



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

April 1, 2015

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$77,918,516 for the year ended June 30, 2014, which included \$3,119,676 in tax credits from the state. The County forwarded \$60,293,760 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$17,624,756 of the local tax revenue to finance County operations, a 2.5% decrease from the prior year. Other revenues included charges for service of \$2,421,393, operating grants, contributions and restricted interest of \$5,881,631, capital grants, contributions and restricted interest of \$2,226,619, local option sales tax of \$1,512,957, unrestricted investment earnings of \$109,837 and other general revenues of \$635,588.

Expenses for County operations for the year ended June 30, 2014 totaled \$28,020,924, a 1.4% decrease from the prior year. Expenses included \$8,284,289 for roads and transportation, \$7,040,872 for public safety and legal services and \$3,926,267 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0023-B00F.pdf>.

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CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

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Clinton County

Officials

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

Clinton County



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Independent Auditor's Report

To the Officials of Clinton County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 50 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2015 on our consideration of Clinton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Clinton County's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2015

Clinton County

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 1.4 %, or approximately \$423,000, from fiscal year 2013 to fiscal year 2014. Property tax decreased approximately \$593,000, operating grants, contributions and restricted interest decreased approximately \$413,000, capital grants, contributions and restricted interest increased approximately \$472,000 and local option sales tax increased approximately \$109,000.
- Program expenses of the County's governmental activities decreased 1.3%, or approximately \$356,000. Mental health expenses decreased approximately \$999,000, roads and transportation expenses increased approximately \$768,000 and public safety and legal services expenses decreased approximately \$458,000.
- The County's governmental activities net position increased 4.3%, or approximately \$2,406,000, from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Clinton County's combined net position increased from a year ago, from approximately \$56.6 million to approximately \$59.0 million. The analysis that follows focuses on the net position of the County's activities.

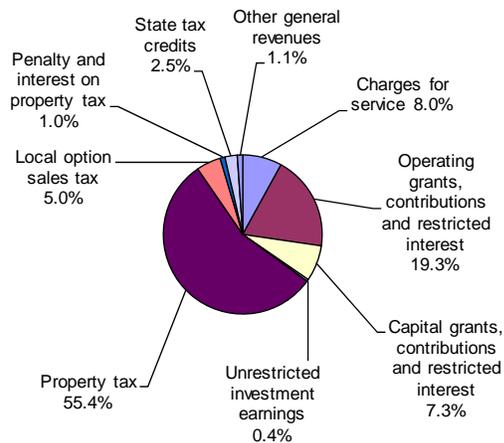
Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 39,974	38,497	42	36	40,016	38,533
Capital assets	47,436	46,350	216	234	47,652	46,584
Total assets	87,410	84,847	258	270	87,668	85,117
Long-term liabilities	9,239	10,347	11	9	9,250	10,356
Other liabilities	1,673	1,375	12	12	1,685	1,387
Total liabilities	10,912	11,722	23	21	10,935	11,743
Deferred inflows of resources	17,757	16,790	-	-	17,757	16,790
Net position:						
Net investment in capital assets	43,881	42,165	216	234	44,097	42,399
Restricted	11,084	9,866	-	-	11,084	9,866
Unrestricted	3,776	4,304	19	15	3,795	4,319
Total net position	\$ 58,741	56,335	235	249	58,976	56,584

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$4,319,000 at June 30, 2013 to approximately \$3,795,000 at the end of this year, a decrease of 12.1%.

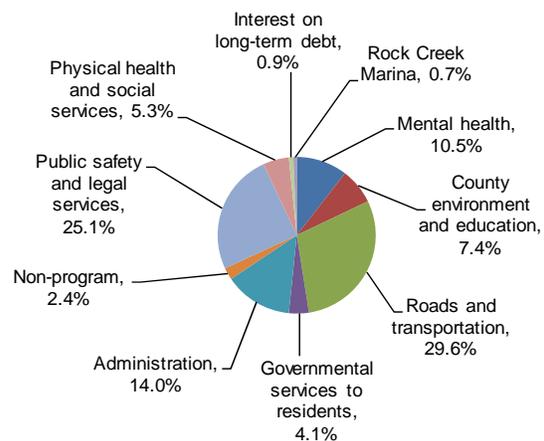
Changes in Net Position of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	Year ended		Year ended		Year ended	
	June 30,		June 30,		June 30,	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for service	\$ 2,251	2,399	170	214	2,421	2,613
Operating grants, contributions and restricted interest	5,881	6,294	-	-	5,881	6,294
Capital grants, contributions and restricted interest	2,226	1,754	-	45	2,226	1,799
General revenues:						
Property tax	16,857	17,450	-	-	16,857	17,450
Penalty and interest on property tax	307	213	-	-	307	213
State tax credits	768	620	-	-	768	620
Local option sales tax	1,513	1,404	-	-	1,513	1,404
Unrestricted investment earnings	110	112	-	-	110	112
Other general revenues	329	419	-	-	329	419
Total revenues	30,242	30,665	170	259	30,412	30,924
Program expenses:						
Public safety and legal services	7,041	7,499	-	-	7,041	7,499
Physical health and social services	1,477	1,397	-	-	1,477	1,397
Mental health	2,931	3,930	-	-	2,931	3,930
County environment and education	2,081	2,143	-	-	2,081	2,143
Roads and transportation	8,284	7,516	-	-	8,284	7,516
Governmental services to residents	1,152	1,209	-	-	1,152	1,209
Administration	3,926	4,217	-	-	3,926	4,217
Non-program	688	2	-	-	688	2
Interest on long-term debt	256	279	-	-	256	279
Rock Creek Marina	-	-	184	236	184	236
Total expenses	27,836	28,192	184	236	28,020	28,428
Change in net position	2,406	2,473	(14)	23	2,392	2,496
Net position beginning of year	56,335	53,862	249	226	56,584	54,088
Net position end of year	\$ 58,741	56,335	235	249	58,976	56,584

Revenues by Source



Expenses by Function



Clinton County's net position of governmental activities increased approximately \$2,406,000 during the year. Revenues for governmental activities decreased approximately \$423,000 from the prior year. Operating grants, contributions and restricted interest decreased approximately \$413,000, or 6.6%, and capital grants, contributions and restricted interest increased approximately \$472,000, or 26.9%, from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Clinton County completed the year, its governmental funds reported a combined fund balance of approximately \$15.92 million, a decrease of approximately \$13,000 from last year's total of approximately \$15.93 million. The following are the major reasons for the changes in the fund balances of the major funds from the prior year:

- General Fund expenditures exceeded revenues by approximately \$384,000. The ending fund balance decreased approximately \$647,000 from the prior year to approximately \$6,542,000. General Fund expenditures increased primarily due to construction costs for the new Dewitt satellite office and case management being moved out of the Special Revenue, Mental Health Fund to the General Fund.
- Special Revenue, Mental Health Fund expenditures totaled approximately \$1,758,000, a decrease of 55.1% from the prior year. The decrease is primarily due to a decrease in state mental health funding resulting from changes in the mental health system approved by the state Legislature and moving case management to the General Fund. The Mental Health Fund balance at year end increased approximately \$919,000 from the prior year to \$1,810,102 at June 30, 2014.
- Special Revenue, Rural Services Fund expenditures totaled approximately \$779,000, an increase of 10.2% from the prior year. The ending fund balance decreased approximately \$97,000 to approximately \$373,000 at June 30, 2014.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$501,000 from the prior year, mainly due to equipment purchases and snow and ice removal. The Secondary Roads Fund balance at year end decreased approximately \$136,000 from the prior year end balance.
- Debt Service Fund expenditures were approximately \$1,375,000 in fiscal year 2014, a less than 1% decrease from the prior year. The Debt Service Fund balance at year end decreased approximately \$20,000 from the prior year fund balance, primarily due to the decrease in property and other county tax.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended its budget one time. The amendment was made in May 2014 and resulted in an increase in budgeted disbursements in the roads and transportation function for road maintenance costs due to winter weather and flooding in early 2014. Five other functions had modest increases in budgeted disbursements.

The County's receipts were approximately \$197,000 less than the amended budget. Property and other county tax receipts were approximately \$702,000 less than anticipated due to a large commercial property valuation that was contested. Intergovernmental receipts and miscellaneous receipts were approximately \$251,000 and \$157,000, respectively, more than anticipated.

Total disbursements were \$2,882,246, or 9.6%, less than the amended budget. Disbursements for the mental health function were \$741,048 less than budgeted due to changes in the mental health system approved by the state Legislature. Disbursements for the public safety and legal services function were \$615,423 less than budgeted due to unfilled deputy positions, fewer employees on family insurance plans and fewer prisoner transports.

Disbursements for the roads and transportation function were \$420,962 less than budgeted due to overall operations costs coming in less than the amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Clinton County had approximately \$47.4 million invested in a broad range of governmental activities capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,086,000, or 2.3%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 1,095	1,022
Construction in progress	798	98
Buildings and improvements	6,953	7,177
Equipment and vehicles	4,646	4,490
Infrastructure	33,944	33,563
Total	\$ 47,436	46,350

The County had depreciation expense of \$2,874,349 for governmental activities for fiscal year 2014 and total accumulated depreciation for governmental activities of \$34,653,116 at June 30, 2014.

The County's fiscal year 2014 budget included \$458,000 for capital projects, primarily for secondary road improvements. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2014, Clinton County had \$7,438,873 of general obligation bonds and other debt outstanding, compared to \$8,715,969 at June 30, 2013, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2014	2013
General obligation bonds	\$ 7,380,000	8,505,000
Capital lease purchase agreements	-	90,500
Drainage warrants	58,872	120,469
Total	\$ 7,438,872	8,715,969

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Clinton County's outstanding general obligation debt of approximately \$7.4 million is significantly below its constitutional debt limit of approximately \$172 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. At the end of the fiscal year, unemployment in the

County was 5.2% versus 5.0% a year ago. This compares with the State's unemployment rate of 4.4% and the national rate of 6.1%.

These indicators were taken into account when adopting the budget for fiscal year 2015. Budgeted disbursements are expected to increase approximately \$196,000. If these estimates are realized, the County's budgetary operating balance is expected to decrease by approximately \$2.1 million the close of fiscal year 2015.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Clinton County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Clinton County Budget Director, Lynn Kirchoff, Clinton County Administration Building, Clinton County Auditor's Office, 1900 North Third Street, Clinton Iowa 52733-2957.

Basic Financial Statements

Clinton County
Statement of Net Position

June 30, 2014

	Primary Government			Component Unit
	Governmental	Business Type	Total	Conservation
	Activities	Activities		Foundation
Assets				
Cash, cash equivalents and pooled investments	\$ 14,502,340	38,370	14,540,710	99,037
Receivables:				
Property tax:				
Delinquent	88,741	-	88,741	-
Succeeding year	17,757,000	-	17,757,000	-
Penalty and interest on property tax	394,515	-	394,515	-
Accounts	38,357	3,376	41,733	-
Accrued interest	13	-	13	-
Drainage assessments:				
Delinquent	50,749	-	50,749	-
Succeeding year	4,486	-	4,486	-
Due from other governments	6,828,034	-	6,828,034	-
Inventories	309,134	-	309,134	-
Capital assets, net of accumulated depreciation	47,436,223	215,615	47,651,838	-
Total assets	87,409,592	257,361	87,666,953	99,037
Liabilities				
Accounts payable	1,298,884	8,444	1,307,328	-
Accrued interest payable	18,554	-	18,554	-
Salaries and benefits payable	247,654	3,169	250,823	-
Due to other governments	107,446	213	107,659	-
Long-term liabilities:				
Portion due or payable within one year:				
General obligation bonds	1,145,000	-	1,145,000	-
Drainage warrants	55,872	-	55,872	-
Compensated absences	943,780	10,841	954,621	-
Portion due or payable after one year:				
General obligation bonds	6,235,000	-	6,235,000	-
Drainage warrants	3,000	-	3,000	-
Compensated absences	115,025	-	115,025	-
Net OPEB liability	741,602	-	741,602	-
Total liabilities	10,911,817	22,667	10,934,484	-
Deferred Inflows of Resources				
Unavailable property tax revenue	17,757,000	-	17,757,000	-
Net Position				
Net investment in capital assets	43,881,223	215,615	44,096,838	-
Restricted for:				
Nonexpendable:				
Permanent Fund	5,000	-	5,000	-
Expendable:				
Supplemental levy purposes	4,775,692	-	4,775,692	-
Mental health purposes	1,703,361	-	1,703,361	-
Rural services purposes	436,830	-	436,830	-
Secondary roads purposes	1,530,403	-	1,530,403	-
Debt service	2,218,367	-	2,218,367	-
Drainage purposes	64,022	-	64,022	-
Vietnam Veterans Memorial	7,831	-	7,831	-
Other	341,963	-	341,963	99,037
Unrestricted	3,776,083	19,079	3,795,162	-
Total net position	\$ 58,740,775	234,694	58,975,469	99,037

See notes to financial statements.

Clinton County

Statement of Activities

Year ended June 30, 2014

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 7,040,872	440,004	110,207	-
Physical health and social services	1,476,815	19,910	364,774	-
Mental health	2,931,064	33,353	1,458,570	-
County environment and education	2,080,582	99,320	32,468	32,276
Roads and transportation	8,284,289	37,521	3,820,006	2,194,343
Governmental services to residents Administration	1,152,385	820,661	-	-
	3,926,267	22,053	81,050	-
Non-program	687,951	778,156	14,556	-
Interest on long-term debt	256,026	-	-	-
Total governmental activities	27,836,251	2,250,978	5,881,631	2,226,619
Business type activities:				
Rock Creek Marina	184,673	170,415	-	-
Total primary government	\$ 28,020,924	2,421,393	5,881,631	2,226,619
Component Unit:				
Conservation Foundation	\$ 121,561	-	129,664	-
General Revenues:				
Property and other county tax levied for:				
General purposes				
Debt service				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Unrestricted investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				
See notes to financial statements.				

Net (Expense) Revenue and Change in Net Position			Component Unit
Primary Government			
Governmental Activities	Business Type Activities	Total	Conservation Foundation
(6,490,661)	-	(6,490,661)	
(1,092,131)	-	(1,092,131)	
(1,439,141)	-	(1,439,141)	
(1,916,518)	-	(1,916,518)	
(2,232,419)	-	(2,232,419)	
(331,724)	-	(331,724)	
(3,823,164)	-	(3,823,164)	
104,761	-	104,761	
(256,026)	-	(256,026)	
(17,477,023)	-	(17,477,023)	
-	(14,258)	(14,258)	
(17,477,023)	(14,258)	(17,491,281)	
			8,103
15,560,538	-	15,560,538	-
1,296,245	-	1,296,245	-
306,674	-	306,674	-
767,973	-	767,973	-
1,512,957	-	1,512,957	-
109,837	-	109,837	270
6,926	-	6,926	-
321,988	-	321,988	-
19,883,138	-	19,883,138	270
2,406,115	(14,258)	2,391,857	8,373
56,334,660	248,952	56,583,612	90,664
\$ 58,740,775	234,694	58,975,469	99,037

Clinton County
Balance Sheet
Governmental Funds

June 30, 2014

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 6,838,313	1,983,194	360,381
Receivables:			
Property tax:			
Delinquent	65,525	12,209	3,910
Succeeding year	12,145,000	2,192,000	2,105,000
Penalty and interest on property tax	394,515	-	-
Accounts	23,463	715	-
Accrued interest	-	-	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other funds	-	-	-
Due from other governments	310,391	11,724	34,326
Inventories	-	-	-
Total assets	\$ 19,777,207	4,199,842	2,503,617
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 425,726	129,982	-
Salaries and benefits payable	186,372	4,142	9,926
Due to other funds	2,889	-	11,997
Due to other governments	21,156	52,158	-
Total liabilities	636,143	186,282	21,923
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	12,145,000	2,192,000	2,105,000
Other	453,985	11,458	3,909
Total deferred inflows of resources	12,598,985	2,203,458	2,108,909
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Vietnam Veterans Memorial	-	-	-
Restricted for:			
Supplemental levy purposes	2,385,797	-	-
Mental health purposes	-	1,810,102	-
Rural services purposes	-	-	372,785
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Debt service	-	-	-
Other purposes	253,573	-	-
Unassigned	3,902,709	-	-
Total fund balances	6,542,079	1,810,102	372,785
Total liabilities, deferred inflows of resources and fund balances	\$ 19,777,207	4,199,842	2,503,617

See notes to financial statements.

Secondary Roads	Debt Service	Nonmajor	Total
742,697	54,824	181,328	10,160,737
-	7,097	-	88,741
-	1,315,000	-	17,757,000
-	-	-	394,515
4,147	-	9	28,334
-	-	13	13
-	-	50,749	50,749
-	-	4,486	4,486
14,886	-	-	14,886
461,852	6,000,000	9,741	6,828,034
309,134	-	-	309,134
1,532,716	7,376,921	246,326	35,636,629
451,595	-	22,211	1,029,514
47,214	-	-	247,654
-	-	-	14,886
34,132	-	-	107,446
532,941	-	22,211	1,399,500
-	1,315,000	-	17,757,000
33,295	6,669	55,235	564,551
33,295	1,321,669	55,235	18,321,551
309,134	-	-	309,134
-	-	5,000	5,000
-	-	-	2,385,797
-	-	-	1,810,102
-	-	-	372,785
657,346	-	-	657,346
-	-	67,659	67,659
-	6,055,252	-	6,055,252
-	-	96,221	349,794
-	-	-	3,902,709
966,480	6,055,252	168,880	15,915,578
1,532,716	7,376,921	246,326	35,636,629

Clinton County

Clinton County

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

June 30, 2014

Total governmental fund balances (page 21) \$ 15,915,578

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$82,089,339 and the accumulated depreciation is \$34,653,116. 47,436,223

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 564,551

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. A portion of the assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 4,082,256

Long-term liabilities, including bonds payable, drainage warrants payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (9,257,833)

Net position of governmental activities (page 17) \$ 58,740,775

See notes to financial statements.

Clinton County

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

Year ended June 30, 2014

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 11,730,533	2,156,381	1,731,800
Local option sales tax	559,794	-	-
Penalty and interest on property tax	252,994	-	-
Intergovernmental	2,412,361	487,354	93,370
Licenses and permits	19,110	-	-
Charges for service	1,030,187	33,352	-
Use of money and property	250,473	-	-
Miscellaneous	167,384	42	66,857
Total revenues	16,422,836	2,677,129	1,892,027
Expenditures:			
Operating:			
Public safety and legal services	6,721,546	-	335,522
Physical health and social services	1,482,708	-	-
Mental health	1,193,603	1,757,792	-
County environment and education	1,547,155	-	443,194
Roads and transportation	-	-	-
Governmental services to residents	1,156,712	-	-
Administration	4,632,264	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	72,918	-	-
Total expenditures	16,806,906	1,757,792	778,716
Excess (deficiency) of revenues over (under) expenditures	(384,070)	919,337	1,113,311
Other financing sources (uses):			
Sale of capital assets	178	-	-
Transfers in	5,000	-	-
Transfers out	(268,341)	-	(1,210,000)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(263,163)	-	(1,210,000)
Change in fund balances	(647,233)	919,337	(96,689)
Fund balances beginning of year	7,189,312	890,765	469,474
Fund balances end of year	\$ 6,542,079	1,810,102	372,785

See notes to financial statements.

Secondary Roads	Debt Service	Nonmajor	Total
-	1,296,245	-	16,914,959
953,163	-	-	1,512,957
-	-	-	252,994
3,978,942	56,912	39,976	7,068,915
23,007	-	-	42,117
4,048	-	8,181	1,075,768
-	989	195	251,657
63,773	-	82,907	380,963
5,022,933	1,354,146	131,259	27,500,330
-	-	1,820	7,058,888
-	-	-	1,482,708
-	-	-	2,951,395
-	-	74,519	2,064,868
6,327,485	-	-	6,327,485
-	-	6,739	1,163,451
-	-	-	4,632,264
-	-	4,815	4,815
-	1,374,527	123,181	1,497,708
315,333	-	-	388,251
6,642,818	1,374,527	211,074	27,571,833
(1,619,885)	(20,381)	(79,815)	(71,503)
5,500	-	-	5,678
1,478,341	-	-	1,483,341
-	-	(5,000)	(1,483,341)
-	-	52,798	52,798
1,483,841	-	47,798	58,476
(136,044)	(20,381)	(32,017)	(13,027)
1,102,524	6,075,633	200,897	15,928,605
966,480	6,055,252	168,880	15,915,578

Clinton County

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances –
Governmental Funds to the Statement
of Activities

Year ended June 30, 2014

Change in fund balances - Total governmental funds (page 25) \$ (13,027)

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

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

Expenditures for capital assets	\$ 1,860,445	
Capital assets contributed by the State and others	2,098,548	
Depreciation expense	<u>(2,874,349)</u>	1,084,644

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 1,426

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

Property tax	(58,176)	
Other	<u>(72,802)</u>	(130,978)

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

Issued	(52,798)	
Repaid	<u>1,329,895</u>	1,277,097

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

Compensated absences	(69,621)	
Other postemployment benefits	(99,682)	
Interest on long-term debt	<u>2,287</u>	(167,016)

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. A portion of the change in net position of the Internal Service Fund is reported with governmental activities. 353,969

Change in net position of governmental activities (page 19) \$ 2,406,115

See notes to financial statements.

Clinton County
Statement of Net Position
Proprietary Funds

June 30, 2014

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 24,351	4,355,622
Accounts receivable	3,343	10,056
Capital assets, net of accumulated depreciation	215,615	-
Total assets	<u>243,309</u>	<u>4,365,678</u>
Liabilities		
Accounts payable	7,574	270,240
Salaries and benefits payable	3,169	-
Due to other governments	213	-
Compensated absences	10,841	-
Total liabilities	<u>21,797</u>	<u>270,240</u>
Net Position		
Net investment in capital assets	215,615	-
Unrestricted	5,897	4,095,438
Total net position	<u>221,512</u>	<u>4,095,438</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	13,182	
Net position of business type activities	<u>\$ 234,694</u>	

See notes to financial statements.

Clinton County

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

Year ended June 30, 2014

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,446,797
Reimbursements from employees and others	-	230,729
Stop loss insurance recoveries	-	271,342
Hotel/motel excise tax	766	-
Grants and contributions	20,000	-
Camping fees	68,830	-
Boat rental fees	9,606	-
Other recreational fees	33,796	-
Concession sales	41,790	-
Miscellaneous	424	-
Total operating revenues	175,212	2,948,868
Operating expenses:		
Administrative fees	-	27,316
Medical and health services	-	2,378,182
Insurance premiums	-	165,326
Salaries	75,265	-
Employee benefits	18,362	-
Supplies	28,183	-
Utilities	28,086	-
Repair and improvements	6,372	-
Depreciation	18,337	-
Miscellaneous	3,868	47,716
Total operating expenses	178,473	2,618,540
Operating income (loss)	(3,261)	330,328
Non-operating revenues:		
Interest income	-	12,644
Net income (loss)	(3,261)	342,972
Net position beginning of year	224,773	3,752,466
Net position end of year	221,512	4,095,438
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	13,182	
Net position of business type activities	\$ 234,694	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating funds	\$ -	2,446,797
Cash received from employees and others	-	230,729
Cash received from stop loss insurance recoveries	-	316,738
Cash received from hotel/motel excise tax	755	-
Cash received from grants/contributions	20,000	-
Cash received from camping fees	68,773	-
Cash received from boat rental fees	7,553	-
Cash received from other recreational fees	33,386	-
Cash received from concession sales	40,979	-
Cash received from miscellaneous operations	423	-
Cash paid for administrative fees	-	(27,316)
Cash paid to employees for services	(90,689)	-
Cash paid to suppliers for services	(66,453)	(2,601,323)
Net cash provided by operating activities	<u>14,727</u>	<u>365,625</u>
Cash flows from investing activities:		
Interest on investments	-	12,644
Net increase in cash and cash equivalents	14,727	378,269
Cash and cash equivalents beginning of year	9,624	3,977,353
Cash and cash equivalents end of year	<u>\$ 24,351</u>	<u>4,355,622</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (3,261)	330,328
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	18,337	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,343)	45,397
Increase (decrease) in accounts payable	187	(10,100)
Increase in salaries and benefits payable	1,122	-
Decrease in due to other governments	(132)	-
Increase in compensated absences	1,817	-
Total adjustments	<u>17,988</u>	<u>35,297</u>
Net cash provided by operating activities	<u>\$ 14,727</u>	<u>365,625</u>

See notes to financial statements.

Clinton County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

Assets

Cash and pooled investments:

County Treasurer	\$ 5,498,214
Other County officials	61,237

Receivables:

Property tax:

Delinquent	366,505
Succeeding year	57,791,000
Accounts	44,167
Drainage assessments	5,149
Special assessments	1,331,591
Due from other governments	41,431

Total assets

65,139,294**Liabilities**

Accounts payable	123,643
Salaries and benefits payable	33,210
Due to other governments	64,812,638
Trusts payable	31,396
Compensated absences	136,633
Stamped drainage warrants payable	1,774

Total liabilities

65,139,294**Net position**

\$ -

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

Discretely Presented Component Unit

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

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

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

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

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt. A portion of the fund also accounts for the unpaid balance due on the monies advanced to the City of Clinton by the County pursuant to a Chapter 28E agreement for the City-managed Lincolnway Railport Project.

Additionally, the County reports the following funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 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 – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Asset Class	Amount
Intangibles	\$ 150,000
Infrastructure	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	10 - 50
Building improvements	20 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	2 - 30
Vehicles	3 - 10

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

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

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled 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 or improvement certificates of a drainage district.

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 2,889
	Special Revenue:	
	Rural Services	11,997
Total		\$ 14,886

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

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 268,341
	Special Revenue:	
	Rural Services	1,210,000
		<u>1,478,341</u>
General	Special Revenue:	
	County Recorder's Records Management	5,000
Total		<u>\$ 1,483,341</u>

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

(5) Capital Assets

Governmental activities capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 1,022,133	73,000	-	1,095,133
Construction in progress, road network	97,781	2,270,460	2,368,241	-
Construction in progress, other	-	797,552	-	797,552
Total capital assets not being depreciated	<u>1,119,914</u>	<u>3,141,012</u>	<u>2,368,241</u>	<u>1,892,685</u>
Capital assets being depreciated:				
Buildings and improvements	11,325,923	-	-	11,325,923
Equipment and vehicles	10,464,820	964,021	498,510	10,930,331
Infrastructure, road network	55,572,159	2,368,241	-	57,940,400
Total capital assets being depreciated	<u>77,362,902</u>	<u>3,332,262</u>	<u>498,510</u>	<u>80,196,654</u>
Less accumulated depreciation for:				
Buildings and improvements	4,149,266	223,186	-	4,372,452
Equipment and vehicles	5,974,464	663,236	353,896	6,283,804
Infrastructure, road network	22,008,933	1,987,927	-	23,996,860
Total accumulated depreciation	<u>32,132,663</u>	<u>2,874,349</u>	<u>353,896</u>	<u>34,653,116</u>
Total capital assets being depreciated, net	<u>45,230,239</u>	<u>457,913</u>	<u>144,614</u>	<u>45,543,538</u>
Governmental activities capital assets, net	<u>\$ 46,350,153</u>	<u>3,598,925</u>	<u>2,512,855</u>	<u>47,436,223</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 140,174
Physical health and social services	4,943
Mental health	565
County environment and education	134,712
Roads and transportation	2,393,958
Governmental services to residents	9,522
Administration	190,475
Total depreciation expense - governmental activities	<u>\$ 2,874,349</u>

Business type activities capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets being depreciated:				
Buildings	\$ 283,284	-	-	283,284
Equipment	159,731	-	-	159,731
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	502,226	-	-	502,226
Less accumulated depreciation for:				
Buildings	128,990	11,598	-	140,588
Equipment	80,073	6,739	-	86,812
Infrastructure	59,211	-	-	59,211
Total accumulated depreciation	268,274	18,337	-	286,611
Business type activities capital assets, net	\$ 233,952	(18,337)	-	215,615
Total depreciation expense - business type activities				\$ 18,337

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 21,156
Special Revenue:		
Mental Health	Services	52,158
Secondary Roads	Services	34,132
		<u>86,290</u>
Total for governmental funds		<u>\$ 107,446</u>
Agency:		
County Assessor	Collections	\$ 945,203
City Assessor		1,127,141
Schools		31,318,785
Community Colleges		1,930,590
Corporations		24,076,660
Townships		431,224
All other		4,983,035
Total for agency funds		<u>\$ 64,812,638</u>

(7) Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2014 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds	Drainage Warrants	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 90,500	8,505,000	120,469	989,184	641,920	10,347,073
Increases	-	-	52,798	952,328	104,324	1,109,450
Decreases	90,500	1,125,000	114,395	882,707	4,642	2,217,244
Balance end of year	\$ -	7,380,000	58,872	1,058,805	741,602	9,239,279
Due within one year	\$ -	1,145,000	55,872	943,780	-	2,144,652

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2014 is as follows:

	Compensated Absences
Balance beginning of year	\$ 9,024
Increases	12,001
Decreases	10,184
Balance end of year	\$ 10,841
Due within one year	\$ 10,841

General Obligation Bonds

A summary of the County's June 30, 2014 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2009A			Series 2010A		
	Issued July 15, 2009			Issued April 1, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	3.00%	\$ 125,000	22,480	2.50%	\$ 425,000	86,280
2016	3.20	125,000	18,730	2.60	440,000	75,655
2017	3.50	130,000	14,730	2.85	450,000	64,215
2018	3.60	135,000	10,180	3.00	465,000	51,390
2019	3.80	140,000	5,320	3.20	480,000	37,440
2020		-	-	3.45	640,000	22,080
Total		\$ 655,000	71,440		\$ 2,900,000	337,060

Year Ending June 30,	Series 2010B					
	Issued April 1, 2010					
	Lincolnway Railport Industrial Park			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2015	2.25%	\$ 595,000	113,887	1,145,000	222,647	1,367,647
2016	2.75	605,000	100,500	1,170,000	194,885	1,364,885
2017	3.00	625,000	83,863	1,205,000	162,808	1,367,808
2018	3.00	645,000	65,113	1,245,000	126,683	1,371,683
2019	3.25	665,000	45,763	1,285,000	88,523	1,373,523
2020	3.50	690,000	24,150	1,330,000	46,230	1,376,230
Total		\$ 3,825,000	433,276	7,380,000	841,776	8,221,776

During the year ended June 30, 2014, the County retired \$1,125,000 of general obligation bonds.

Pursuant to a Chapter 28E agreement between the County and the City of Clinton, Iowa, the County is participating in the City-managed Lincolnway Railport Project by contributing \$6,000,000 of the series 2010B general obligation bond proceeds to the City of Clinton to be used solely for the purpose designated in the Clinton County Lincolnway Railport urban renewal area. The City is to repay the County from a portion of the sale of property in the Industrial Park. If the County has not been reimbursed by December 2020, the City will reimburse the County for any unpaid balance due on the monies advanced by the County for the project. As of June 30, 2014, \$6,000,000 of bond proceeds had been advanced to the City and no repayments have been made.

Drainage Warrants

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

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

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$929,516, \$886,817 and \$838,043, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 189 active and 4 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 122,049
Interest on net OPEB obligation	16,062
Adjustment to annual required contribution	(33,787)
Annual OPEB cost	<u>104,324</u>
Contributions made	(4,642)
Increase in net OPEB obligation	<u>99,682</u>
Net OPEB obligation beginning of year	<u>641,920</u>
Net OPEB obligation end of year	<u>\$ 741,602</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$4,642 to the medical plan. Plan members eligible for benefits contributed \$28,215, or 86% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 108,149	9.26%	\$ 544,992
2013	109,291	11.31	641,920
2014	104,324	4.45	741,602

Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$895,637, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$895,637. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,304,000 and the ratio of the UAAL to covered payroll was 8.7%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2013 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$513 per month for retirees less than age 65 and \$1,177 per month for family plans of retirees less than age 65. All coverage ceases when the retiree attains age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The actuary made no payroll assumptions as to the future because benefits are not payroll related. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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% 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 \$285,052.

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-sharing certificate.

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

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 \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2014 was \$2,446,797.

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$270,240, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$4,095,438 at June 30, 2014 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 280,340
Incurred claims (including claims incurred but not reported at June 30, 2014)	2,378,182
Payment on claims during the year	<u>2,388,282</u>
Unpaid claims end of year	<u><u>\$ 270,240</u></u>

(12) Jointly Governed Organization

The County participates in the Clinton County Communications Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The parties to the 28E organization are the County, the cities of Camanche, Clinton and DeWitt and the Clinton County Emergency Management Commission. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2014:

Additions:		
Property tax from County general supplemental levy		<u>\$ 986,507</u>
Deductions:		
Salaries	\$ 601,138	
Benefits	260,958	
Office supplies	2,643	
Travel	2,653	
Uniforms	1,800	
Telephone	2,657	
Technology services	4,688	
Machinery and mechanical equipment	14,868	
Insurance	4,500	
Equipment/furniture	21,226	
Miscellaneous	<u>7,172</u>	<u>924,303</u>
Net		62,204
Balance beginning of year		<u>739,351</u>
Balance end of year		<u><u>\$ 801,555</u></u>

(13) Early Childhood Iowa Area Board

The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2014 is as follows:

	Early Childhood (State)	Early Childhood (Federal)	School Ready	Total
Revenues:				
State of Iowa grants:				
Early childhood	\$ 197,624	-	-	197,624
Family support and parent education	-	-	243,779	243,779
Preschool support for low-income families	-	-	107,036	107,036
Quality improvement	-	-	53,531	53,531
Allocation for administration	10,401	-	13,300	23,701
Other grant programs	-	-	26,094	26,094
Total state grants	208,025	-	443,740	651,765
Interest on investments	68	15	155	238
Total revenues	208,093	15	443,895	652,003
Expenditures:				
Program services:				
Early childhood	174,648	29,403	-	204,051
Family support and parent education	-	-	241,739	241,739
Preschool support for low income families	-	-	107,471	107,471
Quality improvement	-	-	47,114	47,114
Other program services	-	-	23,264	23,264
Total program services	174,648	29,403	419,588	623,639
Administration	8,600	50	10,784	19,434
Total expenditures	183,248	29,453	430,372	643,073
Change in fund balance	24,845	(29,438)	13,523	8,930
Fund balance beginning of year, as restated	-	29,438	58,738	88,176
Fund balance end of year	\$ 24,845	-	72,261	97,106

Fund balance beginning of year was restated for corrections made to the Early Childhood Iowa Annual Report.

Findings related to the operations of the Early Childhood Iowa Area Board are included as items II-F-14, II-G-14 and IV-J-14 in the Schedule of Findings and Questioned Costs.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

Required Supplementary Information

Clinton County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$18,427,364	-	18,427,364
Penalty and interest on property tax	251,779	-	251,779
Intergovernmental	7,286,900	-	7,286,900
Licenses and permits	38,992	-	38,992
Charges for service	1,075,403	-	1,075,403
Use of money and property	252,018	81	251,937
Miscellaneous	421,181	99,258	321,923
Total receipts	<u>27,753,637</u>	<u>99,339</u>	<u>27,654,298</u>
Disbursements:			
Public safety and legal services	7,047,516	-	7,047,516
Physical health and social services	1,486,870	-	1,486,870
Mental health	2,987,716	-	2,987,716
County environment and education	2,088,795	52,798	2,035,997
Roads and transportation	6,129,905	-	6,129,905
Governmental services to residents	1,163,287	-	1,163,287
Administration	4,500,338	-	4,500,338
Non-program	4,815	-	4,815
Debt service	1,497,708	123,181	1,374,527
Capital projects	375,018	-	375,018
Total disbursements	<u>27,281,968</u>	<u>175,979</u>	<u>27,105,989</u>
Excess (deficiency) of receipts over (under) disbursements	471,669	(76,640)	548,309
Other financing sources, net	<u>65,976</u>	<u>52,798</u>	<u>13,178</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	537,645	(23,842)	561,487
Balance beginning of year	9,623,092	113,703	9,509,389
Balance end of year	<u>\$ 10,160,737</u>	<u>89,861</u>	<u>10,070,876</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
19,129,167	19,129,167	(701,803)
137,600	137,600	114,179
6,989,451	7,035,951	250,949
89,670	89,670	(50,678)
1,045,673	1,045,673	29,730
248,423	248,423	3,514
156,450	165,000	156,923
<u>27,796,434</u>	<u>27,851,484</u>	<u>(197,186)</u>
7,629,888	7,662,939	615,423
1,727,504	1,733,704	246,834
3,728,764	3,728,764	741,048
2,091,633	2,095,203	59,206
5,985,867	6,550,867	420,962
1,438,297	1,438,297	275,010
4,813,858	4,890,358	390,020
40,000	40,000	35,185
1,390,103	1,390,103	15,576
423,000	458,000	82,982
<u>29,268,914</u>	<u>29,988,235</u>	<u>2,882,246</u>
(1,472,480)	(2,136,751)	2,685,060
<u>33,000</u>	<u>33,000</u>	<u>(19,822)</u>
(1,439,480)	(2,103,751)	2,665,238
<u>7,680,352</u>	<u>9,426,389</u>	<u>83,000</u>
<u>6,240,872</u>	<u>7,322,638</u>	<u>2,748,238</u>

Clinton County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 27,753,637	(253,307)	27,500,330
Expenditures	27,281,968	289,865	27,571,833
Net	471,669	(543,172)	(71,503)
Other financing sources, net	65,976	(7,500)	58,476
Beginning fund balances	9,623,092	6,305,513	15,928,605
Ending fund balances	\$ 10,160,737	5,754,841	15,915,578

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$719,321. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted.

Clinton County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2009	Jul 1, 2007	-	\$ 2,181	2,181	0.00%	\$ 7,812	27.92%
2010	Jul 1, 2009	-	1,576	1,576	0.00	8,037	19.61
2011	Jul 1, 2009	-	1,576	1,576	0.00	8,916	17.68
2012	Jul 1, 2011	-	939	939	0.00	9,603	9.78
2013	Jul 1, 2011	-	939	939	0.00	9,460	9.92
2014	Jul 1, 2013	-	896	896	0.00	10,304	8.70

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

See accompanying independent auditor's report.

Supplementary Information

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Resource Enhancement and Protection	County Recorder's Records Management	Special Seized Property
Assets			
Cash, cash equivalents and pooled investments	\$ 14,846	31,991	18,909
Receivables:			
Accounts	-	-	-
Accrued interest	-	-	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other governments	-	-	-
Total assets	\$ 14,846	31,991	18,909
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred inflows of resources:			
Unavailable other revenues	-	-	-
Fund balances:			
Nonspendable:			
Vietnam Veterans Memorial	-	-	-
Restricted for:			
Drainage purposes	-	-	-
Other purposes	14,846	31,991	18,909
Total fund balances	14,846	31,991	18,909
Total liabilities, deferred inflows of resources and fund balances	\$ 14,846	31,991	18,909

See accompanying independent auditor's report.

Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
8,370	89,861	4,533	12,818		181,328
-	9	-	-		9
-	-	-	13		13
-	50,749	-	-		50,749
-	4,486	-	-		4,486
9,741	-	-	-		9,741
18,111	145,105	4,533	12,831		246,326
-	22,211	-	-		22,211
-	55,235	-	-		55,235
-	-	-	5,000		5,000
-	67,659	-	-		67,659
18,111	-	4,533	7,831		96,221
18,111	67,659	4,533	12,831		168,880
18,111	145,105	4,533	12,831		246,326

Clinton County

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

Year ended June 30, 2014

	Resource Enhancement and Protection	County Recorder's Records Management	Special Seized Property
Revenues:			
Intergovernmental	\$ 25,420	-	-
Charges for service	-	8,181	-
Use of money and property	13	61	-
Miscellaneous	-	-	3,549
Total revenues	<u>25,433</u>	<u>8,242</u>	<u>3,549</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	1,820
County environment and education	15,742	-	-
Governmental services to residents	-	6,739	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	<u>15,742</u>	<u>6,739</u>	<u>1,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,691</u>	<u>1,503</u>	<u>1,729</u>
Other financing sources (uses):			
Transfers out	-	(5,000)	-
Drainage warrant proceeds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Change in fund balances	9,691	(3,497)	1,729
Fund balances beginning of year	5,155	35,488	17,180
Fund balances end of year	<u>\$ 14,846</u>	<u>31,991</u>	<u>18,909</u>

See accompanying independent auditor's report.

Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
14,556	-	-	-		39,976
-	-	-	-		8,181
-	60	-	61		195
-	79,358	-	-		82,907
14,556	79,418	-	61		131,259
-	-	-	-		1,820
-	58,777	-	-		74,519
-	-	-	-		6,739
4,815	-	-	-		4,815
-	123,181	-	-		123,181
4,815	181,958	-	-		211,074
9,741	(102,540)	-	61		(79,815)
-	-	-	-		(5,000)
-	52,798	-	-		52,798
-	52,798	-	-		47,798
9,741	(49,742)	-	61		(32,017)
8,370	117,401	4,533	12,770		200,897
18,111	67,659	4,533	12,831		168,880

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	2,627	540,313	842,321	336,524	20,343
Other County officials	61,237	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,322	1,051	5,747	176,261	10,247
Succeeding year	-	246,000	428,000	313,000	30,806,000	1,900,000
Accounts	2,731	-	-	75	-	-
Drainage assessments	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 63,968	249,949	969,364	1,161,143	31,318,785	1,930,590
Liabilities						
Accounts payable	\$ -	-	3,021	5,074	-	-
Salaries and benefits payable	-	-	5,736	5,390	-	-
Due to other governments	32,572	249,949	945,203	1,127,141	31,318,785	1,930,590
Trusts payable	31,396	-	-	-	-	-
Compensated absences	-	-	15,404	23,538	-	-
Stamped drainage warrants payable	-	-	-	-	-	-
Total liabilities	\$ 63,968	249,949	969,364	1,161,143	31,318,785	1,930,590

See accompanying independent auditor's report.

Corporations	Townships	Special Assessments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
240,713	4,331	125,892	1,092,205	813,090	22,260	1,457,595	5,498,214
-	-	-	-	-	-	-	61,237
170,947	893	-	-	-	-	37	366,505
23,665,000	426,000	-	-	-	-	7,000	57,791,000
-	-	-	-	41,358	3	-	44,167
-	-	-	-	-	5,149	-	5,149
-	-	1,331,591	-	-	-	-	1,331,591
-	-	-	-	41,431	-	-	41,431
24,076,660	431,224	1,457,483	1,092,205	895,879	27,412	1,464,632	65,139,294
-	-	-	-	4,941	6,442	104,165	123,643
-	-	-	-	-	-	22,084	33,210
24,076,660	431,224	1,457,483	1,092,205	890,938	19,196	1,240,692	64,812,638
-	-	-	-	-	-	-	31,396
-	-	-	-	-	-	97,691	136,633
-	-	-	-	-	1,774	-	1,774
24,076,660	431,224	1,457,483	1,092,205	895,879	27,412	1,464,632	65,139,294

Clinton County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	Agricultural					
	County Offices	Extension Education	County Assessor	City Assessor	Schools	Community Colleges
Assets and Liabilities						
Balances beginning of year	\$ 96,567	237,824	903,162	1,301,587	30,752,988	1,856,367
Additions:						
Property and other county tax	-	245,700	417,377	328,001	30,771,435	1,895,097
E911 surcharge	-	-	-	-	-	-
State tax credits	-	10,507	21,703	23,491	1,334,962	81,499
Office fees and collections	836,821	-	833	392	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	800,096	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total additions	1,636,917	256,207	439,913	351,884	32,106,397	1,976,596
Deductions:						
Agency remittances:						
To other funds	447,022	-	-	-	-	-
To other governments	388,480	244,082	373,711	492,328	31,540,600	1,902,373
Trusts paid out	834,014	-	-	-	-	-
Total deductions	1,669,516	244,082	373,711	492,328	31,540,600	1,902,373
Balances end of year	\$ 63,968	249,949	969,364	1,161,143	31,318,785	1,930,590

See accompanying independent auditor's report.

Corpora- tions	Townships	Special Assess- ments	Auto License and Use Tax	E911 Service Board	Drainage Districts	Other	Total
23,730,253	405,052	1,199,683	975,934	729,824	27,174	1,446,151	63,662,566
23,790,949	414,880	-	-	-	-	78,618	57,942,057
-	-	-	-	337,570	-	-	337,570
858,034	21,216	-	-	-	-	291	2,351,703
-	-	-	-	-	-	1,000	839,046
-	-	-	12,463,379	-	-	-	12,463,379
-	-	753,848	-	-	529	-	754,377
-	-	-	-	-	-	-	800,096
-	-	-	-	-	11	2,163,149	2,163,160
24,648,983	436,096	753,848	12,463,379	337,570	540	2,243,058	77,651,388
-	-	-	419,117	-	-	-	866,139
24,302,576	409,924	496,048	11,927,991	171,515	2,076	2,172,735	74,424,439
-	-	-	-	-	-	51,842	885,856
24,302,576	409,924	496,048	12,347,108	171,515	2,076	2,224,577	76,176,434
24,076,660	431,224	1,457,483	1,092,205	895,879	25,638	1,464,632	65,137,520

Clinton County

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

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 16,914,959	17,433,243	16,971,197	16,215,989
Local option sales tax	1,512,957	1,404,206	1,568,162	1,568,149
Interest and penalty on property tax	252,994	153,244	148,554	153,069
Intergovernmental	7,068,915	7,094,699	11,857,107	10,745,146
Licenses and permits	42,117	73,345	97,195	90,602
Charges for service	1,075,768	1,140,371	1,100,291	1,093,479
Use of money and property	251,657	250,931	245,406	284,566
Miscellaneous	380,963	507,538	890,743	816,752
Total	\$ 27,500,330	28,057,577	32,878,655	30,967,752
Expenditures:				
Operating:				
Public safety and legal services	\$ 7,058,888	7,588,190	6,844,604	6,900,152
Physical health and social services	1,482,708	1,390,552	1,392,888	1,398,099
Mental health	2,951,395	3,939,104	9,536,046	7,916,840
County environment and education	2,064,868	2,048,657	2,149,180	1,950,917
Roads and transportation	6,327,485	5,547,484	6,841,181	5,623,843
Governmental services to residents	1,163,451	1,173,154	1,130,337	1,067,379
Administration	4,632,264	3,481,834	3,202,208	3,321,195
Non-program	4,815	2,525	80,495	148,616
Debt service	1,497,708	1,682,112	1,441,928	1,573,694
Capital projects	388,251	719,795	1,246,850	3,808,551
Total	\$ 27,571,833	27,573,407	33,865,717	33,709,286

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
15,151,449	13,122,899	12,611,466	11,889,226	10,885,977	10,710,558
1,493,260	1,596,635	1,349,137	1,502,602	1,197,154	1,093,416
152,824	167,424	175,190	144,441	149,590	141,399
9,984,494	11,379,705	10,954,929	10,339,027	10,154,334	9,633,194
107,223	95,627	100,548	68,677	68,648	70,707
1,005,790	1,017,760	1,041,896	1,121,830	1,090,334	1,022,569
312,597	325,334	481,374	439,454	306,207	290,174
331,319	319,848	435,410	357,352	166,449	144,475
28,538,956	28,025,232	27,149,950	25,862,609	24,018,693	23,106,492
6,378,617	5,773,813	5,698,173	5,391,799	4,936,287	4,679,136
1,550,419	1,476,184	1,370,152	1,397,848	1,388,548	1,204,231
7,640,292	8,495,067	8,351,568	7,935,820	7,592,273	6,637,459
1,889,731	1,855,913	1,561,503	1,825,999	1,370,588	1,290,889
4,668,020	5,039,654	5,344,431	4,378,909	4,760,000	4,777,320
1,136,514	1,240,716	996,106	1,204,331	995,914	865,039
3,143,634	3,020,633	2,617,109	2,453,222	2,350,649	2,437,853
59,960	61,998	106,136	464,257	194,083	567,989
1,047,003	150,383	375,174	139,031	6,131	36,319
2,924,093	425,943	237,297	361,943	757,545	1,501,840
30,438,283	27,540,304	26,657,649	25,553,159	24,352,018	23,998,075

Schedule 6

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 19,361
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		2,030
Total direct			21,391
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		38,276
U.S. Department of Defense:			
Office of Treasurer of State:			
Payments to States in Lieu of Real Estate Taxes	12.112		10,719
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-JAG-58807	6,623
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	IA-13-01-23-03	46,127
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	13-410, Task 13	7,899
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	14-405d-M6OT, Task 16-00-00	14,389
			22,288
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.069	5883BT23	9,325
Aligned Cooperative Agreements	93.074	5884BT70	64,218
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5884NB09	22,140

Clinton County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Programs	93.566		90
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		11,211
Foster Care-Title IV-E	93.658		14,658
Adoption Assistance	93.659		4,959
Children's Health Insurance Program	93.767		159
Medical Assistance Program	93.778		62,580
Social Services Block Grant	93.667		11,951
Social Services Block Grant	93.667		350,010
			<u>361,961</u>
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4119 DR IA	3,600
Emergency Management Performance Grants	97.042		39,000
Total indirect			<u>717,934</u>
Total			<u>\$ 739,325</u>

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

See accompanying independent auditor's report.

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Mary Mosiman, CPA
Auditor of State

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

To the Officials of Clinton County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 17, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-14 through II-G-14 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clinton County's Responses to the Findings

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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2015

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

Clinton County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Clinton County:

Report on Compliance for Each Major Federal Program

We have audited Clinton County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as item III-A-14 we consider to be a significant deficiency.

Clinton 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. Clinton 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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2015

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2014

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over a major program was noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each of the major programs.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction.
 - CFDA Number 93.667 – Social Services Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clinton County did not qualify as a low-risk auditee.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Incoming mail is not opened by an individual who is not authorized to make entries to the accounting records.	Conservation
(2) Collection and deposit preparation functions are not performed by an individual who does not record and account for cash receipts.	Conservation and Conservation Foundation
(3) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash.	Conservation and Conservation Foundation

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

Responses –

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

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Conclusions –

Conservation – Response accepted.

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

- II-B-14 Financial Reporting – During the audit, we identified material amounts of payables, receivables and capital asset additions and deletions not recorded by the County. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

Response – The County accepts the recommendation to implement procedures to ensure payables, receivables and capital asset additions and deletions are identified and included in the County’s financial statements.

Conclusion – Response accepted.

- II-C-14 Employee Timesheets – Employees submit timesheets of hours worked each pay period. However, there is no evidence of supervisory review for certain departments.

Recommendation – All employee timesheets should be reviewed and approved by department heads. Additionally, the review and approval should be documented on the timesheet.

Response – Department heads will be reminded of Clinton County’s policy that each department head is responsible for reviewing and approving each timesheet. In addition, department heads will be reminded they also need to document the review of timesheets with a signature or electronic signature.

Conclusion – Response accepted.

- II-D-14 Accounting Procedures Manual – We encourage the development of office procedures and standardized accounting manuals for all County offices. In addition, we encourage obtaining or developing user manuals/help guides for the accounting software the County utilizes. These manuals and guides should provide the following benefits:

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

Response – Clinton County utilizes the software vendor’s website for various accounting manuals. Each position prints the manuals from the website as needed. Employees may refer to the website without printing manuals as needed. Also, additional internal procedure manuals are being created.

Conclusion – Response accepted.

II-E-14 Inventory Counts – Counts of Secondary Roads inventory were not performed at June 30, 2014.

Recommendation – To ensure the accuracy of perpetual inventory records, an annual count of Secondary Roads inventory should be performed on or near June 30.

Response – The County accepts and will follow the recommendation.

Conclusion – Response accepted.

II-F-14 Early Childhood Iowa Board – County Records – Section 2561I.8 of the Code of Iowa states, in part, the Early Childhood Iowa Area Board shall “submit an annual report on the effectiveness of the community plan in addressing school readiness and children’s health and safety needs to the state board and to the local government bodies in the area.” The annual report template is provided on the Early Childhood Iowa website maintained by the Department of Management.

The beginning and ending fund balances reported on the Annual Financial Report for fiscal year 2014 could not be reconciled to the County’s general ledger.

The amounts reported in Note 13 to the financial statements reflect the activity reported in the Annual Financial Report.

Recommendation - The Area Board should review and reconcile the annual report with the fiscal agent’s year-end ledger balance adjusted for outstanding accruals and make appropriate corrections to the County’s general ledger, as necessary. In addition, the Area Board should contact the Early Childhood Iowa Office within the Department of Management to determine the appropriate resolution.

Response – The County accepts and will follow the recommendation.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

II-G-14 Early Childhood Iowa Board - Separation of Funds - Per the Fiscal Agent Agreement with the Early Childhood Iowa Area Board, the County, as the fiscal agent, is to account for the School Ready Fund and the Early Childhood Fund in separate Agency Funds. The County accounted for the School Ready, Early Childhood and Decategorization Funds in a single fund.

Recommendation - The County should ensure it is following all requirements of the fiscal agent agreement.

Response - The County accepts and will follow the recommendation.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 20.205: Highway Planning and Construction

Pass-through Agency Number: IA-13-01-23-03

Federal Award Year: 2013

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

III-A-14 Employee Timesheets – Employee timesheets of hours worked did not
(2014-001) contain evidence of supervisory review. See item II-C-14.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.

IV-B-14 Questionable Expenditures – An expenditure we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented was noted. This expenditure is detailed as follows:

Paid to	Purpose	Amount
Clinton Floral Shop	Funeral arrangement	\$ 64

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by this expenditure before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – The funeral arrangement expense was approved by a recently-hired employee who had previously worked in the private sector. The County policy was explained to that employee and repayment of that amount is being arranged.

Conclusion – Response accepted.

IV-C-14 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-14 Business Transactions – The following business transactions between the County and County officials were noted:

Name, Title and Business Connection	Transaction Description	Amount
Tyler and Travis Davisson, sons of County Supervisor, owners of Davisson Tiling	Ditch repair and tile lines	\$ 2,572

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

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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Response – No conflict of interest exists in this matter when considering the Clinton County Drainage District Maintenance Policy (adopted 4/2013) section titled “Low Cost Drainage District Repair Projects (Estimated Cost <\$5,000).” Said section of said policy allows the Drainage District Clerk/County Engineer to obtain “a quote from the onsite contractor to complete repair work without soliciting any additional quotes (for repairs with an estimated cost less than \$5,000) and authorize the contractor to complete the work provided the quote price is within normal cost range of the type of proposed work.”

Conclusion – Response acknowledged. The County should consult legal counsel regarding this matter.

IV-E-14 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-14 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-14 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

IV-J-14 Early Childhood Iowa Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Agency Funds because of the County’s fiduciary relationship with the organization.

Except for the items identified in II-F-14 and II-G-14, no instances of non-compliance were noted as a result of the audit procedures performed.

Clinton County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Jenny M. Podrebarac, Senior Auditor II
Leslie M. Downing, Staff Auditor
Jesse J. Harthan, Staff Auditor
Trent M. Mussmann, Staff Auditor
Christian E. Cottingham, Assistant Auditor
James P. Moriarty, CPA, Assistant Auditor
Kristin R. Volkens, Assistant Auditor
Douglas A. Fiester, Auditor Intern
Joseph B. Sparks, Auditor Intern



Andrew E. Nielsen, CPA
Deputy Auditor of State