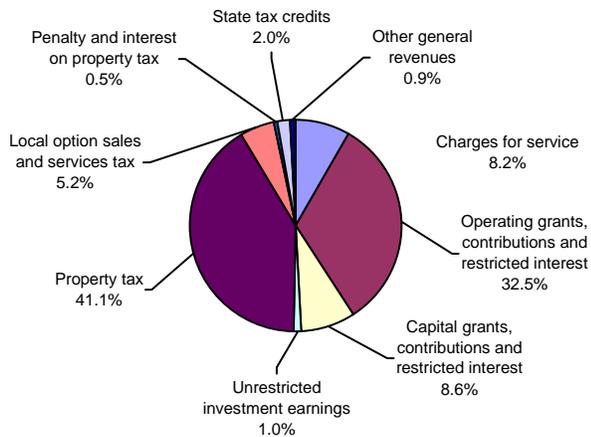
Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 23,030	20,766	40	29	23,070	20,795
Capital assets	34,122	32,259	147	163	34,269	32,422
Total assets	57,152	53,025	187	192	57,339	53,217
Long-term liabilities	1,054	747	8	7	1,062	754
Other liabilities	14,854	13,899	17	19	14,871	13,918
Total liabilities	15,908	14,646	25	26	15,933	14,672
Net assets:						
Invested in capital assets	34,122	32,259	147	163	34,269	32,422
Restricted	2,603	2,981	-	-	2,603	2,981
Unrestricted	4,519	3,139	15	3	4,534	3,142
Total net assets	\$ 41,244	38,379	162	166	41,406	38,545

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$3,142,000 at June 30, 2006 to approximately \$4,534,000 at the end of this year, an increase of 44.3 percent. The County has adopted a five year plan to replace aging equipment.

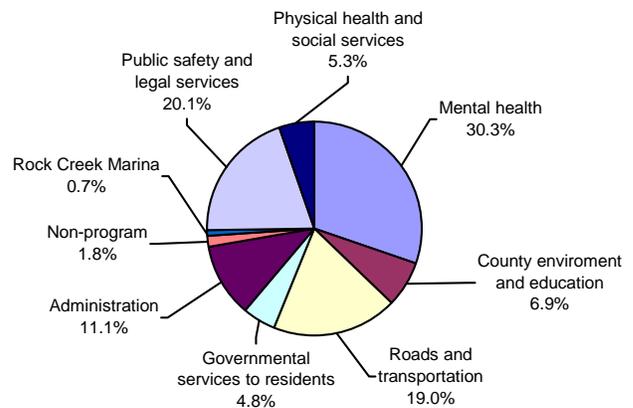
Changes in Net Assets of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for service	\$ 2,198	1,846	168	154	2,366	2,000
Operating grants, contributions and restricted interest	9,408	9,093	-	-	9,408	9,093
Capital grants, contributions and restricted interest	2,476	1,752	-	-	2,476	1,752
General revenues:						
Property tax	11,933	10,936	-	-	11,933	10,936
Penalty and interest on property tax	139	221	-	-	139	221
State tax credits	574	596	-	-	574	596
Local option sales and services tax	1,503	1,197	-	-	1,503	1,197
Unrestricted investment earnings	280	177	-	-	280	177
Other general revenues	263	232	-	-	263	232
Total revenues	28,774	26,050	168	154	28,942	26,204
Program expenses:						
Public safety and legal services	5,244	5,000	-	-	5,244	5,000
Physical health and social services	1,382	1,396	-	-	1,382	1,396
Mental health	7,896	7,580	-	-	7,896	7,580
County environment and education	1,812	1,431	-	-	1,812	1,431
Roads and transportation	4,965	5,418	-	-	4,965	5,418
Governmental services to residents	1,248	1,112	-	-	1,248	1,112
Administration	2,898	2,842	-	-	2,898	2,842
Non-program	464	194	-	-	464	194
Rock Creek Marina	-	-	172	189	172	189
Total expenses	25,909	24,973	172	189	26,081	25,162
Increase (decrease) in net assets	2,865	1,077	(4)	(35)	2,861	1,042
Net assets beginning of year	38,379	37,302	166	201	38,545	37,503
Net assets end of year	\$ 41,244	38,379	162	166	41,406	38,545

Revenues by Source



Expenses by Function



Clinton County's net assets of governmental activities increased approximately \$2,865,000 during the year. Revenues for governmental activities increased approximately \$2,724,000 over the prior year, with capital grants, contributions and restricted interest revenue up approximately \$724,000, or 41.3%, 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 \$724,000 from last year's total of approximately \$5.8 million. The increase in fund balance is primarily attributable to revenues exceeding expenditures and the issuance of drainage warrants. 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 \$391,000. The ending fund balance increased approximately \$283,000 from the prior year to approximately \$3,737,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$7,936,000, an increase of 4.5% over the prior year. The Mental Health Fund balance at year end decreased approximately \$128,000 from the prior year.
- Rural Services Fund expenditures totaled approximately \$555,000, an increase of 13.7% over the prior year.
- Secondary Roads Fund expenditures decreased approximately \$767,000 from the prior year, mainly from a decrease in roadway construction and maintenance expenditures. The Secondary Roads Fund balance at year end increased approximately \$178,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended its budget three times. The first amendment was made in August 2006 and resulted in an increase in budgeted disbursements for grant funds for voting machines and for the anticipated increased cost for an insurance consultant. The second amendment was made in April 2007. This amendment was made to allow for the increased costs of housing prisoners out of the County, legal expenses, increased cost of juvenile detention and residential care facilities, an increased cost for risk management and to allow for additional pass through state grants. The third amendment was made in May 2007 to allow for the disbursement of donations, insurance reimbursements and grant funds received.

Disbursements did not exceed the budgeted amounts for the year ended June 30, 2007.

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 \$24,728,212 were \$1,315,451 less than the amended budget. The public safety and legal services, administration, mental health, governmental services to residents and capital projects functions were \$343,249, \$260,967, \$235,083, \$123,761 and \$178,225, respectively, less than budgeted. The County's receipts were \$407,554 more than the amended budget. Charges for service and use of money and property receipts were \$182,074 and \$114,737 more than anticipated.

Public safety and legal services function disbursements were less than budgeted, primarily due to unfilled staff positions and the cost of housing prisoners outside the County was less than anticipated. Administration function disbursements were less than budgeted, primarily due to unfilled staff positions. Mental health and governmental services to residents function disbursements were less than budgeted, primarily due to reduced spending. Capital projects function disbursements were less than budgeted, primarily due to construction activity progressing slower than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Clinton County had approximately \$34.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1.9 million, or 5.8%, over last year. Major additions included approximately \$3.3 million for road and bridge projects.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2007	2006
Land	\$ 746	746
Construction in progress	3,038	2,560
Buildings and improvements	5,604	5,771
Equipment and vehicles	4,809	5,044
Infrastructure	19,925	18,138
Total	\$ 34,122	32,259

The County had depreciation expense of \$1,832,921 in FY07 and total accumulated depreciation of \$19,695,001 at June 30, 2007.

The County's fiscal year 2007 budget included \$590,000 for capital projects, principally for secondary roads improvements. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

At June 30, 2007, Clinton County had approximately \$492,000 in drainage warrants payable compared to approximately \$229,000 at June 30, 2006. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.2% versus 3.8% a year ago. This compares with the State's unemployment rate of 3.9% and the national rate of 4.7%.

Inflation in the State nearly mirrored the national Consumer Price Index increase at the close of the fiscal year. The Midwest Region of the Department of Labor, of which Iowa is a member, CPI rate increase was 2.7% for fiscal year 2007, compared with the national rate of 2.7%. Inflation has been modest here due, in part, to the slowing of the residential housing market and modest increases in energy prices in 2006-2007.

These indicators were taken into account when adopting the budget for fiscal year 2008. Amounts available for appropriation in the operating budget are \$25.8 million, a 2.6% increase over the final 2007 budget. Clinton County will use the increase in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise approximately \$609,000. Increased wage and cost-of-living adjustments and increases in mental health costs represent the largest increases. The County has added no major new programs or initiatives to the 2008 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of 2008.

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, 2007

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 8,846,899	24,920	8,871,819
Receivables:			
Property tax:			
Delinquent	97,473	-	97,473
Succeeding year	12,482,000	-	12,482,000
Interest and penalty on property tax	111,170	-	111,170
Accounts	94,652	15,362	110,014
Accrued interest	4,647	-	4,647
Drainage assessments:			
Current	32,367	-	32,367
Future	365,573	-	365,573
Due from other governments	686,139	-	686,139
Inventories	309,389	-	309,389
Capital assets (net of accumulated depreciation)	34,121,642	147,126	34,268,768
Total assets	57,151,951	187,408	57,339,359
Liabilities			
Accounts payable	856,411	15,237	871,648
Salaries and benefits payable	321,968	2,309	324,277
Due to other governments	1,193,372	-	1,193,372
Deferred revenue:			
Succeeding year property tax	12,482,000	-	12,482,000
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	348,215	7,955	356,170
Portion due or payable after one year:			
Compensated absences	213,422	-	213,422
Drainage warrants	492,141	-	492,141
Total liabilities	15,907,529	25,501	15,933,030
Net Assets			
Invested in capital assets	34,121,642	147,126	34,268,768
Restricted for:			
Supplemental levy purposes	167,736	-	167,736
Mental health purposes	216,045	-	216,045
Secondary roads purposes	1,898,270	-	1,898,270
Resource enhancement and protection	25,610	-	25,610
Vietnam Veterans Memorial	5,000	-	5,000
Other	290,955	-	290,955
Unrestricted	4,519,164	14,781	4,533,945
Total net assets	\$ 41,244,422	161,907	41,406,329

See notes to financial statements.

Clinton County
Statement of Activities
Year ended June 30, 2007

	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	\$ 5,244,534	371,984	255,344	-
Physical health and social services	1,381,881	65,952	408,386	-
Mental health	7,895,626	151,302	4,771,361	-
County environment and education	1,811,709	40,511	167,138	-
Roads and transportation	4,964,680	197,224	3,300,394	2,475,989
Governmental services to residents	1,248,585	736,248	28,421	-
Administration	2,898,012	464,071	-	-
Non-program	464,258	170,541	477,118	-
Total governmental activities	25,909,285	2,197,833	9,408,162	2,475,989
Business type activities:				
Rock Creek Marina	172,209	167,977	-	-
Total	\$ 26,081,494	2,365,810	9,408,162	2,475,989

General Revenues:

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

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(4,617,206)	-	(4,617,206)
(907,543)	-	(907,543)
(2,972,963)	-	(2,972,963)
(1,604,060)	-	(1,604,060)
1,008,927	-	1,008,927
(483,916)	-	(483,916)
(2,433,941)	-	(2,433,941)
183,401	-	183,401
(11,827,301)	-	(11,827,301)
-	(4,232)	(4,232)
(11,827,301)	(4,232)	(11,831,533)
11,932,651	-	11,932,651
138,716	-	138,716
574,564	-	574,564
1,502,602	-	1,502,602
279,933	143	280,076
50,362	-	50,362
214,015	-	214,015
14,692,843	143	14,692,986
2,865,542	(4,089)	2,861,453
38,378,880	165,996	38,544,876
\$ 41,244,422	161,907	41,406,329

Clinton County
Balance Sheet
Governmental Funds

June 30, 2007

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 3,923,243	1,397,368	363,828	1,310,306
Receivables:				
Property tax:				
Delinquent	66,527	25,936	5,010	-
Succeeding year	8,544,000	2,760,000	1,178,000	-
Interest and penalty on property tax	111,170	-	-	-
Accounts	8,939	34,100	-	-
Accrued interest	4,636	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other funds	-	-	-	10,145
Due from other governments	243,651	46,114	-	357,078
Inventories	-	-	-	309,389
Total assets	\$ 12,902,166	4,263,518	1,546,838	1,986,918
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 130,694	314,439	31,893	116,039
Salaries and benefits payable	202,729	36,801	8,322	74,116
Due to other funds	-	-	10,145	-
Due to other governments	167,138	1,026,020	-	214
Deferred revenue:				
Succeeding year property tax	8,544,000	2,760,000	1,178,000	-
Other	120,560	13,753	855	-
Total liabilities	9,165,121	4,151,013	1,229,215	190,369
Fund balances:				
Reserved for:				
Supplemental levy purposes	167,736	-	-	-
Drainage warrants	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-
Unreserved, reported in:				
General fund	3,569,310	-	-	-
Special revenue funds	-	112,504	317,623	1,796,549
Permanent fund	-	-	-	-
Total fund balances	3,737,046	112,504	317,623	1,796,549
Total liabilities and fund balances	\$ 12,902,167	4,263,517	1,546,838	1,986,918

See notes to financial statements.

Nonmajor	Total
548,621	7,543,366
-	97,473
-	12,482,000
-	111,170
548	43,587
11	4,647
32,367	32,367
365,573	365,573
-	10,145
39,296	686,139
-	309,389
986,416	21,685,856
29,602	622,667
-	321,968
-	10,145
-	1,193,372
-	12,482,000
397,940	533,108
427,542	15,163,260
-	167,736
-	-
5,000	5,000
-	3,569,310
548,018	2,774,694
5,856	5,856
558,874	6,522,596
986,416	21,685,856

Clinton County

Clinton County

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

June 30, 2007

Total governmental fund balances (page 21) \$ 6,522,596

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 \$53,816,643 and the accumulated depreciation is \$19,695,001. 34,121,642

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 533,108

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. 1,120,854

Long-term liabilities, including drainage warrants and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,053,778)

Net assets of governmental activities (page 17) \$ 41,244,422

See notes to financial statements.

Clinton County

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

Year ended June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 8,542,637	2,751,886	1,150,666	946,639
Interest and penalty on property tax	144,441	-	-	-
Intergovernmental	1,517,788	4,904,369	62,736	3,351,761
Licenses and permits	61,852	-	-	6,825
Charges for service	951,097	151,302	-	2,507
Use of money and property	384,615	-	-	21,571
Miscellaneous	111,542	50	-	-
Total revenues	11,713,972	7,807,607	1,213,402	4,329,303
Expenditures:				
Operating:				
Public safety and legal services	5,234,400	-	139,182	-
Physical health and social services	1,397,848	-	-	-
Mental health	-	7,935,820	-	-
County environment and education	1,033,285	-	416,050	-
Roads and transportation	-	-	-	4,378,909
Governmental services to residents	1,203,762	-	-	-
Administration	2,453,222	-	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	320,068
Total expenditures	11,322,517	7,935,820	555,232	4,698,977
Excess (deficiency) of revenues over (under) expenditures	391,455	(128,213)	658,170	(369,674)
Other financing sources (uses):				
Sale of capital assets	11,983	-	-	-
Operating transfers in	-	-	-	547,552
Operating transfers out	(120,817)	-	(473,274)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(108,834)	-	(473,274)	547,552
Net change in fund balances	282,621	(128,213)	184,896	177,878
Fund balances beginning of year	3,454,425	240,717	132,727	1,618,671
Fund balances end of year	\$ 3,737,046	112,504	317,623	1,796,549

See notes to financial statements.

Nonmajor	Total
-	13,391,828
-	144,441
502,373	10,339,027
-	68,677
16,924	1,121,830
33,268	439,454
245,760	357,352
<u>798,325</u>	<u>25,862,609</u>
18,217	5,391,799
-	1,397,848
-	7,935,820
376,664	1,825,999
-	4,378,909
569	1,204,331
-	2,453,222
464,257	464,257
139,031	139,031
41,875	361,943
<u>1,040,613</u>	<u>25,553,159</u>
<u>(242,288)</u>	<u>309,450</u>
-	11,983
46,539	594,091
-	(594,091)
402,413	402,413
<u>448,952</u>	<u>414,396</u>
206,664	723,846
<u>352,210</u>	<u>5,798,750</u>
<u>558,874</u>	<u>6,522,596</u>

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, 2007

Net change in fund balances - Total governmental funds (page 25) \$ 723,846

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	\$ 1,181,018	
Capital assets contributed by the Iowa Department of Transportation	2,475,989	
Depreciation expense	<u>(1,832,921)</u>	1,824,086

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 38,379

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	(197,713)	
Other	<u>170,965</u>	(26,748)

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

Issued	(402,413)	
Repaid	<u>139,031</u>	(263,382)

Compensated absences payable reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (43,028)

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. 612,389

Change in net assets of governmental activities (page 19) \$ 2,865,542

See notes to financial statements.

Clinton County
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 17,917	1,310,536
Accounts receivable	15,088	51,339
Capital assets, net of accumulated depreciation	147,126	-
Total assets	180,131	1,361,875
Liabilities		
Accounts payable	13,981	235,000
Salaries and benefits payable	2,309	-
Compensated absences	7,955	-
Total liabilities	24,245	235,000
Net Assets		
Invested in capital assets	147,126	-
Unrestricted	8,760	1,126,875
Total net assets	155,886	1,126,875
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	6,021	
Net assets of business type activities	\$ 161,907	

See notes to financial statements.

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

Year ended June 30, 2007

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,539,552
Reimbursements from employees and others	-	234,919
Stop loss insurance recoveries	-	74,053
Camping fees	73,833	-
Boat rental fees	8,635	-
Other recreational fees	20,802	-
Concession sales	35,986	-
Miscellaneous	14,360	-
Total operating revenues	153,616	2,848,524
Operating expenses:		
Administrative fees	-	318,204
Medical and health services	-	1,940,340
Salaries	56,403	-
Employee benefits	22,012	-
Supplies	37,268	-
Utilities	12,981	-
Repair and improvements	15,300	-
Depreciation	16,015	-
Miscellaneous	1,173	1,218
Total operating expenses	161,152	2,259,762
Operating income (loss)	(7,536)	588,762
Non-operating revenues:		
Interest income	-	27,074
Change in net assets	(7,536)	615,836
Net assets beginning of year	163,422	511,039
Net assets end of year	155,886	1,126,875
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	6,021	
Net assets of business type activities	\$ 161,907	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2007

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	2,539,552
Cash received from employees and others	-	234,919
Cash received from stop loss insurance recoveries	-	68,815
Cash received from camping fees	67,618	-
Cash received from boat rental fees	8,415	-
Cash received from other recreational fees	19,928	-
Cash received from concession sales	35,098	-
Cash received from miscellaneous operations	13,414	-
Cash paid for administrative fees	-	(318,204)
Cash paid to employees for services	(54,972)	-
Cash paid to suppliers for services	(90,410)	(2,033,907)
Net cash provided by (used for) operating activities	(909)	491,175
Cash flows from investing activities:		
Interest on investments	-	27,074
Net increase (decrease) in cash and cash equivalents	(909)	518,249
Cash and cash equivalents beginning of year	18,826	792,287
Cash and cash equivalents end of year	\$ 17,917	1,310,536
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (7,536)	588,762
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	16,015	-
Changes in assets and liabilities:		
Increase in accounts receivable	(9,142)	(5,238)
Decrease in accounts payable	(1,342)	(92,349)
Increase in salaries and benefits payable	183	-
Increase in compensated absences	913	-
Total adjustments	6,627	(97,587)
Net cash provided by (used for) operating activities	\$ (909)	491,175

See notes to financial statements.

Clinton County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Cash and pooled investments:	
County Treasurer	\$ 3,909,572
Other County officials	99,079
Receivables:	
Property tax:	
Delinquent	380,699
Succeeding year	44,259,000
Accounts	39,590
Drainage assessments	37,746
Special assessments	193,000
Total assets	<u>48,918,686</u>

Liabilities

Accounts payable	121,807
Salaries and benefits payable	16,030
Due to other governments	48,668,823
Trusts payable	46,374
Compensated absences	30,215
Stamped drainage warrants payable	35,437
Total liabilities	<u>48,918,686</u>

Net assets \$ -

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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 that are managed and supervised by elected trustees. The financial transactions of these districts are reported as Agency Funds. Financial information of the individual drainage districts can be obtained from the Clinton County Auditor's Office.

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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, 2007, 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, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2007 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, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>\$ 10,145</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, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 473,274
Secondary Roads	General	74,278
Conservation Land Acquisition	General	46,539
Total		<u>\$ 594,091</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, 2007 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 746,133	-	-	746,133
Construction in progress	2,560,060	3,343,464	(2,865,526)	3,037,998
Total capital assets not being depreciated	<u>3,306,193</u>	<u>3,343,464</u>	<u>(2,865,526)</u>	<u>3,784,131</u>
Capital assets being depreciated:				
Buildings and improvements	8,698,676	-	-	8,698,676
Equipment and vehicles	8,365,796	478,319	(435,811)	8,408,304
Infrastructure, road network	30,060,006	2,865,526	-	32,925,532
Total capital assets being depreciated	<u>47,124,478</u>	<u>3,343,845</u>	<u>(435,811)</u>	<u>50,032,512</u>
Less accumulated depreciation for:				
Buildings and improvements	2,927,859	167,091	-	3,094,950
Equipment and vehicles	3,321,348	586,927	(309,414)	3,598,861
Infrastructure, road network	11,922,287	1,078,903	-	13,001,190
Total accumulated depreciation	<u>18,171,494</u>	<u>1,832,921</u>	<u>(309,414)</u>	<u>19,695,001</u>
Total capital assets being depreciated, net	<u>28,952,984</u>	<u>1,510,924</u>	<u>(126,397)</u>	<u>30,337,511</u>
Governmental activities capital assets, net	<u>\$ 32,259,177</u>	<u>4,854,388</u>	<u>(2,991,923)</u>	<u>34,121,642</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 105,793
Physical health and social services	5,329
Mental health	13,036
County environment and education	55,006
Roads and transportation	1,396,160
Governmental services to residents	86,637
Administration	170,960
Total depreciation expense - governmental activities	<u>\$ 1,832,921</u>

Business type activities capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Balance End of Year
Business type activities:			
Buildings	\$ 183,760	-	183,760
Equipment	90,641	-	90,641
Infrastructure	59,211	-	59,211
Total capital assets being depreciated	<u>333,612</u>	-	<u>333,612</u>
Less accumulated depreciation for:			
Buildings	66,220	7,617	73,837
Equipment	70,899	3,810	74,709
Infrastructure	33,352	4,588	37,940
Total accumulated depreciation	<u>170,471</u>	<u>16,015</u>	<u>186,486</u>
Business type activities capital assets, net	<u>\$ 163,141</u>	<u>(16,015)</u>	<u>147,126</u>
Total depreciation expense - business type activities			<u>\$ 16,015</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	<u>\$ 167,138</u>
Special Revenue:		
Mental Health	Services	1,026,020
Secondary Roads	Services	214
Total for governmental funds		<u>\$ 1,193,372</u>
Agency:		
County Assessor	Collections	\$ 635,628
City Assessor		1,186,453
Schools		23,818,789
Community Colleges		989,166
Corporations		18,388,711
Townships		364,845
Auto License and Use Tax		805,926
All other		2,479,305
Total for agency funds		<u>\$ 48,668,823</u>

(7) Changes in Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2007 is as follows:

	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 228,759	518,609	747,368
Increases	402,413	372,569	774,982
Decreases	139,031	329,541	468,572
Balance end of year	\$ 492,141	561,637	1,053,778
Due within one year	\$ -	348,215	-

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2007 is as follows:

	Compen- sated Absences
Balance beginning of year	\$ 7,042
Increases	2,438
Decreases	1,525
Balance end of year	\$ 7,955
Due within one year	\$ 7,955

Drainage Warrants

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

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

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$464,434, \$448,654 and \$443,008, respectively, equal to the required contributions for each year.

(9) Risk Management

Clinton County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 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, 2007 were \$242,407.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$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, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing

within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

(10) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Gallagher Bassett Services, Inc. from the Employee Group Health Fund. The County’s contribution for the year ended June 30, 2007 was \$2,539,552.

Amounts payable from the Employee Group Health Fund at June 30, 2007 total \$235,000, 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 \$1,126,875 at June 30, 2007 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	\$ 327,349
Total incurred claims	1,847,991
Total payments	<u>(1,940,340)</u>
Unpaid claims end of year	<u>\$ 235,000</u>

(11) Litigation

The County is a defendant in a legal matter regarding property valuation. The probability and amount of loss, if any, is undeterminable.

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, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 13,391,907	-	13,391,907
Interest and penalty on property tax	126,941	-	126,941
Intergovernmental	10,732,823	-	10,732,823
Licenses and permits	68,677	-	68,677
Charges for service	1,100,778	-	1,100,778
Use of money and property	411,269	286	410,983
Miscellaneous	400,138	185,112	215,026
Total receipts	<u>26,232,533</u>	<u>185,398</u>	<u>26,047,135</u>
Disbursements:			
Public safety and legal services	5,364,658	-	5,364,658
Physical health and social services	1,466,370	-	1,466,370
Mental health	7,495,721	-	7,495,721
County environment and education	1,837,296	408,151	1,429,145
Roads and transportation	4,451,590	-	4,451,590
Governmental services to residents	1,206,226	-	1,206,226
Administration	2,436,189	-	2,436,189
Non-program	466,538	-	466,538
Debt service	86,894	86,894	-
Capital projects	411,775	-	411,775
Total disbursements	<u>25,223,257</u>	<u>495,045</u>	<u>24,728,212</u>
Excess (deficiency) of receipts over (under) disbursements	1,009,276	(309,647)	1,318,923
Other financing sources, net	414,396	402,413	11,983
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,423,672	92,766	1,330,906
Balance beginning of year	6,119,694	10,399	6,109,295
Balance end of year	<u>\$ 7,543,366</u>	<u>103,165</u>	<u>7,440,201</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
12,935,599	13,439,002	(47,095)
106,500	106,500	20,441
9,738,197	10,675,068	57,755
66,012	66,012	2,665
856,990	918,704	182,074
296,556	296,556	114,427
49,300	137,739	77,287
<u>24,049,154</u>	<u>25,639,581</u>	<u>407,554</u>
5,377,528	5,707,907	343,249
1,458,616	1,587,616	121,246
7,695,804	7,730,804	235,083
1,411,968	1,443,221	14,076
4,554,172	4,476,072	24,482
950,078	1,329,987	123,761
2,564,156	2,697,156	260,967
354,400	480,900	14,362
-	-	-
511,900	590,000	178,225
<u>24,878,622</u>	<u>26,043,663</u>	<u>1,315,451</u>
(829,468)	(404,082)	1,723,005
-	10,130	1,853
(829,468)	(393,952)	1,724,858
4,813,781	6,007,028	102,267
<u>3,984,313</u>	<u>5,613,076</u>	<u>1,827,125</u>

Clinton County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 26,232,533	(369,924)	25,862,609
Expenditures	25,223,257	329,902	25,553,159
Net	1,009,276	(699,826)	309,450
Other financing sources, net	414,396	-	414,396
Beginning fund balances	6,119,694	(320,944)	5,798,750
Ending fund balances	\$ 7,543,366	(1,020,770)	6,522,596

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, 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 and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,165,041. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function or department.

Clinton County

Other Supplementary Information

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Seized Property
Assets					
Cash and pooled investments	\$ 25,610	75,587	45,533	22,661	12,881
Receivables:					
Accounts	-	-	-	298	-
Accrued interest	-	-	-	-	-
Drainage assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 25,610	75,587	45,533	22,959	12,881
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	-	-	469	-
Deferred revenue:					
Other	-	-	-	-	-
Total liabilities	-	-	-	469	-
Fund equity:					
Fund balances:					
Reserved for Vietnam Veterans Memorial	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	25,610	75,587	45,533	22,490	12,881
Permanent fund	-	-	-	-	-
Total fund equity	25,610	75,587	45,533	22,490	12,881
Total liabilities and fund equity	\$ 25,610	75,587	45,533	22,959	12,881

See accompanying independent auditor's report.

Special Revenue						Permanent		
Communi- cations Special	Miscel- laneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust		Total
111,010	5,540	103,165	130,580	4,873	336	10,845		548,621
-	-	-	250	-	-	-		548
-	-	-	-	-	-	11		11
-	-	32,367	-	-	-	-		32,367
-	-	365,573	-	-	-	-		365,573
-	39,296	-	-	-	-	-		39,296
111,010	44,836	501,105	130,830	4,873	336	10,856		986,416
-	29,131	-	2	-	-	-		29,602
-	-	397,940	-	-	-	-		397,940
-	29,131	397,940	2	-	-	-		427,542
-	-	-	-	-	-	5,000		5,000
111,010	15,705	103,165	130,828	4,873	336	-		548,018
-	-	-	-	-	-	5,856		5,856
111,010	15,705	103,165	130,828	4,873	336	10,856		558,874
111,010	44,836	501,105	130,830	4,873	336	10,856		986,416

Clinton County

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

Year ended June 30, 2007

	Resource Enhancement and Protection	County Recorder's Records Management	Public Safety Special	Commissary	Seized Property
Revenues:					
Intergovernmental	\$ 25,254	-	-	-	-
Charges for service	-	10,544	-	-	-
Use of money and property	244	684	19,879	11,963	-
Miscellaneous	-	-	-	-	1,652
Total revenues	25,498	11,228	19,879	11,963	1,652
Expenditures:					
Operating:					
Public safety and legal services	-	-	2,771	10,130	5,316
County environment and education	20,650	-	-	-	-
Governmental services to residents	-	569	-	-	-
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	20,650	569	2,771	10,130	5,316
Excess (deficiency) of revenues over (under) expenditures	4,848	10,659	17,108	1,833	(3,664)
Other financing sources:					
Operating transfers in	-	-	-	-	-
Drainage warrants issued	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	4,848	10,659	17,108	1,833	(3,664)
Fund balances beginning of year	20,762	64,928	28,425	20,657	16,545
Fund balances end of year	\$ 25,610	75,587	45,533	22,490	12,881

See accompanying independent auditor's report.

Special Revenue							Permanent	
Communi- cations Special	Miscel- laneous Grants	Drainage Districts	Conservation Land Acquisition	Veterans Memorial	County Recorder's Electronic Transaction Fee	Vietnam Veterans Trust	Total	
-	477,119	-	-	-	-	-	502,373	
6,380	-	-	-	-	-	-	16,924	
-	-	286	-	36	-	176	33,268	
-	-	185,112	58,996	-	-	-	245,760	
6,380	477,119	185,398	58,996	36	-	176	798,325	
-	-	-	-	-	-	-	18,217	
-	-	356,014	-	-	-	-	376,664	
-	-	-	-	-	-	-	569	
-	464,257	-	-	-	-	-	464,257	
-	-	139,031	-	-	-	-	139,031	
-	-	-	41,875	-	-	-	41,875	
-	464,257	495,045	41,875	-	-	-	1,040,613	
6,380	12,862	(309,647)	17,121	36	-	176	(242,288)	
-	-	-	46,539	-	-	-	46,539	
-	-	402,413	-	-	-	-	402,413	
-	-	402,413	46,539	-	-	-	448,952	
6,380	12,862	92,766	63,660	36	-	176	206,664	
104,630	2,843	10,399	67,168	4,837	336	10,680	352,210	
111,010	15,705	103,165	130,828	4,873	336	10,856	558,874	

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	-	298,280	703,143	-	-
Other County officials	99,079	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	964	717	4,459	196,789	7,166
Succeeding year	-	218,000	351,000	497,000	23,622,000	982,000
Accounts	2,216	-	-	583	-	-
Drainage assessments	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Total assets	\$ 101,295	218,964	649,997	1,205,185	23,818,789	989,166
Liabilities						
Accounts payable	\$ -	-	1,454	2,269	-	-
Salaries and benefits payable	-	-	7,129	6,557	-	-
Due to other governments	56,524	218,964	635,628	1,186,453	23,818,789	989,166
Trusts payable	44,771	-	-	-	-	-
Compensated absences	-	-	5,786	9,906	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
Total liabilities	\$ 101,295	218,964	649,997	1,205,185	23,818,789	989,166

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
-	-	-	805,926	650,033	24,308	1,427,882	3,909,572
-	-	-	-	-	-	-	99,079
169,711	845	-	-	-	-	48	380,699
18,219,000	364,000	-	-	-	-	6,000	44,259,000
-	-	-	-	36,510	-	281	39,590
-	-	-	-	-	37,746	-	37,746
-	-	193,000	-	-	-	-	193,000
18,388,711	364,845	193,000	805,926	686,543	62,054	1,434,211	48,918,686
-	-	-	-	770	-	117,314	121,807
-	-	-	-	-	-	2,344	16,030
18,388,711	364,845	193,000	805,926	685,773	26,617	1,298,427	48,668,823
-	-	-	-	-	-	1,603	46,374
-	-	-	-	-	-	14,523	30,215
-	-	-	-	-	35,437	-	35,437
18,388,711	364,845	193,000	805,926	686,543	62,054	1,434,211	48,918,686

Clinton County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets and Liabilities						
Balances beginning of year	\$ 88,521	117,438	616,410	1,067,071	23,230,726	989,569
Additions:						
Property and other county tax	-	217,428	344,559	562,566	24,455,152	975,182
E911 surcharge	-	-	-	-	-	-
State tax credits	-	5,513	17,483	12,856	1,125,555	46,503
Office fees and collections	1,018,964	-	4,803	3,815	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	754,283	-	-	-	-	-
Miscellaneous	-	-	-	728	15,897	-
Total additions	1,773,247	222,941	366,845	579,965	25,596,604	1,021,685
Deductions:						
Agency remittances:						
To other funds	521,428	-	-	-	-	-
To other governments	485,833	121,415	333,258	446,646	25,008,541	1,022,088
Trusts paid out	753,212	-	-	-	-	-
Total deductions	1,760,473	121,415	333,258	446,646	25,008,541	1,022,088
Balances end of year	\$ 101,295	218,964	649,997	1,200,390	23,818,789	989,166

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
18,174,576	369,481	271,333	821,915	598,049	5,806	925,530	47,276,425
17,985,020	352,449	-	-	-	-	38,404	44,930,760
-	-	-	-	290,647	-	-	290,647
696,329	19,249	-	-	-	-	303	1,923,791
-	-	-	-	-	-	812	1,028,394
-	-	-	9,417,675	-	-	-	9,417,675
-	-	287,951	-	-	100,093	-	388,044
-	-	-	-	-	-	-	754,283
-	4,435	-	-	-	-	1,332,849	1,353,909
18,681,349	376,133	287,951	9,417,675	290,647	100,093	1,372,368	60,087,503
-	-	-	329,463	-	-	-	850,891
18,467,214	380,769	366,284	9,104,201	202,153	79,282	861,611	56,879,295
-	-	-	-	-	-	2,076	755,288
18,467,214	380,769	366,284	9,433,664	202,153	79,282	863,687	58,485,474
18,388,711	364,845	193,000	805,926	686,543	26,617	1,434,211	48,878,454

Clinton County

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

For the Last Seven Years

	2007	2006	2005	Modified 2004
Revenues:				
Property and other county tax	\$ 13,391,828	12,083,131	11,803,974	10,604,529
Interest and penalty on property tax	144,441	149,590	141,399	136,061
Intergovernmental	10,339,027	10,154,334	9,633,194	8,944,998
Licenses and permits	68,677	68,648	70,707	72,140
Charges for service	1,121,830	1,090,334	1,022,569	1,030,033
Use of money and property	439,454	306,207	290,174	301,262
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	357,352	166,449	144,475	356,861
Total	\$ 25,862,609	24,018,693	23,106,492	21,445,884
Expenditures:				
Operating:				
Public safety and legal services	\$ 5,391,799	4,936,287	4,679,136	5,130,033
Physical health and social services	1,397,848	1,388,548	1,204,231	1,262,023
Mental health	7,935,820	7,592,273	6,637,459	6,343,867
County environment and education	1,825,999	1,370,588	1,290,889	1,223,923
Roads and transportation	4,378,909	4,760,000	4,777,320	4,458,304
Governmental services to residents	1,204,331	995,914	865,039	814,434
Administration	2,453,222	2,350,649	2,437,853	2,249,299
Non-program	464,257	194,083	567,989	148,061
Debt service	139,031	6,131	36,319	21,717
Capital projects	361,943	757,545	1,501,840	518,630
Total	\$ 25,553,159	24,352,018	23,998,075	22,170,291

See accompanying independent auditor's report.

Accrual Basis		
2003	2002	2001
9,923,626	9,216,528	8,660,770
126,934	140,436	122,401
9,223,499	8,790,077	8,305,213
60,654	54,328	57,014
1,048,678	995,209	907,770
376,337	579,883	1,215,019
-	1,542	536
135,193	107,772	184,306
20,894,921	19,885,775	19,453,029

5,198,361	4,962,123	4,545,327
1,341,749	1,313,660	1,302,684
6,122,126	6,138,493	5,687,340
1,168,167	1,045,884	905,149
4,659,504	4,118,960	3,542,361
825,694	759,371	711,638
2,368,381	2,225,806	2,466,712
74,304	97,865	37,075
4,739	-	-
1,920,508	2,195,005	2,294,561
23,683,533	22,857,167	21,492,847

Schedule 6

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	3016158	\$ 1,402
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		25,700
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	05-CF-007	369,038
U.S. Department of Justice:			
Iowa Department of Human Services:			
Part E-Developing, Testing and Demonstrating Promising			
New Programs	16.541	05-0JJDP17	7,330
Governor's Office of Drug Control Policy:			
Byrne Formula Grant Program	16.579	06-JAG-C30	33,457
Byrne Formula Grant Program	16.579	06-JAG-E39	15,434
			48,891
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C023(72)-8J-23	52,160
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk Driving Prevention			
Incentive Grants	20.601	06-410, Task 06	22,469
Alcohol Traffic Safety and Drunk Driving Prevention			
Incentive Grants	20.601	06-410, Task 09	6,220
			28,689
Safety Incentives to Prevent Operation of Motor			
Vehicles by Intoxicated Persons	20.605	06-163, Task 14	10,836
Safety Incentives to Prevent Operation of Motor			
Vehicles by Intoxicated Persons	20.605	06-163, Task 15	8,691
			19,527

Clinton County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5885LP11	<u>6,733</u>
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	5884WW06	<u>2,100</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	586NB06	<u>23,205</u>
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>35,143</u>
Refugee and Entrant Assistance State Administered Programs	93.566		<u>56</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>7,893</u>
Foster Care-Title VI-E	93.658		<u>18,972</u>
Adoption Assistance	93.659		<u>3,903</u>
Medical Assistance Program	93.778		<u>45,637</u>
State Children's Insurance Program	93.767		<u>226</u>
Social Services Block Grant	93.667		<u>23,101</u>
Social Services Block Grant	93.667		<u>244,726</u>
			<u>267,827</u>
Total indirect			<u>963,030</u>
Total			<u>\$ 964,432</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Clinton County and is presented on the modified accrual basis of accounting. The information 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

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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, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated May 23, 2008. 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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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, 2007 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

May 23, 2008

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

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Clinton County:

Compliance

We have audited the compliance of Clinton County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. 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, 2007.

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. Accordingly, 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 that 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

May 23, 2008

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

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 14.228 – Community Development Block Grants/States Program
 - 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, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07 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.	Recorder and Conservation
(2) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash.	Recorder

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 – The Clinton County Conservation Board does not have enough people in the office to segregate duties.

County Recorder – The County Recorder recognizes the need for segregation of duties relative to the collection and accounting for cash and checks. To implement the State’s Auditor’s recommendations for improved internal control of receipts, the following procedures have been, or will be, initiated.

Effective July 1, 2007, Christy Leu reconciles monthly bank statements, however, she is precluded from depositing or disbursing monies.

Effective February 1, 2008, Christy Leu will reconcile total monthly bank deposits with total monthly revenue per monthly cash register journal. Documentation will be retained for all reconciliations and signed and dated.

Conclusion –

Conservation – Response acknowledged. Duties should be segregated to obtain the maximum internal control possible under the circumstances.

County Recorder – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-B-07 Capital Assets – The County maintains detailed capital asset records. However, the listing was not updated for a number of additions and deletions. This issue was resolved for audit purposes. Deletion slips are not authorized or signed by department heads. In addition, the County has not formalized capital asset policies.

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

Response – Clinton County will develop a capital asset policy and will issue a directive to all departments that until a capital asset form is filed in the County Auditor’s office claims will not be paid.

Conclusion – Response accepted.

II-C-07 Property Tax – A tax summary and reconciliation was not completed until February 2008.

Recommendation – A current tax summary and reconciliation should be prepared as soon after year end as possible to ensure the property tax billing, collections, posting and recording system is working properly. Also, this would ensure any problems or errors would be identified and resolved timely.

Response – While the tax summary and reconciliation was not completed until February 2008 we were diligently working on it through January. A number of factors including a glitch at year end in the IT system prevented us from being able to print any month end and year end reports until July 11, 2007 which caused a substantial amount of extra work and manual calculation. We have obtained, in the last month, documentation and training on the “Tax Balancing Reports” from the vendor and we are now able to work with the program to produce the report timely from this point forward. Converting from an in-house system to a vendor without manuals is proving to be challenging and sometimes it takes us a little longer to complete and verify the information. We have acquired a degree of proficiency but continue to learn and gain knowledge as we move forward with the software vendor.

Conclusion – Response accepted.

II-D-07 Accounting Procedures Manual – We encourage the development of office procedures and standardized accounting manuals for all County offices. In addition, we encourage obtaining or developing user manuals/help guides for the accounting software the County converted to during the current year. These manuals and guides should provide the following benefits:

1. Aid in training additional or replacement personnel.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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 – Tyler Technologies has been better at providing procedures guides. As reports are generated, the County Auditor's staff are making notes on the reports and developing a turn over file.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

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, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted by function or the amounts appropriated by department.

IV-B-07 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-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-07 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Janice Wilke, wife of Board of Supervisor member	Emergency Management Services	\$1,527

The Clinton County Attorney has opined the employees of Emergency Management are not subject to the restrictions noted in Iowa Code Chapter 331.342. Emergency Management is not the “county”, and contracts for services independently from the Board of Supervisors. As such, there is no conflict in the payments for services rendered by Ms. Wilke.

IV-E-07 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-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

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

Response – The County does make a sincere effort to forward minutes to the official county newspapers in a timely manner. The County has no control over when the newspapers will publish the minutes.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

IV-G-07 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-07 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-07 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, 2007 for the County Extension Office exceeded the amount budgeted.

Recommendation – The budget should have been amended before disbursements were allowed to exceed the budget.

Response – The former County Director left the position in July 2006. There were two interim directors from that time until June 2007. On July 18, 2007 a permanent County Director was hired. Due to the number of changes in leadership during the 06-07 fiscal year, the disbursement amount was not tracked properly.

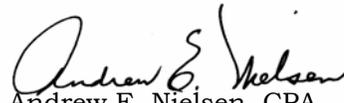
Conclusion – Response acknowledged. As recommended, the budget should be monitored and amended before disbursements exceed the budget.

Clinton County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Deborah J. Moser, CPA, Senior Auditor II
Daniel L. Durbin, CPA, Staff Auditor
Shannon M. Hoffman, Staff Auditor
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Deputy Auditor of State