

**CLAYTON COUNTY  
ELKADER, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2014**

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CLAYTON COUNTY

OFFICIALS  
JUNE 30, 2014

| Name           | Title            | Term Expires |
|----------------|------------------|--------------|
| Ron McCartney  | Chairperson      | January 2015 |
| Larry Gibbs    | Vice-Chairperson | January 2017 |
| Gary Bowden    | Supervisor       | January 2015 |
| Dennis Freitag | County Auditor   | January 2017 |
| Linda Zuercher | County Treasurer | January 2015 |
| Sue Meyer      | County Recorder  | January 2015 |
| Mike Tschirgi  | County Sheriff   | January 2017 |
| Alan Heavens   | County Attorney  | January 2015 |
| Andrew Loan    | County Assessor  | January 2016 |
| Rafe Koopman   | County Engineer  |              |

**INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS**

**To the Board of Supervisors  
Clayton County  
Elkader, Iowa**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clayton County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clayton County, as of June 30, 2014, and the respective changes in financial position, for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and funding progress for the retiree health plan on pages 5 through 5f and pages 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clayton County's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of revenues by source and expenditures by function for 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of revenues by source and expenditures by function for 2014 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual nonmajor fund financial statements, schedule of revenues by source and expenditures by function for 2014 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with U.S. generally accepted auditing standards, the basic financial statements of Clayton County, as of and for the years ended June 30, 2006 through 2013, (none of which is presented herein). We expressed an adverse opinion on the governmental activities for the 2006 through 2010 fiscal years due to the omission of certain capital assets, net depreciation. We expressed unmodified opinion on governmental activities for the 2011 through 2013 fiscal years. We expressed unmodified opinions on each major fund and aggregate remaining fund information for the 2006 through 2013 fiscal years. Those audits were conducted for purposes of forming opinions on the financial statements that collectively comprise Clayton County's basic financial statements as a whole. The schedule of revenues by source and expenditures by function for the years ended June 30, 2006 through 2013 presented on page 46 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2006 through 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of revenues by source and expenditures by function for the years ended June 30, 2006 through 2013, presented on page 46, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

The financial statements of Clayton County for the year ended June 30, 2005 (none of which are presented herein), were audited by other auditors whose report dated March 3, 2006, expressed an adverse opinion on the governmental activities on those financial statements due to the omission of a full capital asset listing. They expressed an unmodified opinion on those financial statements of each major fund and the aggregate remaining fund information. Their report, as of the same date, on the supplemental information for 2005 presented on page 46 stated in their opinion, such information was fairly stated in all material respects in relation to the financial statements for which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015, on our consideration of Clayton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clayton's County internal control over financial reporting and compliance.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
March 10, 2015

CLAYTON COUNTY  
ELKADER, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Clayton County provides this management's discussion and analysis of Clayton County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 4.94% or approximately \$774,000 from fiscal 2013 to fiscal 2014. Property taxes increased approximately \$328,000, state tax credits increased approximately \$72,000, operating grants and contributions decreased approximately \$79,000, and capital grants and contributions decreased approximately \$676,000, and earnings on investments decreased approximately \$11,000.
- Program expenses were .98% or approximately \$143,000 more in fiscal 2014 than in fiscal 2013. Mental health expenses and non-program expenses had significant increases from 2013. Roads and transportation expenses had significant decrease from 2013.
- The County's net position decreased .18% or approximately \$48,000 from June 30, 2013 to June 30, 2014.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Clayton County as a financial whole, or as an entire operating entity.

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Clayton County as a whole and present an overall view of the County's finances and a longer-term view of those 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 Clayton County's operations in more detail than the government-wide statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Clayton County, the general fund, mental health, rural services, and secondary roads-special revenue funds are the most significant funds. The remaining statements provide financial information about activities for which Clayton County acts solely as an agent or custodian for the benefit of those outside of the government.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year. Supplementary information provides detailed information about the nonmajor governmental and the individual fiduciary funds.

## REPORTING THE COUNTY AS A WHOLE

### The Statement of Net Position and the Statement of Activities

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

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event or 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.

In the statement of net position and statement of activities, the County has governmental activities:

- **Governmental activities:** most of the County's programs and services are reported here, including 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 other non-program activities. Property tax, state tax credits and state and federal grants finance most of these activities.

## REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses different funds in accordance with the Uniform Financial Accounting for Iowa County Governments to record its financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, mental health-special revenue fund, rural services-special revenue fund, and secondary roads-special revenue fund.

### Governmental Funds

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. These governmental funds includes: 1) the general fund, 2) the special revenue funds such as mental health, rural services, and secondary roads, 3) the debt service fund and 4) capital project funds. 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 statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

## REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS (Continued)

### Governmental Funds (Continued)

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

### Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others and cannot be used to support the government's own programs. The County has agency funds that account for Emergency Management Services, the County Assessor, and E-911 Service Board are some examples.

The fiduciary funds required financial statements include a statement of fiduciary net position.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position.

|                                  | Condensed Statement of Net Position<br>(Expressed in Thousands) |           |                   |
|----------------------------------|---|-----------|-------------------|
|                                  | 2014  | 2013      | Percent<br>Change |
| Current and other assets         | \$ 15,936   | \$ 17,441 | -8.63%            |
| Capital assets                   | 22,098  | 20,212    | 9.33%             |
| Total assets                     | 38,034  | 37,653    | 1.01%             |
| Long-term debt outstanding       | 2,844   | 3,131     | -9.17%            |
| Other liabilities                | 1,509   | 1,162     | 29.86%            |
| Total liabilities                | 4,353   | 4,293     | 1.40%             |
| Deferred inflows of resources    | 8,177   | 7,903     | 3.47%             |
| Net position                     |   |           |                   |
| Net investment in capital assets | 19,672  | 17,490    | 12.48%            |
| Restricted                       | 4,500   | 6,669     | -32.52%           |
| Unrestricted                     | 1,332   | 1,298     | 2.62%             |
| Total net position               | \$ 25,504   | \$ 25,457 | 0.18%             |

Clayton County's net position for the governmental activities increased from fiscal 2013 to fiscal 2014. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment). Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position-the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements-increased for the governmental activities approximately \$34,000.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following analysis shows the changes in net position for the years ending June 30, 2014 and 2013:

|  | Changes in Net Position of Governmental Activities<br>(Expressed in Thousands) |                  |                   |
|--|--|------------------|-------------------|
|  | 2014   | 2013             | Percent<br>Change |
| <b>Revenues:</b>                       |  |                  |                   |
| <b>Program revenue</b>                 |  |                  |                   |
| Charges for service                    | \$ 611   | \$ 536           | 13.99%            |
| Operating grants                       | 4,018  | 4,097            | -1.93%            |
| Capital grants                         | 546  | 1,222            | -55.32%           |
| <b>General revenue</b>                 |  |                  |                   |
| Property taxes                         | 7,841  | 7,513            | 4.37%             |
| Local option sales tax                 | 848  | 964              | -12.03%           |
| Penalty and interest on property taxes | 54   | 55               | -1.82%            |
| State tax credits                      | 449  | 377              | 19.10%            |
| Franchise tax                          | 138  | 157              | -12.10%           |
| Rents                                  | 63   | 58               | 8.62%             |
| Grants and contributions               | 16   | 11               | 45.45%            |
| Unrestricted investment earnings       | 63   | 74               | -14.86%           |
| Gain (loss) on sale of capital assets  | (11)   | 577              | 101.91%           |
| Insurance proceeds                     | 95   | -                |                   |
| Other                                  | 172  | 37               | 364.86%           |
| <b>Total revenues</b>                  | <b>14,903</b>  | <b>15,678</b>    | <b>-4.94%</b>     |
| <b>Program expenses:</b>               |  |                  |                   |
| Public safety and legal services       | 2,867  | 2,754            | 4.10%             |
| Physical health and social services    | 681  | 636              | 7.08%             |
| Mental health                          | 909  | 577              | 57.54%            |
| County environment and education       | 1,281  | 1,272            | 0.71%             |
| Roads and transportation               | 6,030  | 6,632            | -9.08%            |
| Governmental services to residents     | 689  | 645              | 6.82%             |
| Administration                         | 1,072  | 1,101            | -2.63%            |
| Non-program                            | 1,084  | 877              | 23.60%            |
| Interest                               | 58   | 68               | -14.71%           |
| Depreciation (unallocated)             | 185  | 150              | 23.33%            |
| <b>Total expenses</b>                  | <b>14,856</b>  | <b>14,712</b>    | <b>0.98%</b>      |
| <b>Increase in net position</b>        | <b>47</b>  | <b>966</b>       | <b>-95.13%</b>    |
| <b>Net position beginning of year</b>  | <b>25,457</b>  | <b>24,491</b>    | <b>3.94%</b>      |
| <b>Net position end of year</b>        | <b>\$ 25,504</b>   | <b>\$ 25,457</b> | <b>0.18%</b>      |

**INDIVIDUAL FUND ANALYSIS**

As the County completed the year, its governmental funds reported a combined fund balance of \$6,298,574, a \$1,881,438 decrease from the 2013 fiscal year end balance of \$8,180,012.

- The general fund revenues increased .43% from prior year, and the expenditures decreased by 7.41% from prior year. The ending fund balance showed an increase of 8.02% from the prior year of \$1,964,695 to \$2,122,285.
- For the year ended, mental health expenditures totaled approximately \$909,000, an increase of 57.40% from the prior year. The mental health fund balance decreased by \$36,000 over the prior year.

INDIVIDUAL FUND ANALYSIS (Continued)

- The secondary roads fund revenues decreased 4.91% from prior year, whereas, the expenditures increased by 22.43% from the prior year. In the prior year, the County experienced a fire at one of the maintenance shops. The County has received the insurance proceeds for the building and some equipment and has rebuilt the shop.
- The rural services fund revenues increased by 3.40% from the prior year, and the expenditures increased by 8.69% from the prior year. The rural services fund balance at year end decreased by approximately \$3,000 or .43%.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its budget once. The amendment was made in May 2014 and resulted in an increase in general fund disbursements and revenues. However, this did not require an increase in taxes as the County received more intergovernmental revenues than originally projected.

The amendment made during the 2014 fiscal year should have no impact on the 2015 fiscal year's budget.

The following shows the original and amended budget for fiscal 2014 as well as the actual revenue and expenditures for the year:

|                                      | Budgetary Comparison Schedule |                  |                  |                 |
|--------------------------------------|-------------------------------|------------------|------------------|-----------------|
|                                      | (Expressed in Thousands)      |                  |                  |                 |
|                                      | Budget Basis                  | Budget Amounts   |                  | Variance        |
|                                      | Original                      | Final            |                  |                 |
| <b>REVENUES</b>                      |                               |                  |                  |                 |
| Property and other County tax        | \$ 8,819                      | \$ 8,934         | \$ 8,934         | \$ (115)        |
| Interest and penalty on property tax | 55                            | 58               | 58               | (3)             |
| Intergovernmental                    | 5,146                         | 5,394            | 4,897            | 249             |
| Licenses and permits                 | 37                            | 25               | 35               | 2               |
| Charges for service                  | 464                           | 520              | 535              | (71)            |
| Use of money and property            | 160                           | 214              | 180              | (20)            |
| Miscellaneous                        | 836                           | 1,245            | 793              | 43              |
| <b>Total revenues</b>                | <b>\$ 15,517</b>              | <b>\$ 16,390</b> | <b>\$ 15,432</b> | <b>\$ 85</b>    |
| <b>EXPENDITURES</b>                  |                               |                  |                  |                 |
| Public safety and legal services     | \$ 2,767                      | \$ 2,677         | \$ 2,861         | \$ 94           |
| Physical health and social services  | 670                           | 761              | 895              | 225             |
| Mental health                        | 610                           | 860              | 860              | 250             |
| County environment and education     | 1,316                         | 1,384            | 1,401            | 85              |
| Roads and transportation             | 7,635                         | 7,482            | 7,782            | 147             |
| Governmental services to residents   | 672                           | 696              | 711              | 39              |
| Administration                       | 1,489                         | 1,482            | 1,716            | 227             |
| Non-program                          | 26                            | 1                | 1                | (25)            |
| Debt service                         | 334                           | 325              | 340              | 6               |
| Capital projects                     | 1,158                         | 2,237            | 1,387            | 229             |
| <b>Total expenditures</b>            | <b>\$ 16,677</b>              | <b>\$ 17,905</b> | <b>\$ 17,954</b> | <b>\$ 1,277</b> |

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2014, Clayton County had \$22,098,398 invested in a broad range of capital assets, including large road equipment, infrastructure, and buildings for the governmental activities.

The County had depreciation expense of \$1,606,141 for fiscal year 2014 and total accumulated depreciation of \$12,873,330 as of June 30, 2014 for the governmental activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-term Liabilities

At year-end, the County had approximately \$2,844,000 in bonds and other debt compared to approximately \$3,132,000 last year.

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$74,124,934 limit.

Other obligations include accrued vacation pay. More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

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

At the time these financial statements were prepared and audited, the County was aware of several existing circumstances that could affect and/or explain its financial health in the future:

- Clayton County has a population of 18,129 in the 2010 census, which was a loss of 538 from the 2000 census. Clayton County ranks 39th from the top of the 99 counties in Iowa in population.
- County spending in FY14 was \$937 per capita and property taxes per capita were \$436, which both ranks relative to its population when compared to other Iowa counties.
- Clayton County has a tax base for FY2015 of \$855,394,425 taxable assessed and \$1,722,621,415 100% assessed. This is a 4.3% increase in taxable value from FY2014. Clayton County is the fifth largest county in Iowa according to land mass.
- Clayton County has a 1% local option sales tax that produced \$848,255 for FY2014, which is used 85% for local road projects and 15% for rural betterment. This revenue source supplements property tax revenues for each purpose.
- Clayton County received an A1 bond rating from Moody's Investor Service in September 2010.

The FY2015 budget contains receipts totaling \$16.8 million and disbursements totaling \$17.9 million compared to the FY2014 budget of \$16.4 million in receipts and \$17.9 million in disbursements.

The trend in County property taxes levied shows a five-year average change of 2.5% increase from FY2011 to FY2015.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)**

**Property Tax Rates:**

Clayton County's property tax rate consists of two major types. The countywide rate is levied on all property in the County and for FY15 will be \$7.36278/\$1,000 of taxable assessed valuation (100% assessed after a rollback percentage is applied, if any). The rural only rate is \$3.37065/\$1,000 of taxable assessed valuation. Thus, for rural property the total rate is the countywide plus the rural only rate for a total of \$10.73343/\$1,000. This ranks Clayton County as 22nd and 24th from the top rate in the state. The mean rate of all counties in Iowa is \$6.76079/\$1,000 countywide rate and \$5.14209/\$1,000 rural only rate.

| <u>TAX RATE COMPARISON</u> | <u>FY2015</u> | <u>FY2014</u> | <u>FY2013</u> | <u>FY2012</u> |
|----------------------------|---------------|---------------|---------------|---------------|
| County wide rate           | \$7.36278     | \$7.42094     | \$7.41686     | \$7.33970     |
| Rural rate                 | \$10.73343    | \$10.79159    | \$10.78751    | \$10.71035    |

Tax rates are expressed in dollars per \$1,000 of taxable valuation.

Some information taken from 2014 Iowa State Association of Counties Financial Overview Study.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Clayton 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 County Auditor's Office, Clayton County, 111 High St NE, Elkader, IA 52043.

CLAYTON COUNTY  
STATEMENT OF NET POSITION  
June 30, 2014

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and pooled investments  | \$ 6,497,502               |
| Receivables  |                            |
| Property tax   |                            |
| Delinquent   | 5,593                      |
| Succeeding year  | 8,176,582                  |
| Interest and penalty on property tax                                     | 5,157                      |
| Accounts   | 53,953                     |
| Notes, short-term  | 7,254                      |
| Accrued interest   | 4,663                      |
| Due from other governments   | 608,618                    |
| Inventories  | 419,713                    |
| Prepaid expenses   | 106,688                    |
| Notes receivable, long-term  | 49,771                     |
| Nondepreciable capital assets  | 399,209                    |
| Capital assets, net of accumulated depreciation                          | 21,699,189                 |
|  | \$ 38,033,892              |
| <b>Total assets</b>  | <b>\$ 38,033,892</b>       |
| <b>LIABILITIES</b>   |                            |
| Accounts payable   | \$ 884,582                 |
| Salaries and benefits payable  | 102,575                    |
| Accrued interest payable   | 5,908                      |
| Due to other governments   | 351,186                    |
| Long-term liabilities  |                            |
| Portion due within one year  |                            |
| Bonds payable  | 281,000                    |
| Compensated absences   | 418,053                    |
| Portion due after one year   |                            |
| Bonds payable  | 2,145,000                  |
| Net OPEB obligation  | 164,238                    |
|  | 4,352,542                  |
| <b>Total liabilities</b>   | <b>4,352,542</b>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                            |
| Succeeding year property tax   | 8,176,582                  |
| <b>NET POSITION</b>  |                            |
| Net investment in capital assets   | 19,672,398                 |
| Restricted for   |                            |
| Inventories  | 419,713                    |
| Mental health  | 272,922                    |
| Rural services   | 708,584                    |
| Secondary roads  | 2,777,511                  |
| Debt service   | 29,451                     |
| Other special revenue  | 115,409                    |
| Other purposes   | 176,633                    |
| Unrestricted   | 1,332,147                  |
|  | 25,504,768                 |
| <b>Total net position</b>  | <b>25,504,768</b>          |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <b>\$ 38,033,892</b>       |

See Notes to Financial Statements.

CLAYTON COUNTY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014

| Functions and Programs                     | Expenses             | Program Revenues        |                     |                   | Net (Expense)<br>Revenue and Changes<br>in Net Position |
|--|----------------------|-------------------------|---------------------|-------------------|---|
|  |                      | Charges for<br>Services | Operating<br>Grants | Capital<br>Grants |   |
| <b>Governmental activities</b>             |                      |                         |                     |                   |   |
| Public safety and legal services           | \$ 2,867,537         | \$ 138,636              | \$ 62,889           |                   | \$ (2,666,012)  |
| Physical health and social services        | 680,936              | 13,767                  | 170,511             |                   | (496,658)   |
| Mental health                              | 908,673              | 14,907                  |                     |                   | (893,766)   |
| County environment and education           | 1,280,830            | 51,782                  | 90,645              | \$ 6,226          | (1,132,177)   |
| Roads and transportation                   | 6,030,100            | 77,012                  | 3,531,749           | 506,765           | (1,914,574)   |
| Governmental services to residents         | 688,727              | 296,443                 | 12,051              |                   | (380,233)   |
| Administration                             | 1,072,000            | 18,195                  | 150,208             |                   | (903,597)   |
| Non-program                                | 1,083,991            |                         |                     | 32,894            | (1,051,097)   |
| Depreciation (unallocated)                 | 184,741              |                         |                     |                   | (184,741)   |
| Long-term debt interest and fees           | 58,199               |                         |                     |                   | (58,199)  |
| <b>Total governmental activities</b>       | <b>\$ 14,855,734</b> | <b>\$ 610,742</b>       | <b>\$ 4,018,053</b> | <b>\$ 545,885</b> | <b>(9,681,054)</b>                                      |
| <b>General revenues</b>                    |                      |                         |                     |                   |   |
| Property taxes levied for general purposes |                      |                         |                     |                   | 7,841,275   |
| Penalty and interest on property taxes     |                      |                         |                     |                   | 54,616  |
| State tax credits                          |                      |                         |                     |                   | 448,588   |
| Local option sales tax                     |                      |                         |                     |                   | 848,254   |
| Franchise tax                              |                      |                         |                     |                   | 137,839   |
| Rents                                      |                      |                         |                     |                   | 62,941  |
| Grants and contributions                   |                      |                         |                     |                   | 15,596  |
| Unrestricted investment earnings           |                      |                         |                     |                   | 63,095  |
| Loss on sale of fixed assets               |                      |                         |                     |                   | (10,610)  |
| Insurance proceeds                         |                      |                         |                     |                   | 95,353  |
| Miscellaneous                              |                      |                         |                     |                   | 171,948   |
| <b>Total general revenues</b>              |                      |                         |                     |                   | <b>9,728,895</b>  |
| <b>Change in net assets</b>                |                      |                         |                     |                   | <b>47,841</b>   |
| <b>Net position, beginning of year</b>     |                      |                         |                     |                   | <b>25,456,927</b>                                       |
| <b>Net position, end of year</b>           |                      |                         |                     |                   | <b>\$ 25,504,768</b>                                    |

See Notes to Financial Statements.

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CLAYTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

|   | General             | Special Revenue     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   |                     | Mental Health       | Rural Services      | Secondary Roads     |
| <b>ASSETS</b>   |                     |                     |                     |                     |
| Cash and pooled investments   | \$ 2,097,266        | \$ 561,743          | \$ 680,395          | \$ 2,972,392        |
| Receivables   |                     |                     |                     |                     |
| Property tax  |                     |                     |                     |                     |
| Delinquent  | 3,894               | 639                 | 829                 |                     |
| Succeeding year   | 5,054,754           | 828,586             | 1,969,267           |                     |
| Interest and penalty on property tax  | 5,157               |                     |                     |                     |
| Accounts  | 46,182              |                     |                     | 7,503               |
| Accrued interest  | 4,622               |                     |                     |                     |
| Notes   |                     |                     |                     | 57,025              |
| Due from other funds  | 71,384              |                     | 21,354              | 512                 |
| Due from other governments  | 79,887              | 10,630              | 20,566              | 497,535             |
| Prepaid expenditures  | 106,688             |                     |                     |                     |
| Inventories   |                     |                     | 43,677              | 376,036             |
| <b>Total assets</b>   | <b>\$ 7,469,834</b> | <b>\$ 1,401,598</b> | <b>\$ 2,736,088</b> | <b>\$ 3,911,003</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b>       |                     |                     |                     |                     |
| <b>Liabilities</b>  |                     |                     |                     |                     |
| Accounts payable  | \$ 171,189          | \$ 45               | \$ 12,436           | \$ 678,222          |
| Salaries and benefits payable   | 44,160              | 45                  | 654                 | 57,716              |
| Due to other funds  | 21,554              |                     | 312                 | 710                 |
| Due to other governments  | 29,220              | 300,000             | 1,158               | 20,808              |
| <b>Total liabilities</b>  | <b>266,123</b>      | <b>300,090</b>      | <b>14,560</b>       | <b>757,456</b>      |
| <b>Deferred inflows of resources</b>  |                     |                     |                     |                     |
| <b>Unavailable revenues</b>   |                     |                     |                     |                     |
| Succeeding year property tax  | 5,054,754           | 828,586             | 1,969,267           |                     |
| Other   | 26,672              | 561                 | 678                 | 93,884              |
| <b>Total deferred inflows of resources</b>                                    | <b>5,081,426</b>    | <b>829,147</b>      | <b>1,969,945</b>    | <b>93,884</b>       |
| <b>Fund balances (deficit)</b>  |                     |                     |                     |                     |
| Nonspendable  | 106,688             |                     | 43,677              | 376,036             |
| Restricted  | 69,945              | 272,361             | 707,906             | 2,683,627           |
| Unassigned  | 1,945,652           |                     |                     |                     |
| <b>Total fund balances</b>  | <b>2,122,285</b>    | <b>272,361</b>      | <b>751,583</b>      | <b>3,059,663</b>    |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$ 7,469,834</b> | <b>\$ 1,401,598</b> | <b>\$ 2,736,088</b> | <b>\$ 3,911,003</b> |

See Notes to Financial Statements.

EXHIBIT C

| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------|--------------------------------|
| \$ 185,706                        | \$ 6,497,502                   |
| 231                               | 5,593                          |
| 323,975                           | 8,176,582                      |
|                                   | 5,157                          |
| 268                               | 53,953                         |
| 41                                | 4,663                          |
|                                   | 57,025                         |
|                                   | 93,250                         |
|                                   | 608,618                        |
|                                   | 106,688                        |
|                                   | 419,713                        |
| <u>\$ 510,221</u>                 | <u>\$ 16,028,744</u>           |
| \$ 22,690                         | \$ 884,582                     |
|                                   | 102,575                        |
| 70,674                            | 93,250                         |
|                                   | 351,186                        |
| <u>93,364</u>                     | <u>1,431,593</u>               |
| 323,975                           | 8,176,582                      |
| 200                               | 121,995                        |
| <u>324,175</u>                    | <u>8,298,577</u>               |
|                                   | 526,401                        |
| 153,351                           | 3,887,190                      |
| (60,669)                          | 1,884,983                      |
| <u>92,682</u>                     | <u>6,298,574</u>               |
| <u>\$ 510,221</u>                 | <u>\$ 16,028,744</u>           |

CLAYTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

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|  |                      |
|--|----------------------|
| Reconciliation of governmental fund balances to net position   |                      |
| Total governmental fund balances   | \$ 6,298,574         |
| Amounts reported for governmental activities<br>in the statement of net position are different because:  |                      |
| Capital assets used in governmental activities are not<br>financial resources and therefore are not reported as assets<br>in the governmental funds, net of accumulated depreciation of<br>\$ 12,873,330 | 22,098,398           |
| Other long-term assets are not available to pay for current<br>period expenditures and therefore are deferred in the funds   | 121,995              |
| Long-term liabilities, including bonds payable and accrued<br>interest, are not due and payable in the current period and<br>therefore are not reported as liabilities in the funds                      |                      |
| Bonds payable  | (2,426,000)          |
| Compensated absences   | (418,053)            |
| OPEB obligation  | (164,238)            |
| Accrued interest   | (5,908)              |
| Net position of governmental activities  | <u>\$ 25,504,768</u> |

See Notes to Financial Statements.

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CLAYTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

|   | General             | Special Revenue   |                   |                     |
|---|---------------------|-------------------|-------------------|---------------------|
|   |                     | Mental Health     | Rural Services    | Secondary Roads     |
| <b>REVENUES</b>   |                     |                   |                   |                     |
| Property and other County tax   | \$ 4,814,442        | \$ 807,526        | \$ 1,838,292      |                     |
| Local option sales tax  |                     |                   | 127,239           | \$ 721,016          |
| Interest and penalty on property tax  | 54,683              |                   |                   |                     |
| Intergovernmental   | 608,512             | 60,142            | 106,537           | 4,291,734           |
| Licenses and permits  | 20,576              |                   |                   | 14,375              |
| Charges for service   | 447,208             | 4,783             | 7,555             | 738                 |
| Use of money and property   | 155,715             |                   |                   | 5                   |
| Miscellaneous   | 238,897             |                   | 2,018             | 70,377              |
| <b>Total revenues</b>   | <b>6,340,033</b>    | <b>872,451</b>    | <b>2,081,641</b>  | <b>5,098,245</b>    |
| <b>EXPENDITURES</b>   |                     |                   |                   |                     |
| <b>Current</b>  |                     |                   |                   |                     |
| Public safety and legal services  | 2,765,224           |                   | 28,356            |                     |
| Physical health and social services   | 648,934             |                   | 21,265            |                     |
| Mental health   |                     | 908,673           |                   |                     |
| County environment and education  | 677,768             |                   | 424,540           | 3,439               |
| Roads and transportation  |                     |                   |                   | 7,599,968           |
| Governmental services to residents  | 668,393             |                   |                   |                     |
| Administration  | 1,489,499           |                   |                   |                     |
| Non-program   | 559                 |                   | 10,700            |                     |
| Debt service  |                     |                   |                   |                     |
| Capital projects  | 28,072              |                   |                   | 1,058,316           |
| <b>Total expenditures</b>   | <b>6,278,449</b>    | <b>908,673</b>    | <b>484,861</b>    | <b>8,661,723</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>  | <b>61,584</b>       | <b>(36,222)</b>   | <b>1,596,780</b>  | <b>(3,563,478)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                   |                   |                     |
| Transfers in  | 81,096              |                   |                   | 1,600,000           |
| Insurance proceeds  | 64,910              |                   |                   | 30,443              |
| Transfers out   | (50,000)            |                   | (1,600,000)       |                     |
|   | 96,006              | -                 | (1,600,000)       | 1,630,443           |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b> | <b>157,590</b>      | <b>(36,222)</b>   | <b>(3,220)</b>    | <b>(1,933,035)</b>  |
| <b>FUND BALANCES, beginning of year</b>   | <b>1,964,695</b>    | <b>308,583</b>    | <b>754,803</b>    | <b>4,992,698</b>    |
| <b>FUND BALANCES, end of year</b>   | <b>\$ 2,122,285</b> | <b>\$ 272,361</b> | <b>\$ 751,583</b> | <b>\$ 3,059,663</b> |

See Notes to Financial Statements.

EXHIBIT D

| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------|--------------------------------|
| \$ 508,060                        | \$ 7,968,320                   |
|                                   | 848,255                        |
|                                   | 54,683                         |
| 96,376                            | 5,163,301                      |
|                                   | 34,951                         |
| 3,602                             | 463,886                        |
| 663                               | 156,383                        |
| 24,595                            | 335,887                        |
| <u>633,296</u>                    | <u>15,025,666</u>              |
|                                   | 2,793,580                      |
|                                   | 670,199                        |
|                                   | 908,673                        |
| 196,597                           | 1,302,344                      |
|                                   | 7,599,968                      |
| 5,015                             | 673,408                        |
|                                   | 1,489,499                      |
|                                   | 11,259                         |
| 333,895                           | 333,895                        |
| 133,244                           | 1,219,632                      |
| <u>668,751</u>                    | <u>17,002,457</u>              |
| <u>(35,455)</u>                   | <u>(1,976,791)</u>             |
| 50,000                            | 1,731,096                      |
|                                   | 95,353                         |
| <u>(81,096)</u>                   | <u>(1,731,096)</u>             |
| <u>(31,096)</u>                   | <u>95,353</u>                  |
| (66,551)                          | (1,881,438)                    |
| <u>159,233</u>                    | <u>8,180,012</u>               |
| <u>\$ 92,682</u>                  | <u>\$ 6,298,574</u>            |

CLAYTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

|  |                |             |
|--|----------------|-------------|
| Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities   |                |             |
| Net change in fund balances - total governmental funds   | \$             | (1,881,438) |
| Amounts reported for governmental activities in the statement of activities are different because:   |                |             |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.               |                |             |
| Depreciation   | \$ (1,606,141) |             |
| Capital outlays  | 3,502,849      | 1,896,708   |
| 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  |                |             |
| Property tax   | 10,723         |             |
| Other  | (217,557)      | (206,834)   |
| The net effect of disposal of capital assets   |                | (10,610)    |
| Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Current year repayments exceeded issues, as follows: |                |             |
| Repaid   | 296,354        | 296,354     |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.  |                |             |
|  |                | 1,194       |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  |                |             |
| OPEB obligation  |                | (38,856)    |
| Compensated absences   |                | (8,677)     |
| Change in net position of governmental activities  | \$             | 47,841      |

See Notes to Financial Statements.

CLAYTON COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
June 30, 2014

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|                             |                |
|-----------------------------|----------------|
| <b>ASSETS</b>               |                |
| Cash and pooled investments |                |
| County Treasurer            | \$ 1,539,682   |
| Other County officials      | 30,088         |
| Receivables                 |                |
| Property tax                |                |
| Delinquent                  | 15,332         |
| Succeeding year             | 17,244,005     |
| Accounts                    | 3,765          |
| Accrued interest            | 42             |
| Due from other governments  | 51,942         |
| Prepaid insurance           | 1,058          |
|                             | <hr/>          |
| Total assets                | 18,885,914     |
|                             | <hr/>          |
| <b>LIABILITIES</b>          |                |
| Accounts payable            | 58,323         |
| Due to other governments    | 18,789,881     |
| Trusts payable              | 21,969         |
| Compensated absences        | 15,741         |
|                             | <hr/>          |
| Total liabilities           | 18,885,914     |
|                             | <hr/>          |
| <b>NET POSITION</b>         | <b>\$ None</b> |
|                             | <hr/> <hr/>    |

See Notes to Financial Statements.

# CLAYTON COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of Operations and Significant Accounting Policies

#### a. Nature of Operations

Clayton 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.

#### b. Significant Accounting Policies

##### *Scope of Reporting Entity*

For financial reporting purposes, Clayton County has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units, which meet the Governmental Accounting Standards Board criteria.

##### *Jointly Governed Organizations*

The County 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: Clayton County Assessor's Conference Board, Clayton County Disaster Services Board, Clayton County Planning and Zoning Committee and Clayton County E-911 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 agency funds of the County. The County Board of Supervisors also appoints a representative to the Winneshiek County Area Solid Waste Agency Board.

##### *Government-wide Financial Statements*

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax and intergovernmental revenues and other non-exchange transactions.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Government-wide Financial Statements (Continued)*

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 that are 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 that are 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 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 other nonmajor governmental funds.

The funds of the financial reporting entity are described below:

*Governmental*

*General Fund*

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education, governmental services to residents and administration.

*Special Revenue Funds*

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

The rural services fund is used to account for property tax and other revenues to provide services, which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The secondary roads fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the general fund and the special revenue, rural services fund and other revenues to be used for secondary road construction and maintenance.

*Debt Service Fund*

The debt service fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Fund Financial Statements (Continued)*

*Governmental (Continued)*

*Capital Project Funds*

The capital project funds are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

*Fiduciary Fund Types*

*Agency Funds*

The agency funds are used to account for assets held by the County in a trustee or custodial capacity for other entities, such as individual, or other governmental units.

*Measurement Focus*

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the “economic resources” measurement focus. This means that all assets and liabilities, whether current or non-current, associated with their activity are included on their statement of net position. In reporting the financial activity on the government-wide statements, the County applies all applicable GASB pronouncements.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

*Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are accounted for using the accrual basis of accounting. Revenues are recognized as earned, and expenses are recognized when incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Basis of Accounting (Continued)*

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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.

*Assets, Liabilities, Deferred Inflows of Resources and Fund Equity*

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

*Cash Management and Investments*

The County Treasurer maintains one primary demand deposit account through which the majority of the County's cash resources are processed.

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. All of the investments carried in the financial statements, which consist of bank time deposits and bank certificates of deposit, are stated at cost. Cost approximates market value for investments at June 30, 2014.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*

*Property Tax Receivable*

Property taxes in the governmental funds are 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 that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes 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 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 the governmental 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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

Local option sales tax revenue is allocated 85% to secondary roads and 15% to rural services special revenue funds. The County deposits gaming tax revenues in the general fund.

*Interfund Transactions*

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*

*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. The costs of inventory items are recorded as expenditures in the governmental fund types when used. Reported inventories in the governmental fund financial statements are equally offset by a nonspendable fund balance, which indicates that they are not available to liquidate current obligations.

*Prepaid Expenditures*

Payments made for insurance for a future period beyond June 30, 2014 are recorded as prepaid insurance. The fund balances in the governmental fund types have been recorded as nonspendable for the prepaid expenditures recorded in those funds. This reflects the amount of net position not currently available for expenditure.

*Capital Assets*

Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 are reported on the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost or estimated 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 repairs 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   |
|----------------------------------|----------|
| Land, buildings and improvements | \$ 5,000 |
| Equipment and vehicles           | 5,000    |
| Infrastructure, road networks    | 50,000   |
| Intangibles                      | 50,000   |

Property and equipment of the County is depreciated using the straight-line method over the following estimated useful lives:

| Asset Class                   | Estimated Useful Lives in (Years) |
|-------------------------------|-----------------------------------|
| Buildings and improvements    | 25-50                             |
| Land improvements             | 10-50                             |
| Equipment                     | 3-50                              |
| Vehicles                      | 5-15                              |
| Infrastructure, road networks | 10-65                             |

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*  
*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 Inflows of Resources*

In the fund financial statements, certain revenues are measurable, however 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 inflows of resources 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 inflow of resources consists of unspent grant proceeds, the succeeding year property tax receivable as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the statement of net position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

*Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

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

*Compensated Absences*

County employees receive vacation leave at the following rates:

| Years of Service | Vacation Days Earned per Month |
|------------------|--------------------------------|
| After 1          | .42                            |
| 2-7              | .83                            |
| 8-16             | 1.25                           |
| 17*              | 1.67                           |

\*Secondary road employees only

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)*  
*Compensated Absences (Continued)*

Employees may accumulate up to 20 days vacation and carryover up to five days each year. Sick leave accrues at the rate of two days per month and employees may accumulate up to 90 days sick leave. These accumulations are not recognized as expenditures by the County until used. The County's policy generally prohibits payoff of accumulated sick leave at termination of employment, except if the employee retires after age 62 and with at least 8 years of continuous service, 30% is paid. Consequently, no liability for accumulated sick leave at June 30, 2014 has been determined or presented since management has determined it to be immaterial. Also, after 90 days of sick leave has been accumulated, sick leave may be converted to a maximum of 5 vacation days on a sliding scale. A liability is recorded in the government-wide and fiduciary fund financial statements. The County's approximate maximum liability for accrued vacation pay at June 30, 2014 is \$418,053.

In accordance with the Code of Iowa Chapter 509A.13, the County provides post-employment health care benefits. Employees retiring before attaining sixty-five years of age may continue participation in the plan at their own expense until the employee attains sixty-five years.

*Fund Balance*

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

- *Nonspendable fund balances* are amounts, which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted fund balances* are amounts restricted to specific purposes when constraints place on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.
- *Unassigned fund balances* are the remaining fund balance, which is not included in other spendable classifications.

*Net Position*

Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets.

Restricted net positions consists of net positions with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net positions are used first when an expense is incurred for purposes for both restricted and unrestricted net positions.

Unrestricted net positions represent the difference between assets and liabilities that are not restricted and can be used for future obligations of the County. Unrestricted net positions are often subject to constraints imposed by management, which can be removed or modified.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as required supplementary information. Expenditures for the year ended June 30, 2014 did not exceed the certified budget.

*Management Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits and Investments

The County's deposits in banks at June 30, 2014 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 and improvement certificates of a drainage district.

*Interest Rate Risk*

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

NOTES TO FINANCIAL STATEMENTS

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3. Due from Other Governments

Due from other governments consist of the following at June 30, 2014:

|   |            |
|---|------------|
| Governmental                                  |            |
| General fund                                  |            |
| Hotel/motel tax                               | \$ 3,160   |
| Community Development Block Grant             | 16,706     |
| Bureau Outdoor Recreation                     | 12,150     |
| Department of Health reimbursement            | 3,230      |
| Emergency Preparedness Grant                  | 15,579     |
| Federal Emergency Management Grant            | 3,671      |
| Public Health Grant                           | 4,047      |
| Impaired Driving and Alcohol Compliance Grant | 4,500      |
| Other   | 16,844     |
|   | 79,887     |
| Special revenue fund                          |            |
| Mental health fund                            |            |
| County social services reimbursement          | 10,630     |
|   | 20,566     |
| Rural services fund                           |            |
| Local option sales tax                        |            |
|   | 116,538    |
| Secondary roads fund                          |            |
| Local option sales tax                        | 268,100    |
| Road use tax                                  | 96,049     |
| Federal Emergency Management Grant            | 4,710      |
| Farm to market payments                       | 11,800     |
| Road construction reimbursements              | 338        |
| Other   | 338        |
|   | 497,535    |
|   | \$ 608,618 |

NOTES TO FINANCIAL STATEMENTS

4. **Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

|  | Balance<br>June 30, 2013 | Additions           | Deletions        | Balance<br>June 30, 2014 |
|--|--------------------------|---------------------|------------------|--------------------------|
| <b>Governmental activities</b>                     |                          |                     |                  |                          |
| Land   | \$ 359,209               | \$ 40,000           |                  | \$ 399,209               |
| <b>Capital assets being depreciated</b>            |                          |                     |                  |                          |
| Buildings  | 6,857,780                | 1,294,735           |                  | 8,152,515                |
| Equipment  | 9,620,845                | 1,138,112           | \$ 373,150       | 10,385,807               |
| Infrastructure                                     | 15,004,195               | 1,030,002           |                  | 16,034,197               |
| <b>Total capital assets being depreciated</b>      | <b>31,482,820</b>        | <b>3,462,849</b>    | <b>373,150</b>   | <b>34,572,519</b>        |
| <b>Less accumulated depreciation</b>               |                          |                     |                  |                          |
| Building   | 2,447,344                | 236,975             |                  | 2,684,319                |
| Equipment  | 5,240,531                | 793,246             | 362,540          | 5,671,237                |
| Infrastructure                                     | 3,941,854                | 575,920             |                  | 4,517,774                |
| <b>Total accumulated depreciation</b>              | <b>11,629,729</b>        | <b>1,606,141</b>    | <b>362,540</b>   | <b>12,873,330</b>        |
| <b>Total capital assets being depreciated, net</b> | <b>19,853,091</b>        | <b>1,856,708</b>    | <b>10,610</b>    | <b>21,699,189</b>        |
| <b>Governmental activities</b>                     |                          |                     |                  |                          |
| <b>Capital assets, net</b>                         | <b>\$ 20,212,300</b>     | <b>\$ 1,896,708</b> | <b>\$ 10,610</b> | <b>\$ 22,098,398</b>     |

Depreciation expense was charged to functions of the primary government as follows:

|                                     |                     |
|-------------------------------------|---------------------|
| <b>Governmental activities</b>      |                     |
| Public safety and legal services    | \$ 252,077          |
| Physical health and social services | 9,425               |
| County environment and education    | 10,298              |
| Roads and transportation            | 1,103,742           |
| Governmental services to residents  | 13,826              |
| Administration                      | 32,032              |
| Depreciation (unallocated)          | 184,741             |
|                                     | <b>\$ 1,606,141</b> |

5. **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.

NOTES TO FINANCIAL STATEMENTS

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5. Due to Other Governments (Continued)

A summary of amounts due to other governments is shown below as follows:

|   |                    |   |
|---|--------------------|---|
| <p>Governmental</p> <p>General fund</p>               | <p>Services</p>    | <p style="text-align: right;">\$ 29,220</p>     |
|   |                    |   |
| <p>Special revenue fund</p> <p>Mental health</p>      | <p>Services</p>    | <p style="text-align: right;">300,000</p>       |
|   |                    |   |
| <p>Rural services</p>                                 | <p>Services</p>    | <p style="text-align: right;">1,158</p>         |
|   |                    |   |
| <p>Secondary roads</p>                                | <p>Services</p>    | <p style="text-align: right;">20,808</p>        |
|   |                    |   |
| <p>Total governmental</p>                             |                    | <p style="text-align: right;">\$ 351,186</p>    |
|   |                    |   |
| <p>Fiduciary</p> <p>Agency</p> <p>County Assessor</p> | <p>Collections</p> | <p style="text-align: right;">\$ 1,102,972</p>  |
| <p>Schools</p>  |                    | <p style="text-align: right;">11,764,795</p>    |
| <p>Area schools</p>                                   |                    | <p style="text-align: right;">806,069</p>       |
| <p>Corporations</p>                                   |                    | <p style="text-align: right;">3,797,948</p>     |
| <p>Townships</p>                                      |                    | <p style="text-align: right;">502,593</p>       |
| <p>Auto license and use tax</p>                       |                    | <p style="text-align: right;">451,665</p>       |
| <p>Agricultural Extension Education</p>               |                    | <p style="text-align: right;">201,833</p>       |
| <p>County offices</p>                                 |                    | <p style="text-align: right;">8,119</p>         |
| <p>Other</p>  |                    | <p style="text-align: right;">153,887</p>       |
|   |                    |   |
| <p>Total agency funds</p>                             |                    | <p style="text-align: right;">\$ 18,789,881</p> |

6. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95%, 5.78%, and 5.38% of their annual covered salary and the County is required to contribute 8.93%, 8.67%, and 8.07% of annual covered salary for the years ended June 30 2014, 2013, and 2012 respectively. 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 contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$439,297, \$411,979, and \$385,699, respectively, equal to the required contributions for each year.

## NOTES TO FINANCIAL STATEMENTS

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### 7. Cafeteria Plan

The County sponsors a Section 125 cafeteria plan. The benefits available under the plan are health insurance and day care. Participants may elect salary reduction to cover family health insurance, non-covered medical and dental expenses, and day care. There were 29 participants in the plan for the plan year ended December 31, 2013.

### 8. Construction, Purchase, and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2014 amount to \$976,430 and commitments to be reimbursed is \$594,413.

The Board of Supervisors has agreed to provide Scenic Acres financial support for the period July 1, 2014 through June 30, 2015. Financial support for the year ended June 30, 2014 totaled \$264,766.

The County has entered into five tax increment financing (TIF) arrangements:

- The River Bluff Urban Renewal Area requires quarterly payments of 50% of the hotel/motel tax collected by the County to River Bluff. Property tax revenues from property valuation increases in the TIF area will be used to retire a \$20,000,000 Revenue Bond to be issued by the County. The County has approved to vacate the property.
- The Diamond Eagle Village Urban Renewal Area, which calls for payments of property tax revenues from property valuation increases in the TIF area to be made to the developer, as revenues are available until June 1, 2016. Total payments to the developer are not to exceed \$430,000.
- The Mining Urban Renewal Area, which requires payments of 75% of the incremental tax collected by the County until June 1, 2016, and the payments, should not exceed \$2,000,000.
- The Clayton County Recycling Urban Renewal Area, which calls for payments of property tax revenues from property valuation increases in the TIF area to be made to the Company, as revenues are available until June 1, 2017, with payments not exceeding \$250,000.
- Clayton County Ethanol Urban Renewal Area, which calls for payments of property tax revenues from property valuation increases in the TIF area to be made to the Company, as revenues are available until January 1, 2019 with payments not exceeding \$1,485,740.
- Payments of \$72,412, \$10,392, and \$113,793 were made under the Diamond Eagle Village, Recycling, and Mining Urban Renewal Areas respectively for the fiscal year ended June 30, 2014.

### 9. Leases

As of June 30, 2014, Clayton County was renting various county owned properties to other parties under operating leases. The leases vary in term but are typically short-term in nature.

NOTES TO FINANCIAL STATEMENTS

10. **Long-term Debt Obligations**

Long-term liability activity for the year ended June 30, 2014 was as follows:

|                                   | Balance<br>June 30, 2013 | Issued            | (Paid)              | Balance<br>June 30, 2014 | Amounts<br>Due Within<br>One Year |
|-----------------------------------|--------------------------|-------------------|---------------------|--------------------------|-----------------------------------|
| <b>Governmental activities</b>    |                          |                   |                     |                          |                                   |
| <b>General Obligation Bonds</b>   |                          |                   |                     |                          |                                   |
| Sewer improvement bond            | \$ 211,000               |                   | \$ (10,000)         | \$ 201,000               | \$ 11,000                         |
| County Building improvement bonds | 865,000                  |                   | (45,000)            | 820,000                  | 50,000                            |
| County refunding bonds            | 1,625,000                |                   | (220,000)           | 1,405,000                | 220,000                           |
| <b>Total bonds</b>                | <b>2,701,000</b>         | <b>\$ None</b>    | <b>(275,000)</b>    | <b>2,426,000</b>         | <b>281,000</b>                    |
| <b>Other liabilities</b>          |                          |                   |                     |                          |                                   |
| Leases payable                    | 21,354                   |                   | (21,354)            | None                     |                                   |
| Compensated absences              | 409,376                  | 418,053           | (409,376)           | 418,053                  | 418,053                           |
| <b>Total other liabilities</b>    | <b>430,730</b>           | <b>418,053</b>    | <b>(430,730)</b>    | <b>418,053</b>           | <b>418,053</b>                    |
| <b>Governmental activities</b>    |                          |                   |                     |                          |                                   |
| <b>Long-term liabilities</b>      | <b>\$ 3,131,730</b>      | <b>\$ 418,053</b> | <b>\$ (705,730)</b> | <b>\$ 2,844,053</b>      | <b>\$ 699,053</b>                 |

**General Obligation Bonds**

On May 13, 2010, the County approved the issuance of General Obligation Sewer Improvement Bonds in an amount not to exceed \$327,000. As of June 30, 2012, an amount of \$247,307 had been issued. The proceeds of these bonds were used to finance construction improvements to certain sanitary sewer treatment facilities for the County Jail and the County Care Center. The issue of bonds bears interest of 3.0% and matures from June 2014 to June 2026.

On October 1, 2010, the County issued \$2,295,000 of General Obligation Refunding Bonds. The proceeds of these bonds were used to pay off the General Obligation County Jail Bonds. The issue of bonds bears interest ranging from 1.10% to 2.55% and matures from May 2014 to May 2020.

On February 1, 2012, the County issued \$895,000 of General Obligation County Building Improvement Bonds. The proceeds of these bonds were used to renovate the County Building. The issue of bonds bears interest ranging from 2.0% to 2.15% and matures from June 2014 to June 2027.

NOTES TO FINANCIAL STATEMENTS

10. **Long-term Debt Obligations (Continued)**

A summary of the principal and interest maturities by type of debt is as follows:

| Year ending<br>June 30, | Governmental Activities  |            |
|-------------------------|--------------------------|------------|
|                         | General Obligation Bonds |            |
|                         | Principal                | Interest   |
| 2015                    | \$ 281,000               | \$ 53,747  |
| 2016                    | 286,000                  | 49,557     |
| 2017                    | 291,000                  | 44,553     |
| 2018                    | 302,000                  | 38,777     |
| 2019                    | 312,000                  | 32,065     |
| 2020-2024               | 641,000                  | 80,374     |
| 2025-2029               | 313,000                  | 20,520     |
|                         | \$ 2,426,000             | \$ 319,593 |

At June 30, 2014, the debt issued by the County did not exceed its legal debt margin compiled as follows:

|   |                  |
|---|------------------|
| Total assessed valuation                    | \$ 1,482,498,689 |
| Debt limit – 5% of total assessed valuation | \$ 74,124,934    |
| Debt applicable to debt limit               |                  |
| General obligation bonded debt outstanding  | (2,426,000)      |
| Legal debt margin                           | \$ 71,698,934    |

11. **Other Postemployment Benefits (OPEB)**

*Plan Description*

The County operates a single-employer retiree benefit plan, which provides medical/prescription drug benefits for retirees and their spouses. There are 106 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

*Funding Policy*

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

*Annual OPEB Cost and Net OPEB Obligation*

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

11. Other Postemployment Benefits (OPEB) (Continued)

*Annual OPEB Cost and Net OPEB Obligation (Continued)*

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

|  |    |         |
|--|----|---------|
| Annual required contribution               | \$ | 58,623  |
| Interest on net OPEB obligation            |    | 5,015   |
| Adjustment to annual required contribution |    | (4,793) |
| <br>                                       |    |         |
| Annual OPEB cost                           |    | 58,845  |
| Contributions made                         |    | 19,989  |
| <br>                                       |    |         |
| Increase in net OPEB obligation            |    | 38,856  |
| Net OPEB obligation beginning of year      |    | 125,382 |
| <br>                                       |    |         |
| Net OPEB obligation end of year            | \$ | 164,238 |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$19,989 to the medical plan. Plan members eligible for benefits contributed \$40,630 or 67% of the premium costs.

The County's annual OPEB cost, the percent of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

| Year Ended    | Annual<br>OPEB Cost | Percentage of<br>Annual OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|---------------|---------------------|--|------------------------|
| June 30, 2012 | \$ 51,943           | 57.7%  | \$ 82,223              |
| June 30, 2013 | \$ 58,644           | 26.4%  | \$ 125,382             |
| June 30, 2014 | \$ 58,845           | 34.0%  | \$ 164,238             |

*Funded Status and Funding Progress*

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$490,091, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$490,091. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,520,507 and the ratio of the UAAL to covered payroll was 10.8%. As of June 30, 2014, there were no trust fund assets.

11. Other Postemployment Benefits (OPEB) (Continued)

*Actuarial Methods and Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2012, actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching 5% ultimate trend rate.

Mortality rates are from RP-2000 Combined Mortality Table projected to 2014 using Scale AA.

12. Due to/from Other Funds

As of June 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

|                             | Due from<br>Other Funds | Due to<br>Other Funds |
|-----------------------------|-------------------------|-----------------------|
| General fund                | \$ 71,384               | \$ 21,554             |
| Special revenue funds       |                         |                       |
| Rural services              | 21,354                  | 312                   |
| Secondary roads             | 512                     | 710                   |
| Nonmajor governmental funds |                         | 70,674                |
|                             | \$ 93,250               | \$ 93,250             |

NOTES TO FINANCIAL STATEMENTS

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13. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

|                             | Transfers In | Transfers Out |
|-----------------------------|--------------|---------------|
| General fund                | \$ 81,096    | \$ 50,000     |
| Special revenue funds       |              |               |
| Rural services              |              | 1,600,000     |
| Secondary roads             | 1,600,000    |               |
| Nonmajor governmental funds | 50,000       | 81,096        |
| <br>Total                   | \$ 1,731,096 | \$ 1,731,096  |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Transfer from the rural services fund to secondary roads fund was to help pay for expenses incurred during the year. The transfer from the nonmajor governmental funds RISE Building and County Building to the general fund was to close the capital project funds. The transfer from the general fund to the nonmajor governmental fund Courthouse Clocktower renovation was to help fund the renovation.

14. Fund Equity

The government-wide statement of net position reports \$4,500,223 of restricted net position, of which \$3,903,877 is restricted by enabling legislation. The amounts restricted at June 30, 2014 are as follows:

|                                      |           |              |
|--------------------------------------|-----------|--------------|
| Restricted net position              |           |              |
| General fund                         |           |              |
| Forfeiture                           | \$ 7,372  |              |
| Prepaid expenditures                 | 106,688   |              |
| County Conservation Land Acquisition | 62,573    | \$ 176,633   |
| Special revenue fund                 |           |              |
| Inventories                          | 419,713   |              |
| Mental health                        | 272,922   |              |
| Rural services                       | 708,584   |              |
| Secondary roads                      | 2,777,511 | 4,178,730    |
| Nonmajor governmental funds          |           | 144,860      |
|                                      |           | \$ 4,500,223 |

NOTES TO FINANCIAL STATEMENTS

14. Fund Equity (Continued)

The governmental fund balances as of June 30, 2014 are as follows:

|                               |              |
|-------------------------------|--------------|
| Nonspendable                  |              |
| General fund                  | \$ 106,688   |
| Special revenue fund          |              |
| Rural services                | 43,677       |
| Secondary roads               | 376,036      |
|                               | \$ 526,401   |
| Restricted                    |              |
| General fund                  | \$ 69,945    |
| Special revenue fund          |              |
| Mental health                 | 272,361      |
| Rural services                | 707,906      |
| Secondary roads               | 2,683,627    |
| REAP                          | 99,931       |
| Recorder's records management | 15,478       |
| Capital project funds         |              |
| County Building               | 19           |
| Courthouse Clocktower         | 2,764        |
| Debt service                  | 35,159       |
|                               | \$ 3,887,190 |

15. Joint Venture

The County is a participant in the Winneshiek County Area Solid Waste Agency (agency). The County has agreed to guarantee revenue to the agency from County residents. The guarantee equals base year usage by County residents as a percentage of all base year usage sufficient to fund \$2,000,000 of bonded indebtedness amortized over 12 years. The guarantee was in effect until 2003. The County also guarantees revenue to cover expenses incurred to close the landfill and any other expenses incurred after closure. The County appoints a member to the agency board and is guaranteed access to the landfill so long as it is a member. The agency board sets tonnage fee rates, which are charged, to contracted haulers who are responsible for garbage collection and billing and collecting from local residents. Audited financial statements of Winneshiek County Area Solid Waste Agency are available at the agency's office located at 2000 140<sup>th</sup> Avenue, Decorah, IA 52101.

16. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

The County has certain contingent liabilities resulting from litigation and claims incident to the ordinary course of business. Management believes that the probable resolution of such contingencies will not materially affect the financial position or results of operations of the County.

**17. Risk Management**

Clayton 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 whose 700 members include various governmental entities throughout the State of Iowa. The pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of basis rate 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 property operating contributions, which are necessary to fund, on a cash basis, the pool's general and administrative expenses, reinsurance premiums, losses, and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the pool for the year ended June 30, 2014 were \$159,387.

The pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-bearing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

17. Risk Management (Continued)

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

18. Fund Balance Deficits

The tax increment financing nonmajor special revenue fund has a deficit fund balance as of June 30, 2014. The County plans to eliminate this deficit through property taxes received from the land in the area.

The communications infrastructure nonmajor capital project fund has a deficit fund balance as of June 30, 2014. The County plans to eliminate this deficit through reimbursements from third-party agreements.

19. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by the County. The statement which might impact the County is as follows:

GASB Statement 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ended June 30, 2015. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions which are provided by other entities. In addition, the statement of net position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

The County's management has not yet determined the effect this statement will have on the County's financial statements.

20. Accounting Change

GASB Statement 65, *Items Previously Classified as Assets and Liabilities*; and No. 66, *Technical Corrections – 2012, an amendment of GASB Statements 10 and 62*, were implemented during fiscal year 2014.

21. Subsequent Events

Management has evaluated subsequent events through March 10, 2015, the date on which the financial statements were available to be issued.

**Required Supplementary Information**

CLAYTON COUNTY  
 BUDGETARY COMPARISON SCHEDULE  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -  
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
 June 30, 2014

|   | Actual            | Budget Amounts    |                   | Final to Actual Variance- Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
|   |                   | Original          | Final             |   |
| <b>RECEIPTS</b>   |                   |                   |                   |   |
| Property and other County tax   | \$ 8,819,100      | \$ 8,933,582      | \$ 8,933,582      | \$ (114,482)                                  |
| Interest and penalty on property tax  | 54,683            | 58,300            | 58,300            | (3,617)                                       |
| Intergovernmental   | 5,145,822         | 5,394,426         | 4,896,627         | 249,195                                       |
| Licenses and permits  | 36,913            | 24,575            | 34,643            | 2,270   |
| Charges for service   | 464,419           | 520,600           | 534,940           | (70,521)                                      |
| Use of money and property   | 160,616           | 213,761           | 180,289           | (19,673)                                      |
| Miscellaneous   | 835,946           | 1,245,123         | 793,250           | 42,696  |
| <b>Total receipts</b>   | <b>15,517,499</b> | <b>16,390,367</b> | <b>15,431,631</b> | <b>85,868</b>                                 |
| <b>DISBURSEMENTS</b>  |                   |                   |                   |   |
| Public safety and legal services  | 2,766,655         | 2,677,266         | 2,860,656         | 94,001  |
| Physical health and social services   | 670,121           | 760,600           | 895,003           | 224,882                                       |
| Mental health   | 609,626           | 859,970           | 859,970           | 250,344                                       |
| County environment and education  | 1,316,122         | 1,383,751         | 1,400,751         | 84,629  |
| Roads and transportation  | 7,635,188         | 7,481,854         | 7,781,854         | 146,666                                       |
| Governmental services to residents  | 672,355           | 696,005           | 711,205           | 38,850  |
| Administration  | 1,489,300         | 1,482,574         | 1,716,054         | 226,754                                       |
| Non-program   | 25,977            | 1,300             | 1,300             | (24,677)                                      |
| Debt service  | 333,895           | 324,539           | 339,877           | 5,982   |
| Capital projects  | 1,157,612         | 2,237,367         | 1,387,367         | 229,755                                       |
| <b>Total disbursements</b>  | <b>16,676,851</b> | <b>17,905,226</b> | <b>17,954,037</b> | <b>1,277,186</b>                              |
| (DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS  | (1,159,352)       | (1,514,859)       | (2,522,406)       | 1,363,054                                     |
| OTHER FINANCING SOURCES, NET  | 400               | 10,000            | 10,400            | (10,000)                                      |
| (DEFICIENCY) EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES (UNDER) OVER DISBURSEMENTS AND OTHER FINANCING USES | (1,158,952)       | (1,504,859)       | (2,512,006)       | 1,353,054                                     |
| BALANCE, beginning of year  | 7,656,454         | 6,297,135         | 6,297,135         | 1,359,319                                     |
| BALANCE, end of year  | \$ 6,497,502      | \$ 4,792,276      | \$ 3,785,129      | \$ 2,712,373                                  |

See Notes to Required Supplementary Information.

CLAYTON COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET TO GAAP RECONCILIATION  
 For the Year Ended June 30, 2014

|                               | Governmental Funds  |                        |                              |
|-------------------------------|---------------------|------------------------|------------------------------|
|                               | Cash<br>Basis       | Accrual<br>Adjustments | Modified<br>Accrual<br>Basis |
| Revenues                      | \$ 15,517,499       | \$ (491,833)           | \$ 15,025,666                |
| Expenditures                  | 16,676,851          | 325,606                | 17,002,457                   |
| Net                           | (1,159,352)         | (817,439)              | (1,976,791)                  |
| Other financing sources, net  | 400                 | 94,953                 | 95,353                       |
| Beginning fund balance        | 7,656,454           | 523,558                | 8,180,012                    |
| Ending fund balance (deficit) | <u>\$ 6,497,502</u> | <u>\$ (198,928)</u>    | <u>\$ 6,298,574</u>          |

See Notes to Required Supplementary Information.

CLAYTON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2014

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The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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 or fund type. These 10 functions are:

1. Public safety and legal services
2. Physical health and social services
3. Mental health
4. County environment and education
5. Roads and transportation
6. Governmental services to residents
7. Administration
8. Non-program
9. Debt service
10. Capital projects

Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, and capital project funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$48,811. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office, by the County Agricultural Extension Council; for the County Assessor, by the County Conference Board; for the E-911 System by the Joint E-911 Service Board; and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the non-program function and disbursements in certain departments exceeded the amounts appropriated.

See Independent Auditor's Report.

CLAYTON COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS FOR THE  
 RETIREE HEALTH PLAN  
 (in thousands)

| Fiscal<br>Year<br>Ended<br>June 30, | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|-------------------------------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2010                                | July 1, 2009                   | -                                      | \$ 466  | \$ 466                             | 0.0%                     | \$ 4,319                  | 10.8%   |
| 2011                                | July 1, 2009                   | -                                      | \$ 466  | \$ 466                             | 0.0%                     | \$ 4,267                  | 10.9%   |
| 2012                                | July 1, 2009                   | -                                      | \$ 466  | \$ 466                             | 0.0%                     | \$ 4,330                  | 10.8%   |
| 2013                                | July 1, 2012                   | -                                      | \$ 490  | \$ 490                             | 0.0%                     | \$ 4,217                  | 11.6%   |
| 2014                                | July 1, 2012                   | -                                      | \$ 490  | \$ 490                             | 0.0%                     | \$ 4,521                  | 10.8%   |

See Note 11 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See Independent Auditor's Report.

**Other Supplementary Information**

CLAYTON COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2014

|   | Special<br>Revenue | Capital<br>Project | Debt<br>Service   | Total Nonmajor<br>Governmental<br>Funds |
|---|--------------------|--------------------|-------------------|---|
| <b>ASSETS</b>   |                    |                    |                   |   |
| Cash and pooled investments   | \$ 135,263         | \$ 15,315          | \$ 35,128         | \$ 185,706                              |
| Receivables   |                    |                    |                   |   |
| Property tax  |                    |                    |                   |   |
| Delinquent  |                    |                    | 231               | 231                                     |
| Succeeding year   |                    |                    | 323,975           | 323,975                                 |
| Accounts  | 268                |                    |                   | 268                                     |
| Accrued interest  | 29                 | 12                 |                   | 41                                      |
|   | <u>135,560</u>     | <u>15,327</u>      | <u>359,334</u>    | <u>510,221</u>                          |
| <b>Total assets</b>   | <b>\$ 135,560</b>  | <b>\$ 15,327</b>   | <b>\$ 359,334</b> | <b>\$ 510,221</b>                       |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b>       |                    |                    |                   |   |
| <b>Liabilities</b>  |                    |                    |                   |   |
| Accounts payable  | \$ 3,458           | \$ 19,232          |                   | \$ 22,690                               |
| Due to other funds  | 70,674             |                    |                   | 70,674                                  |
|   | <u>74,132</u>      | <u>19,232</u>      | <u>\$ -</u>       | <u>93,364</u>                           |
| <b>Total liabilities</b>  | <b>74,132</b>      | <b>19,232</b>      | <b>\$ -</b>       | <b>93,364</b>                           |
| <b>Deferred inflows of resources</b>  |                    |                    |                   |   |
| Unavailable revenues  |                    |                    |                   |   |
| Succeeding year property tax  |                    |                    | 323,975           | 323,975                                 |
| Other   |                    |                    | 200               | 200                                     |
|   | <u>-</u>           | <u>-</u>           | <u>324,175</u>    | <u>324,175</u>                          |
| <b>Total deferred inflows of resources</b>                                    | <b>-</b>           | <b>-</b>           | <b>324,175</b>    | <b>324,175</b>                          |
| <b>Fund balances (deficit)</b>  |                    |                    |                   |   |
| Restricted  | 115,409            | 2,783              | 35,159            | 153,351                                 |
| Unassigned  | (53,981)           | (6,688)            |                   | (60,669)                                |
|   | <u>61,428</u>      | <u>(3,905)</u>     | <u>35,159</u>     | <u>92,682</u>                           |
| <b>Total fund balances (deficit)</b>  | <b>61,428</b>      | <b>(3,905)</b>     | <b>35,159</b>     | <b>92,682</b>                           |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$ 135,560</b>  | <b>\$ 15,327</b>   | <b>\$ 359,334</b> | <b>\$ 510,221</b>                       |

See Independent Auditor's Report.

CLAYTON COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2014

|   | Special<br>Revenue | Capital<br>Project | Debt<br>Service  | Total Nonmajor<br>Governmental<br>Funds |
|---|--------------------|--------------------|------------------|---|
| <b>REVENUES</b>   |                    |                    |                  |   |
| Property and other County tax   | \$ 198,678         |                    | \$ 309,382       | \$ 508,060                              |
| Intergovernmental   | 18,314             | \$ 61,149          | 16,913           | 96,376                                  |
| Charges for service   | 3,602              |                    |                  | 3,602                                   |
| Use of money and property   | 300                | 363                |                  | 663                                     |
| Miscellaneous   |                    | 24,595             |                  | 24,595                                  |
| <b>Total revenues</b>   | <b>220,894</b>     | <b>86,107</b>      | <b>326,295</b>   | <b>633,296</b>                          |
| <b>EXPENDITURES</b>   |                    |                    |                  |   |
| <b>Current</b>  |                    |                    |                  |   |
| County environment and education  | 196,597            |                    |                  | 196,597                                 |
| Governmental services to residents  | 5,015              |                    |                  | 5,015                                   |
| Debt service  |                    |                    | 333,895          | 333,895                                 |
| Capital project   | 9,214              | 124,030            |                  | 133,244                                 |
| <b>Total expenditures</b>   | <b>210,826</b>     | <b>124,030</b>     | <b>333,895</b>   | <b>668,751</b>                          |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | <b>10,068</b>      | <b>(37,923)</b>    | <b>(7,600)</b>   | <b>(35,455)</b>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                    |                  |   |
| Transfers in  |                    | 30,000             |                  | 50,000                                  |
| Transfers (out)   |                    | (81,096)           | 20,000           | (81,096)                                |
|   | -                  | (51,096)           | 20,000           | (31,096)                                |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER (UNDER) EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>10,068</b>      | <b>(89,019)</b>    | <b>12,400</b>    | <b>(66,551)</b>                         |
| <b>FUND BALANCES, beginning of year</b>   | <b>51,360</b>      | <b>85,114</b>      | <b>22,759</b>    | <b>159,233</b>                          |
| <b>FUND BALANCES, end of year (deficit)</b>   | <b>\$ 61,428</b>   | <b>\$ (3,905)</b>  | <b>\$ 35,159</b> | <b>\$ 92,682</b>                        |

See Independent Auditor's Report.

CLAYTON COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2014

|  | REAP<br>Grant     | Recorder's<br>Records<br>Management | Tax<br>Increment<br>Financing | Total Nonmajor<br>Special Revenue<br>Funds |
|--|-------------------|-------------------------------------|-------------------------------|--|
| <b>ASSETS</b>                              |                   |                                     |                               |  |
| Cash and pooled investments                | \$ 103,362        | \$ 15,208                           | \$ 16,693                     | \$ 135,263                                 |
| Receivables                                |                   |                                     |                               |  |
| Accounts                                   |                   | 268                                 |                               | 268  |
| Accrued interest                           | 27                | 2                                   |                               | 29   |
| Total assets                               | <u>\$ 103,389</u> | <u>\$ 15,478</u>                    | <u>\$ 16,693</u>              | <u>\$ 135,560</u>                          |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                                     |                               |  |
| <b>Liabilities</b>                         |                   |                                     |                               |  |
| Accounts payable                           | \$ 3,458          |                                     |                               | \$ 3,458                                   |
| Due to other funds                         |                   |                                     | \$ 70,674                     | 70,674                                     |
| Total liabilities                          | <u>3,458</u>      | <u>\$ -</u>                         | <u>70,674</u>                 | <u>74,132</u>                              |
| <b>Fund balances (deficit)</b>             |                   |                                     |                               |  |
| Restricted                                 | 99,931            | 15,478                              |                               | 115,409                                    |
| Unassigned                                 |                   |                                     | (53,981)                      | (53,981)                                   |
| Total fund balances (deficit)              | <u>99,931</u>     | <u>15,478</u>                       | <u>(53,981)</u>               | <u>61,428</u>                              |
| <b>Total liabilities and fund balances</b> | <u>\$ 103,389</u> | <u>\$ 15,478</u>                    | <u>\$ 16,693</u>              | <u>\$ 135,560</u>                          |

See Independent Auditor's Report.

CLAYTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended June 30, 2014

|  | REAP<br>Grant    | Recorder's<br>Records<br>Management | Tax<br>Increment<br>Financing | Total Nonmajor<br>Special Revenue<br>Funds |
|--|------------------|-------------------------------------|-------------------------------|--|
| <b>REVENUES</b>  |                  |                                     |                               |  |
| Property and other County tax  |                  |                                     | \$ 198,678                    | \$ 198,678                                 |
| Intergovernmental  | \$ 15,596        |                                     | 2,718                         | 18,314                                     |
| Charges for service  |                  | \$ 3,602                            |                               | 3,602                                      |
| Use of money and property  | 273              | 27                                  |                               | 300  |
| <b>Total revenues</b>  | <b>15,869</b>    | <b>3,629</b>                        | <b>201,396</b>                | <b>220,894</b>                             |
| <b>EXPENDITURES</b>  |                  |                                     |                               |  |
| <b>Current</b>   |                  |                                     |                               |  |
| County environment and education                                     |                  |                                     | 196,597                       | 196,597                                    |
| Governmental services to residents                                   |                  | 5,015                               |                               | 5,015                                      |
| Capital project  | 9,214            |                                     |                               | 9,214                                      |
| <b>Total expenditures</b>  | <b>9,214</b>     | <b>5,015</b>                        | <b>196,597</b>                | <b>210,826</b>                             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>6,655</b>     | <b>(1,386)</b>                      | <b>4,799</b>                  | <b>10,068</b>                              |
| <b>FUND BALANCES, beginning of year (deficit)</b>                    | <b>93,276</b>    | <b>16,864</b>                       | <b>(58,780)</b>               | <b>51,360</b>                              |
| <b>FUND BALANCES, end of year (deficit)</b>                          | <b>\$ 99,931</b> | <b>\$ 15,478</b>                    | <b>\$ (53,981)</b>            | <b>\$ 61,428</b>                           |

See Independent Auditor's Report.

CLAYTON COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
June 30, 2014

|  | Communications<br>Infrastructure | County<br>Building | Courthouse<br>Clocktower<br>Renovation | Total Nonmajor<br>Capital Project<br>Funds |
|--|----------------------------------|--------------------|--|--|
| <b>ASSETS</b>                              |                                  |                    |  |  |
| Cash and pooled investments                | \$ 1,031                         | \$ 10              | \$ 14,274                              | \$ 15,315                                  |
| Receivables                                |                                  |                    |  |  |
| Accrued interest                           | 3                                | 9                  |  | 12   |
| <b>Total assets</b>                        | <b>\$ 1,034</b>                  | <b>\$ 19</b>       | <b>\$ 14,274</b>                       | <b>\$ 15,327</b>                           |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                  |                    |  |  |
| <b>Liabilities</b>                         |                                  |                    |  |  |
| Accounts payable                           | \$ 7,722                         | \$ -               | \$ 11,510                              | \$ 19,232                                  |
| <b>Fund balances (deficit)</b>             |                                  |                    |  |  |
| Restricted                                 |                                  | 19                 | 2,764                                  | 2,783                                      |
| Unassigned                                 | (6,688)                          |                    |  | (6,688)                                    |
| <b>Total fund balances (deficit)</b>       | <b>(6,688)</b>                   | <b>19</b>          | <b>2,764</b>                           | <b>(3,905)</b>                             |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,034</b>                  | <b>\$ 19</b>       | <b>\$ 14,274</b>                       | <b>\$ 15,327</b>                           |

See Independent Auditor's Report.

CLAYTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 For the Year Ended June 30, 2014

|   | RISE<br>Building | Communications<br>Infrastructure | County<br>Building | Courthouse<br>Clocktower<br>Renovation | Total Nonmajor<br>Capital Project<br>Funds |
|---|------------------|----------------------------------|--------------------|--|--|
| <b>REVENUES</b>   |                  |                                  |                    |  |  |
| Intergovernmental   |                  | \$ 44,799                        |                    | \$ 16,350                              | \$ 61,149                                  |
| Use of money and property   |                  | 54                               | \$ 309             |  | 363  |
| Miscellaneous   |                  | 23,575                           |                    | 1,020                                  | 24,595                                     |
| <b>Total revenues</b>   | <b>\$ -</b>      | <b>68,428</b>                    | <b>309</b>         | <b>17,370</b>                          | <b>86,107</b>                              |
| <b>EXPENDITURES</b>   |                  |                                  |                    |  |  |
| Capital projects  |                  | 79,424                           |                    | 44,606                                 | 124,030                                    |
| <b>Total expenditures</b>   | <b>-</b>         | <b>79,424</b>                    | <b>-</b>           | <b>44,606</b>                          | <b>124,030</b>                             |
| <b>(DEFICIENCY) EXCESS OF REVENUES<br/>(UNDER) OVER EXPENDITURES</b>  | <b>-</b>         | <b>(10,996)</b>                  | <b>309</b>         | <b>(27,236)</b>                        | <b>(37,923)</b>                            |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                                  |                    |  |  |
| Transfer in   |                  |                                  |                    | 30,000                                 | 30,000                                     |
| Transfer (out)  | (24,380)         |                                  | (56,716)           |  | (81,096)                                   |
|   | (24,380)         | -                                | (56,716)           | 30,000                                 | (51,096)                                   |
| <b>(DEFICIENCY) EXCESS OF REVENUES AND<br/>OTHER FINANCING SOURCES (UNDER) OVER<br/>EXPENDITURES AND OTHER FINANCING USES</b> | <b>(24,380)</b>  | <b>(10,996)</b>                  | <b>(56,407)</b>    | <b>2,764</b>                           | <b>(89,019)</b>                            |
| <b>FUND BALANCES, beginning of year</b>   | <b>24,380</b>    | <b>4,308</b>                     | <b>56,426</b>      |  | <b>85,114</b>                              |
| <b>FUND BALANCES, end of year (deficit)</b>   | <b>\$ -</b>      | <b>\$ (6,688)</b>                | <b>\$ 19</b>       | <b>\$ 2,764</b>                        | <b>\$ (3,905)</b>                          |

See Independent Auditor's Report.

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CLAYTON COUNTY  
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 June 30, 2014

|                              | County<br>Offices | Agricultural<br>Extension<br>Education | Assessor            | Schools              |
|------------------------------|-------------------|--|---------------------|----------------------|
| <b>ASSETS</b>                |                   |  |                     |                      |
| Cash and pooled investments  |                   |  |                     |                      |
| County Treasurer             |                   | \$ 2,758                               | \$ 725,906          | \$ 161,752           |
| Other County officials       | \$ 30,088         |  |                     |                      |
| Receivables                  |                   |  |                     |                      |
| Property tax                 |                   |  |                     |                      |
| Delinquent                   |                   | 147                                    | 322                 | 8,414                |
| Succeeding year              |                   | 198,928                                | 432,352             | 11,594,629           |
| Accounts                     |                   |  | 10                  |                      |
| Accrued interest             |                   |  |                     |                      |
| Due from other governments   |                   |  |                     |                      |
| Prepaid insurance            |                   |  |                     |                      |
| <b>Total assets</b>          | <b>\$ 30,088</b>  | <b>\$ 201,833</b>                      | <b>\$ 1,158,590</b> | <b>\$ 11,764,795</b> |
| <b>LIABILITIES</b>           |                   |  |                     |                      |
| Accounts payable             |                   |  | \$ 44,516           |                      |
| Due to other governments     | \$ 8,119          | \$ 201,833                             | 1,102,972           | \$ 11,764,795        |
| Trusts payable               | 21,969            |  |                     |                      |
| Accrued compensated absences |                   |  | 11,102              |                      |
| <b>Total liabilities</b>     | <b>\$ 30,088</b>  | <b>\$ 201,833</b>                      | <b>\$ 1,158,590</b> | <b>\$ 11,764,795</b> |

See Independent Auditor's Report.

SCHEDULE 7

| <u>Area<br/>Schools</u> | <u>Corporations</u> | <u>Townships</u>  | <u>Auto<br/>License<br/>and<br/>Use Tax</u> | <u>Other</u>      | <u>Total</u>           |
|-------------------------|---------------------|-------------------|---|-------------------|------------------------|
| \$ 10,533               | \$ 54,881           | \$ 19,240         | \$ 451,665                                  | \$ 112,947        | \$ 1,539,682<br>30,088 |
| 560                     | 5,734               | 153               |   | 2                 | 15,332                 |
| 794,976                 | 3,737,333           | 483,200           |   | 2,587             | 17,244,005             |
|                         |                     |                   |   | 3,755             | 3,765                  |
|                         |                     |                   |   | 42                | 42                     |
|                         |                     |                   |   | 51,942            | 51,942                 |
|                         |                     |                   |   | 1,058             | 1,058                  |
| <u>\$ 806,069</u>       | <u>\$ 3,797,948</u> | <u>\$ 502,593</u> | <u>\$ 451,665</u>                           | <u>\$ 172,333</u> | <u>\$ 18,885,914</u>   |
| \$ 806,069              | \$ 3,797,948        | \$ 502,593        | \$ 451,665                                  | \$ 13,807         | \$ 58,323              |
|                         |                     |                   |   | 153,887           | 18,789,881             |
|                         |                     |                   |   |                   | 21,969                 |
|                         |                     |                   |   | 4,639             | 15,741                 |
| <u>\$ 806,069</u>       | <u>\$ 3,797,948</u> | <u>\$ 502,593</u> | <u>\$ 451,665</u>                           | <u>\$ 172,333</u> | <u>\$ 18,885,914</u>   |

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CLAYTON COUNTY  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2014

|                                   | County<br>Offices | Agricultural<br>Extension<br>Education | Assessor     | Schools       |
|-----------------------------------|-------------------|--|--------------|---------------|
| <b>ASSETS AND LIABILITIES</b>     |                   |  |              |               |
| BALANCE, beginning of year        | \$ 21,821         | \$ 195,646                             | \$ 1,013,898 | \$ 11,420,879 |
| <b>ADDITIONS</b>                  |                   |  |              |               |
| Property and other County tax     |                   | 192,206                                | 417,607      | 11,033,938    |
| State tax credits                 |                   | 10,682                                 | 23,388       | 616,515       |
| Intergovernmental                 |                   |  |              |               |
| Office fees and collections       | 403,533           |  |              |               |
| Auto license, use tax and postage |                   |  |              |               |
| E-911 telephone surcharges        |                   |  |              |               |
| Assessments                       |                   |  |              |               |
| Trusts                            | 74,119            |  |              |               |
| Interest on investments           |                   |  |              |               |
| Miscellaneous                     |                   |  | 120          |               |
| Total additions                   | 477,652           | 202,888                                | 441,115      | 11,650,453    |
| <b>DEDUCTIONS</b>                 |                   |  |              |               |
| Agency remittances                |                   |  |              |               |
| To other funds                    | 217,320           |  |              |               |
| To other governments              | 171,428           |  | 296,423      | 11,306,537    |
| Trusts paid out                   | 80,637            |  |              |               |
| Miscellaneous                     |                   | 196,701                                |              |               |
| Total deductions                  | 469,385           | 196,701                                | 296,423      | 11,306,537    |
| BALANCE, end of year              | \$ 30,088         | \$ 201,833                             | \$ 1,158,590 | \$ 11,764,795 |

See Independent Auditor's Report.

SCHEDULE 8

| <u>Area<br/>Schools</u> | <u>Corporations</u> | <u>Townships</u>  | <u>Auto<br/>License<br/>and<br/>Use Tax</u> | <u>Other</u>      | <u>Total</u>         |
|-------------------------|---------------------|-------------------|---|-------------------|----------------------|
| <u>\$ 775,431</u>       | <u>\$ 3,631,333</u> | <u>\$ 471,441</u> | <u>\$ 373,925</u>                           | <u>\$ 142,484</u> | <u>\$ 18,046,858</u> |
| 755,977                 | 5,245,637           | 415,261           |   | 68,239            | 18,128,865           |
| 40,804                  | 237,521             | 21,851            |   | 148               | 950,909              |
|                         |                     |                   |   | 154,697           | 154,697              |
|                         |                     |                   |   | 4,668             | 408,201              |
|                         |                     |                   | 5,465,012                                   |                   | 5,465,012            |
|                         |                     |                   |   | 96,469            | 96,469               |
|                         |                     |                   |   | 56,301            | 56,301               |
|                         |                     |                   |   | 260,659           | 334,778              |
|                         |                     |                   |   | 196               | 196                  |
|                         |                     |                   |   | 13,742            | 13,862               |
| <u>796,781</u>          | <u>5,483,158</u>    | <u>437,112</u>    | <u>5,465,012</u>                            | <u>655,119</u>    | <u>25,609,290</u>    |
| 766,143                 | 5,316,543           | 405,960           | 174,815                                     |                   | 392,135              |
|                         |                     |                   | 5,212,457                                   | 364,057           | 23,839,548           |
|                         |                     |                   |   | 261,213           | 341,850              |
|                         |                     |                   |   |                   | 196,701              |
| <u>766,143</u>          | <u>5,316,543</u>    | <u>405,960</u>    | <u>5,387,272</u>                            | <u>625,270</u>    | <u>24,770,234</u>    |
| <u>\$ 806,069</u>       | <u>\$ 3,797,948</u> | <u>\$ 502,593</u> | <u>\$ 451,665</u>                           | <u>\$ 172,333</u> | <u>\$ 18,885,914</u> |

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CLAYTON COUNTY  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUND TYPES  
Years Ended June 30,

|                                      | Modified Accrual     |                      |                      |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | 2014                 | 2013                 | 2012                 | 2011                 |
| <b>REVENUES</b>                      |                      |                      |                      |                      |
| Property and other County tax        | \$ 7,968,320         | \$ 7,667,741         | \$ 7,591,026         | \$ 7,245,804         |
| Local option sales tax               | 848,255              | 940,333              | 843,713              | 799,311              |
| Interest and penalty on property tax | 54,683               | 54,955               | 58,305               | 61,456               |
| Intergovernmental                    | 5,163,301            | 5,265,931            | 6,182,022            | 6,211,679            |
| Licenses and permits                 | 34,951               | 31,161               | 25,076               | 28,821               |
| Charges for service                  | 463,886              | 510,363              | 493,751              | 459,559              |
| Use of money and property            | 156,383              | 154,984              | 186,531              | 199,179              |
| Miscellaneous                        | 335,887              | 887,367              | 825,295              | 341,518              |
| <b>Total revenues</b>                | <b>\$ 15,025,666</b> | <b>\$ 15,512,835</b> | <b>\$ 16,205,719</b> | <b>\$ 15,347,327</b> |
| <b>EXPENDITURES</b>                  |                      |                      |                      |                      |
| <b>Current</b>                       |                      |                      |                      |                      |
| Public safety and legal services     | \$ 2,793,580         | \$ 2,586,066         | \$ 2,552,584         | \$ 2,405,900         |
| Physical health and social services  | 670,199              | 654,194              | 806,192              | 711,096              |
| Mental health                        | 908,673              | 577,284              | 2,642,322            | 2,036,736            |
| County environment and education     | 1,302,344            | 1,284,441            | 1,226,235            | 1,146,629            |
| Roads and transportation             | 7,599,968            | 6,636,060            | 5,926,244            | 5,809,303            |
| Governmental services to residents   | 673,408              | 629,033              | 628,413              | 570,900              |
| Administration                       | 1,489,499            | 1,340,290            | 1,359,825            | 1,475,580            |
| Non-program                          | 11,259               |                      | 5,198                |                      |
| Debt service                         | 333,895              | 324,274              | 280,228              | 2,583,486            |
| Capital projects                     | 1,219,632            | 2,451,681            | 1,744,960            | 1,672,088            |
| <b>Total expenditures</b>            | <b>\$ 17,002,457</b> | <b>\$ 16,483,323</b> | <b>\$ 17,172,201</b> | <b>\$ 18,411,718</b> |

See Independent Auditor's Report.

| Modified Accrual     |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 |
| \$ 7,334,091         | \$ 6,889,139         | \$ 6,576,576         | \$ 6,325,226         | \$ 5,784,660         | \$ 4,943,503         |
| 757,554              | 754,109              | 770,396              | 750,389              | 710,908              | 664,248              |
| 67,966               | 59,696               | 52,580               | 49,488               | 43,899               | 48,689               |
| 5,786,977            | 6,275,189            | 5,537,232            | 5,351,299            | 5,921,506            | 5,711,009            |
| 25,016               | 19,530               | 18,535               | 22,050               | 19,315               | 15,725               |
| 410,048              | 436,973              | 421,437              | 410,128              | 413,990              | 418,201              |
| 237,504              | 291,767              | 428,900              | 460,233              | 352,038              | 263,594              |
| 320,860              | 532,312              | 293,388              | 200,908              | 194,809              | 272,773              |
| <u>\$ 14,940,016</u> | <u>\$ 15,258,715</u> | <u>\$ 14,099,044</u> | <u>\$ 13,569,721</u> | <u>\$ 13,441,125</u> | <u>\$ 12,337,742</u> |
| <br>                 |                      |                      |                      |                      |                      |
| \$ 2,309,534         | \$ 2,365,778         | \$ 2,270,690         | \$ 2,011,683         | \$ 1,924,887         | \$ 1,678,593         |
| 646,262              | 514,874              | 594,488              | 462,652              | 465,120              | 393,738              |
| 1,739,497            | 1,916,038            | 2,073,207            | 2,080,399            | 1,843,548            | 1,877,827            |
| 1,161,472            | 1,268,648            | 1,006,284            | 955,798              | 944,498              | 936,370              |
| 5,525,699            | 5,888,540            | 5,128,981            | 5,246,380            | 5,456,525            | 5,119,545            |
| 579,033              | 747,167              | 517,393              | 490,213              | 659,120              | 468,747              |
| 1,145,171            | 1,393,428            | 1,289,303            | 1,316,777            | 1,384,022            | 1,346,256            |
|                      | 2,862                | 12,234               |                      |                      | 21,450               |
| 272,575              | 310,892              | 467,818              | 381,114              | 521,871              | 427                  |
| 660,444              | 63,373               | 1,136,963            | 471,717              | 3,718,083            | 965,918              |
| <u>\$ 14,039,687</u> | <u>\$ 14,471,600</u> | <u>\$ 14,497,361</u> | <u>\$ 13,416,733</u> | <u>\$ 16,917,674</u> | <u>\$ 12,808,871</u> |

CLAYTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

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

- (a) An unmodified opinion was issued on the financial statements.
- (b) One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is required to be reported in accordance with *Government Auditing Standards*.
- (d) One significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements. No material weaknesses are reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was CFDA Number 20.205-Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clayton County qualifies as a low-risk auditee.

CLAYTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

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

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**Finding 2014-001**                      **Overlapping Duties**

**Criteria:**                              Proper controls over financial reporting include adequate segregation of duties.

**Condition:**                            The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

**Cause:**                                 The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

**Effect:**                                 This deficiency results in a reasonable possibility that the County would not be able to detect misstatements that would be material in relation to the financial statement in a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:**                 While we do recognize that the County is not large enough to permit a segregation of duties for an effective internal control, we believe it is important the Board be aware that this condition does exist.

**Response and Corrective Action Planned:**

Management is cognizant of this limitation and will implement additional controls where possible.

**Conclusion:**                            Response acknowledged.

CLAYTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

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

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

CFDA Number 20.205-Highway Planning and Construction  
Federal Award Year: 2014  
U.S. Department of Transportation

See 2014-001 above.

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

See management letter dated March 10, 2015

**Part V: Summary of Prior Federal Audit Findings and Questioned Costs**

| <u>Comment Reference</u> | <u>Comment Title</u> | <u>Status</u> | <u>Explanation</u>   |
|--------------------------|----------------------|---------------|--|
| 2013-001                 | Overlapping duties   | Not corrected | The County has limited staff and segregates duties to the best of their abilities. |

CLAYTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

| Grantor/Program   | CFDA<br>Number | Grant Number                         | Program<br>Expenditures            |
|---|----------------|--------------------------------------|------------------------------------|
| <b>Direct</b>   |                |                                      |                                    |
| U.S. Department of Interior                                     |                |                                      |                                    |
| Payments in Lieu of Taxes                                       | 15.226         |                                      | \$ 10,896                          |
| <b>Indirect</b>   |                |                                      |                                    |
| U.S. Department of Agriculture                                  |                |                                      |                                    |
| Passed through Iowa Department of Human Services                |                |                                      |                                    |
| State Administrative Matching Grants for Food Stamp Program     | 10.561         | LAE Reimbursement                    | 3,408                              |
| U.S. Department of Defense                                      |                |                                      |                                    |
| Passed through Iowa Office of Treasurer                         |                |                                      |                                    |
| Payments to States in Lieu of Real Estate Taxes                 | 12.112         |                                      | 94                                 |
| U.S. Department of Housing and Urban Development                |                |                                      |                                    |
| Passed through Iowa Economic Development Authority              |                |                                      |                                    |
| Community Development Block Grants                              | 14.228         | 08-DRIFWP-205                        | 84,534                             |
| U.S. Department of Transportation                               |                |                                      |                                    |
| Passed through Iowa Department of Transportation                |                |                                      |                                    |
| Highway Planning and Construction                               | 20.205         | BROS-CO22(71)--8J-22<br>11-STPES-124 | 235,992<br>8,775<br><u>244,767</u> |
| Passed through Iowa Department of Public Safety                 |                |                                      |                                    |
| Alcohol Traffic Safety and Drunk Driving                        |                |                                      |                                    |
| Prevention Incentive Grants                                     | 20.601         | PAP 13-410, Task 11                  | 3,340                              |
| National Priority Safety Programs                               | 20.616         | PAP 14-405d-M6OT, Task 14-00-00      | 4,500                              |
| Subtotal U.S. Department of Transportation                      |                |                                      | <u>252,607</u>                     |
| U.S. Environmental Protection Agency                            |                |                                      |                                    |
| Passed through Iowa Department of Natural Resources             |                |                                      |                                    |
| Water Quality Management Planning                               | 66.454         | 13-ESD-GSB-Mstev-002                 | 7,005                              |
| U.S. Department of Health and Human Services                    |                |                                      |                                    |
| Passed through Iowa Department of Public Health                 |                |                                      |                                    |
| Public Health Emergency Preparedness                            | 93.069         | 5883 BT22                            | 6,122                              |
| Hospital Preparedness Program (HPP) and Public Health Emergency |                |                                      |                                    |
| Preparedness (PHEP) Aligned Cooperative Agreements              | 93.074         | 5884BT67                             | 43,353                             |
| Passed through Helping Services of Northeast Iowa, Inc.         |                |                                      |                                    |
| Enforcing Underage Drinking Laws Program                        | 93.243         | SPF-SIG                              | 3,100                              |
| Passed through Iowa Department of Human Services                |                |                                      |                                    |
| Social Services Block Grant                                     | 93.667         | LAE Reimbursement                    | 1,071                              |
| Human Services Administrative Reimbursements                    |                |                                      |                                    |
| Refugee and Entrant Assistance - State Administered Programs    | 93.566         | LAE Reimbursement                    | 8                                  |
| Child Care Mandatory and Matching Funds of the Child Care       |                |                                      |                                    |
| and Development Fund  | 93.596         | LAE Reimbursement                    | 997                                |
| Foster Care - Title IV-E  | 93.658         | LAE Reimbursement                    | 1,304                              |
| Adoption Assistance   | 93.659         | LAE Reimbursement                    | 439                                |
| State Children's Insurance Program                              | 93.767         | LAE Reimbursement                    | 14                                 |
| Medical Assistance Program                                      | 93.778         | LAE Reimbursement                    | 5,562                              |
| Subtotal U.S. Department of Health and Human Services           |                |                                      | <u>8,324</u>                       |
| Subtotal U.S. Department of Health and Human Services           |                |                                      | <u>61,970</u>                      |

See Independent Auditor's Report.

CLAYTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

| Grantor/Program                                  | CFDA<br>Number | Grant Number    | Program<br>Expenditures |
|--|----------------|-----------------|-------------------------|
| <b>Indirect (Continued)</b>                      |                |                 |                         |
| U.S. Department of Homeland Security             |                |                 |                         |
| Passed through Iowa Department of Public Defense |                |                 |                         |
| Public Assistance Grants                         | 97.036         | FEMA DR 4126-IA | \$ 34,849               |
|  |                | FEMA DR 4135-IA | 36,908                  |
|  |                |                 | <u>71,757</u>           |
| Emergency Management Performance Grants          | 97.042         | EMPG-13-PT-22   | 7,034                   |
|  |                | EMPG-14-PT-22   | 20,745                  |
|  |                |                 | <u>27,779</u>           |
| Subtotal U.S. Department of Homeland Security    |                |                 | <u>99,536</u>           |
| Total Federal Financial Assistance               |                |                 | <u>\$ 520,050</u>       |

See Independent Auditor's Report.

CLAYTON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

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Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Clayton County under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Clayton County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clayton County.

Note 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. Pass-through entity identifying numbers are presented where available.

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 Board of Supervisors  
Clayton County  
Elkader, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clayton County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Clayton County's basic financial statements and have issued our report thereon dated March 10, 2015.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clayton County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Clayton County's Response to Finding

Clayton County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Clayton County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
March 10, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Supervisors  
Clayton County  
Elkader, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited Clayton County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Clayton County's major federal programs for the year ended June 30, 2014. Clayton County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Clayton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Clayton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Clayton County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Clayton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of Clayton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clayton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clayton County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

Clayton County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Clayton County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Hacke, Nelson & Co., P.C.*

Decorah, Iowa  
March 10, 2015

## MANAGEMENT LETTER

To the Board of Supervisors  
Clayton County  
Elkader, Iowa

In planning and performing our audit of the basic financial statements of Clayton County for the year ended June 30, 2014, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 11 below are compliance comments required by the Iowa Auditor of State. A separate report dated March 10, 2015, contains our report on the County's internal control over financial reporting. This letter does not affect our report dated March 10, 2015 on the basic financial statements of Clayton County. Comments 1, 6, 11, 12, 13, and 14 are unresolved comments from the prior year. All other prior year statutory comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

1. Certified Budget

Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the non-program function. There were four departments, which exceeded appropriations prior to budget amendment. Various miscellaneous budgets exceeded the budget for various line items but did not exceed the overall budget.

Recommendation

We recommend the budget be amended before expenditures exceed the appropriations and budget in all areas to comply with Chapter 331.435 of the Code of Iowa.

Response

We are aware of the Code requirement. Budget amendment was done but not before exceeding appropriation amounts. Appropriation changes were done twice during year.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. Travel Expense  
No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.
4. Business Transactions  
We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2014.
5. Bond Coverage  
Surety bond coverage of County officials and employees is in accordance with statutory provisions.
6. Board Minutes  
During our audit, we noted the Board minutes are being approved by the Board of Supervisors but not published in a timely manner as required by Chapter 349.18 of the Code of Iowa and Attorney General's Opinions dated December 10, 1985, December 31, 1986, and May 2, 1989.

Recommendation

We recommend all Board minutes be published in the County approved newspaper in a timely manner.

Response

We will comply in the future.

Conclusion

Response accepted.

7. Deposits and Investments  
No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
8. 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).
9. County Assessor - Questionable Expenditures  
We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
10. 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 the financial statements.  
  
Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.  
  
The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

11. Tax Increment Financing (TIF)

For the year ended June 30, 2014, the County Auditor did not complete the reconciliation for each City reconciling TIF receipts with total outstanding TIF debt. We noted two errors in regards to TIF districts. One error noted resulted in a City being over paid in years ending June 30, 2013 and 2014. There was an error calculating the TIF obligation for another on the Urban Renewal report.

Recommendation

To assist the County Auditor's office in performing their duties in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa, "to provide for the division of taxes in each subsequent year without further certification... until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund" the County Auditor should prepare a reconciliation of each City's TIF receipts and TIF debt certified.

Response

I will comply in the future.

Conclusion

Response accepted.

12. Infrastructure and Capital Asset Records

The County is in the process of gathering information to record the County's infrastructure and capital assets. Each individual office has a partial list of infrastructure and capital assets. Infrastructure and capital asset journal totals have not been summarized, nor has reconciliation been performed to balance additions and deletions to the general ledger.

Recommendation

We recommend complete infrastructure and capital asset records be developed. In addition, to facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the capital assets records. Management may want to consider the employment of an outside consulting firm to maintain its infrastructure and capital asset records.

Response

We will comply in FY15.

Conclusion

Response accepted.

13. Disbursements

During our audit, we noted the Treasurer Office and the Sheriff Office cashbook reconciliations included outstanding checks over two years old.

Recommendation

Checks outstanding for two or more years should be filed with the State Treasurer's office. See [http://www.greatiowatreasurehunt.com/compliance\\_reporting/pdffiles/2007\\_holder\\_manual.pdf](http://www.greatiowatreasurehunt.com/compliance_reporting/pdffiles/2007_holder_manual.pdf) for instructions.

Response

We will comply in the future. The County Auditor has offered to assist in process.

Conclusion

Response accepted.

14. Fund Balance Deficits

Upon review of monthly fund balances, we noted the jail bond debt service fund, Courthouse Clocktower capital project fund, and Emergency Management agency fund had a fund balance deficit during the year. In accordance with Chapter 331.476 of the Code of Iowa, no official should issue a warrant, execute a contract, or allow a claim, which would result in expenditures to exceed revenue collected during the fiscal year plus any unexpended balance from prior year.

The tax increment financing nonmajor special revenue fund has a deficit fund balance as of June 30, 2014. The communications infrastructure nonmajor capital project fund has a deficit fund balance as of June 30, 2014.

Recommendation

We recommend County expenditures not exceed the revenues collected during the fiscal year plus unexpended balances from prior year in the individual funds. The County would then be in compliance with Chapter 331.476 of the Code of Iowa.

Response

It was discovered recently that the resolution for the jail bond is missing the amount of interest on the June payment thus the correct amount has not been levied for it.

Conclusion

Response accepted.

15. Transfers

The County exceeded the maximum amount allowed to be transferred from rural services fund to secondary roads fund.

Recommendation

We recommend the County take extra care in calculating the maximum amount allowed to be transferred from rural services to secondary roads.

Response

We will comply.

Conclusion

Response accepted.

16. Court Debt

The County Attorney has not started collecting court debt according to Chapter 602.8107 of the Code of Iowa.

Recommendation

We recommend the County Attorney start collecting fees to be in compliance with the Code of Iowa.

Response

The costs of starting this program is budgeted for the first time in FY16 and will start July 1, 2015.

Conclusion

Response accepted.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Clayton County during the course of our examination.

Should you have any questions concerning these or other matters, we shall be pleased to discuss them with you at your convenience.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
March 10, 2015