

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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

**NEWS RELEASE**

FOR RELEASE

June 25, 2020

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on Clinton County, Iowa.

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$35,496,767 for the year ended June 30, 2019, a 4.0% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$29,781,588, a 3.2% increase over the prior year.

**AUDIT FINDINGS:**

Sand reported eight findings related to the receipt and expenditure of taxpayer funds. They are found on pages 88 through 97 of this report. The findings address issues such as lack of segregation of duties, material amounts of property tax receivable not properly recorded in the County's financial statements, and disbursements exceeding budgeted amounts. Sand provided the County with recommendations to address each of these findings.

Two of the findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

###

**CLINTON COUNTY**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2019**

**Clinton County**



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June 15, 2020

Officials of Clinton County  
Clinton, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Clinton County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Clinton County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

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**Clinton County**

**Officials**

**(Before January 2019)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Shawn Hamerlink	Board of Supervisors	Jan 2019
Dan Srp	Board of Supervisors	Jan 2019
Tom Determann	Board of Supervisors	Jan 2021
Eric Van Lancker	County Auditor	Jan 2021
Rhonda McIntyre	County Treasurer	Jan 2019
Scott Judd	County Recorder	Jan 2019
Rick Lincoln	County Sheriff	Jan 2021
Michael Wolf	County Attorney	Jan 2019
Jill Helms	County Assessor	Jan 2022
Brian Tiesman	City Assessor	Jan 2022

**(After January 2019)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Determann	Board of Supervisors	Jan 2021
Jim Irwin, Jr.	Board of Supervisors	Jan 2023
Dan Srp	Board of Supervisors	Jan 2023
Eric Van Lancker	County Auditor	Jan 2021
Rhonda McIntyre	County Treasurer	Retired (Mar 2020)
Dustin Johnson	County Treasurer	Nov 2020
Scott Judd	County Recorder	Jan 2023
Rick Lincoln	County Sheriff	Jan 2021
Michael Wolf	County Attorney	Jan 2023
Brian Tiesman	County Assessor	Jan 2022



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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, 2019, 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, 2019 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, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 60 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

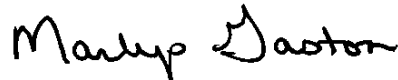
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. The financial statements for the three years ended June 30, 2018 (which are not presented herein) were audited by another auditor who expressed unmodified opinions. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2015 (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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 June 15, 2020 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 solely 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 effectiveness of the County's 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.



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 15, 2020

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2019 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 4.3%, or approximately \$1,442,000, from fiscal year 2018 to fiscal year 2019. Operating grants, contributions and restricted interest increased approximately \$1,239,000 and unrestricted investment earnings increased approximately \$164,000. Capital grants, contributions and restricted interest decreased approximately \$357,000.
- Program expenses of the County's governmental activities were 3.4%, or approximately \$972,000, more in fiscal year 2019 than in fiscal year 2018. Expenses increased approximately \$1,024,000 in the administration function and approximately \$456,000 in the roads and transportation function. Expenses decreased approximately \$289,000 in the mental health function.
- The County's governmental activities net position increased 8.6%, or approximately \$5,760,000, over the June 30, 2018 balance.

### **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, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, 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, 4) the Capital Projects Fund, and 5) 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) A proprietary fund accounts 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. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 47,695	57,502	53	83	47,748	57,585
Capital assets	75,748	62,046	195	216	75,943	62,262
Total assets	123,443	119,548	248	299	123,691	119,847
Deferred outflows of resources	2,214	2,559	16	19	2,230	2,578
Long-term liabilities	29,711	33,277	55	65	29,766	33,342
Other liabilities	2,617	2,976	12	15	2,629	2,991
Total liabilities	32,328	36,253	67	80	32,395	36,333
Deferred inflows of resources	20,909	19,194	10	6	20,919	19,200
Net position:						
Net investment in capital assets	54,298	50,193	195	216	54,493	50,409
Restricted	18,626	39,017	-	-	18,626	39,017
Unrestricted	(504)	(22,550)	(8)	16	(512)	(22,534)
Total net position	\$ 72,420	66,660	187	232	72,607	66,892

Net position of Clinton County's governmental activities increased 8.6% (approximately \$72.4 million compared to approximately \$66.6 million). 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. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

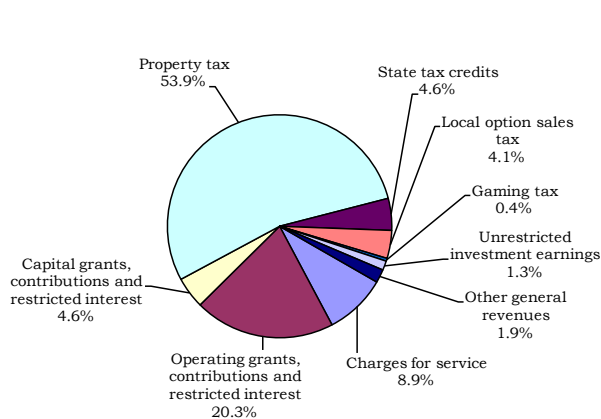
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately \$20,211,000, or 51.8%, from the prior year end. The decrease is primarily due to a decrease in net position restricted for capital projects.

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 ended the year at a deficit of approximately \$504,000.

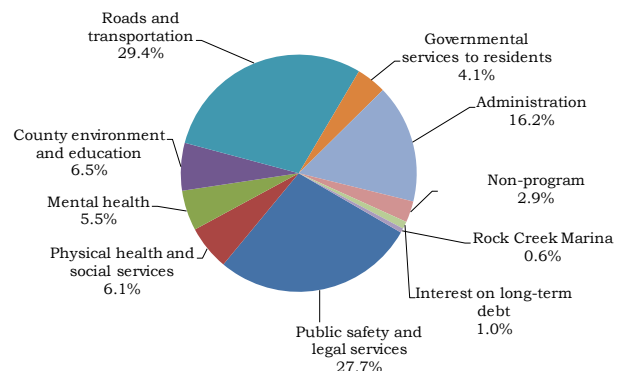
**Changes in Net Position of Governmental and Business Type Activities**  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total		
	Year ended June 30,		Year ended June 30,		Year ended June 30,		
	2019	2018	2019	2018	2019	2018	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service	\$ 3,033	2,512	137	219	3,170	2,731	
Operating grants, contributions and restricted interest	7,199	5,960	-	-	7,199	5,960	
Capital grants, contributions and restricted interest	1,621	1,978	-	-	1,621	1,978	
<b>General revenues:</b>							
Property tax	19,117	19,312	-	-	19,117	19,312	
State tax credits	1,643	1,695	-	-	1,643	1,695	
Local option sales tax	1,441	1,468	-	-	1,441	1,468	
Gaming tax	147	-	-	-	147	-	
Unrestricted investment earnings	478	314	-	-	478	314	
Other general revenues	681	679	-	-	681	679	
<b>Total revenues</b>	<b>35,360</b>	<b>33,918</b>	<b>137</b>	<b>219</b>	<b>35,497</b>	<b>34,137</b>	
<b>Program expenses:</b>							
Public safety and legal services	8,263	7,918	-	-	8,263	7,918	
Physical health and social services	1,811	1,870	-	-	1,811	1,870	
Mental health	1,642	1,931	-	-	1,642	1,931	
County environment and education	1,944	1,945	-	-	1,944	1,945	
Roads and transportation	8,758	8,302	-	-	8,758	8,302	
Governmental services to residents	1,211	1,209	-	-	1,211	1,209	
Administration	4,813	3,789	-	-	4,813	3,789	
Non-program	868	943	-	-	868	943	
Interest on long-term debt	290	721	-	-	290	721	
Rock Creek Marina	-	-	182	240	182	240	
<b>Total expenses</b>	<b>29,600</b>	<b>28,628</b>	<b>182</b>	<b>240</b>	<b>29,782</b>	<b>28,868</b>	
Excess (deficiency) before transfers	5,760	5,290	(45)	(21)	-	-	
Transfers	-	(74)	-	74	-	-	
Change in net position	5,760	5,216	(45)	53	5,715	5,269	
Net position beginning of year	66,660	61,444	232	179	66,892	61,623	
Net position end of year	\$ 72,420	66,660	187	232	72,607	66,892	

**Revenues by Source**



**Expenses by Program**



Clinton County's governmental activities net position increased approximately \$5,760,000 during the year. Revenues for governmental activities increased approximately \$1,442,000 over the prior year, including operating grants, contributions and restricted interest revenue which increased approximately \$1,239,000, or 20.8%. This increase is due to the County receiving a distribution from the Mental Health Region.

The County decreased property tax rates for fiscal year 2019 an average of 2%. However, combined with increases in taxable valuations, the County's property tax revenue decreased approximately \$195,000 in fiscal year 2019. The general basic levy increased 18.5% from \$3.5 per \$1,000 of taxable valuation to \$4.14763 per \$1,000 of taxable valuation. The mental health and disabilities services levy decreased from \$0.64762 per \$1,000 of taxable valuation to \$0 per \$1,000 of taxable valuation.

The cost of all governmental activities this year was approximately \$29.6 million compared to approximately \$28.6 million last year. However, as shown in the Statement of Activities on page 21, the amount taxpayers ultimately financed for these activities was approximately \$17.7 million because some of the cost was paid by those who directly benefited from the programs (approximately \$3,033,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,820,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2019 from approximately \$10,450,000 to approximately \$11,853,000, principally due to receiving a distribution from the Eastern Iowa Mental Health and Disabilities Services Region.

Total business type activities revenues for the fiscal year were approximately \$137,000 compared to approximately \$219,000 last year, and expenses were approximately \$182,000 compared to approximately \$240,000 last year. These decreases were due to less camping receipts and expenses due to flooding, which caused the marina to be closed part of the season. Total net position decreased approximately \$45,000 as a result of these changes.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Clinton County completed the year, its governmental funds reported a combined fund balance of approximately \$19.7 million, a decrease of approximately \$11.2 million from last year's total of approximately \$30.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,920,000, or 10.8%, when compared to the prior year. This was primarily related to the increase in property and other county tax as a result of the increase in the levy rate from \$3.5 per \$1,000 of taxable valuation in fiscal year 2018 to \$4.14763 per \$1,000 of taxable valuation in fiscal year 2019. Expenditures increased approximately \$1,943,000, or 12.1%, over the prior year to approximately \$17,936,000. The increase was primarily related to expenditures for the demolition of the County Jail and the purchase of property for parking charged to the administration function and an increase in the public safety and legal services function for increases in payroll and equipment for squad vehicles and the jail. Transfers out increased approximately \$1,876,000, to approximately \$2,141,000, as a result of transfers to the Capital Projects Fund. The ending fund balance decreased approximately \$445,000, or 4.4%, from the prior year to \$9,754,480.

- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues increased approximately \$293,000 over the prior year. In lieu of the mental health and disabilities services levy, the County received a distribution of approximately \$1,785,000 from the Eastern Iowa Mental Health and Disabilities Services region. For the year, expenditures totaled approximately \$1,643,000, a decrease of 9.7% from the prior year, primarily due to a decrease in payroll and the region paying certain costs. The Special Revenue, Mental Health Fund balance at year end increased approximately \$180,000 over the prior year to \$509,210.
- Special Revenue, Rural Services Fund revenues totaled approximately \$2,555,000, an increase of 5.4% over the prior year, primarily related to an increase in property tax valuation for an increase in property tax revenue. Expenditures totaled approximately \$506,000, a decrease of 15.3% from the prior year, primarily related to the elimination of a portion of the solid waste allocation and the payment to the Clinton County Solid Waste Agency being paid from the General Fund in fiscal year 2019. The ending fund balance increased approximately \$267,000 to approximately \$900,422 at June 30, 2019.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$1,745,000 from the prior year, primarily due to a reduction in reimbursement from the Iowa Department of Transportation. Expenditures decreased approximately \$757,000 from the prior year, due primarily to a decrease in roadway construction and bridge projects. The Secondary Roads Fund balance at year end decreased approximately \$279,000 from the prior year to \$2,358,167.
- Debt Service Fund revenues totaled approximately \$2,648,000, a decrease of approximately \$448,000, or 14.5%, from the prior year. The debt service levy decreased from \$1.27358 per \$1,000 of taxable valuation to \$1.05155 per \$1,000 of taxable valuation, a decrease of 17.4%. Combined with an increase in the taxable valuation, debt service property tax receipts decreased approximately \$411,000 from the prior year. Expenditures decreased approximately \$312,000, or 9.6% from the prior year. The ending fund balance decreased approximately \$269,000 from the prior year to approximately \$5,502,000.
- Capital Projects Fund revenues decreased approximately \$57,000, or 36% from the prior year. Expenditures increased approximately \$3,654,000, or 40.9%, primarily due to construction expenditures related to the Law Enforcement Center project. The fund balance at June 30, 2019 decreased approximately \$10,615,000 from the prior year to \$401,544.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Clinton County amended its budget two times. The first amendment was made in December 2018 and resulted in an increase in the public safety and legal services, physical health and social services, mental health, county environment and education, government services to residents, administration, non-program and capital projects functions. The first budget amendment increased budgeted miscellaneous revenues. The second amendment was made on May 20, 2019 and increased budgeted disbursements in the public safety and legal services, county environment and education, roads and transportation and administration functions.

The County's receipts were \$2,961,097 more than budgeted, a variance of 9.7%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated due to the distribution of funds from the Mental Health Region.

Total disbursements were \$7,393,334 less than the amended budget. Actual disbursements for the capital projects, public safety and legal services and administration functions were \$5,846,255, \$564,104 and \$322,809, respectively, less than budgeted. This was primarily due to costs being less than anticipated.



Even with the budget amendments, the County exceeded the budgeted amounts in the roads and transportation and debt service functions for the year ended June 30, 2019. In addition, certain departments exceeded amount appropriated prior to budget amendments.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2019, Clinton County had approximately \$75.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$13,681,000, or 22.0%, over last year.

Capital Assets of Governmental and Business Type Activities at Year End (Expressed in Thousands)		
	June 30,	
	2019	2018
Land	\$ 1,369	1,204
Construction in progress	23,954	11,701
Buildings and improvements	8,038	8,259
Equipment and vehicles	6,249	5,548
Infrastructure	36,333	35,550
Total	\$ 75,943	62,262

The County had depreciation expense of \$3,349,500 in fiscal year 2019 and total accumulated depreciation of \$47,735,549 at June 30, 2019. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### **Long-Term Debt**

At June 30, 2019, Clinton County had approximately \$21,481,000 of general obligation bonds and other debt outstanding, compared to approximately \$24,153,000 at June 30, 2018, as shown below:

Outstanding Debt of Governmental Activities at Year End (expressed in Thousands)		
	June 30,	
	2019	2018
General obligation bonds	\$ 21,450	24,072
Drainage warrants	31	81
Total	\$ 21,481	24,153

The County continues to carry a general obligation bond rating of Aa2 assigned by national rating agencies to the County's debt. 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 and tax increment financing obligations are significantly below its constitutional debt limit of approximately \$208 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

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

Clinton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County stands at 3.7% at June 2019 versus 3.4% a year ago. This compares with the State's unemployment rate of 2.8% and the national rate of 3.7% at June 2019.

These indicators were taken into account when adopting the budget for fiscal year 2020. Revenues in the operating budget are approximately \$31.2 million, an increase of 2.6% over the final fiscal year 2019 budget. Property tax (benefiting from increases in assessed valuations) is expected to lead this increase. Clinton County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to decrease approximately \$18,903,000. Decreased costs associated with the construction to the Law Enforcement Center represent the largest decrease. The County has added no major new programs or initiatives to the fiscal year 2020 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$2.1 million by the close of fiscal year 2020.

## **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, Nicholas Manirique, Clinton County Administration Building, Clinton County Auditor's Office, 1900 North Third Street, Clinton Iowa 52733-2957.

**Clinton County**

## **Basic Financial Statements**

**Clinton County**

Clinton County  
Statement of Net Position  
June 30, 2019

	Primary Government		Component Unit	
	Governmental Activities	Business Type Activities	Total	Conservation Foundation
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 20,692,871	52,750	20,745,621	138,775
Receivables:				
Property tax:				
Delinquent	145,569	-	145,569	-
Succeeding year	19,572,000	-	19,572,000	-
Interest and penalty on property tax	429,215	-	429,215	-
Accounts	51,204	119	51,323	-
Accrued interest	70	-	70	-
Loans	246,152	-	246,152	-
Advance to other funds	5,000	-	5,000	-
Drainage assessments	33,833	-	33,833	-
Due from other governments	6,102,666	-	6,102,666	-
Inventories	325,235	-	325,235	-
Prepaid insurance	91,773	-	91,773	-
Capital assets not being depreciated	25,323,113	-	25,323,113	-
Capital assets, net of accumulated depreciation/amortization	50,424,745	195,427	50,620,172	-
<b>Total assets</b>	<b>123,443,446</b>	<b>248,296</b>	<b>123,691,742</b>	<b>138,775</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	2,213,716	16,446	2,230,162	-
<b>Liabilities</b>				
Accounts payable	1,959,608	6,286	1,965,894	-
Accrued interest payable	51,728	-	51,728	-
Salaries and benefits payable	473,171	1,171	474,342	-
Advance from other funds	-	5,000	5,000	-
Due to other governments	132,191	-	132,191	-
Long-term liabilities:				
Portion due or payable within one year:				
General obligation bonds	2,285,000	-	2,285,000	-
Drainage warrants	30,729	-	30,729	-
Compensated absences	1,143,183	261	1,143,444	-
Portion due or payable after one year:				
General obligation bonds	19,165,000	-	19,165,000	-
Drainage warrants	-	-	-	-
Net pension liability	6,205,341	46,102	6,251,443	-
Total OPEB liability	881,917	8,848	890,765	-
<b>Total liabilities</b>	<b>32,327,868</b>	<b>67,668</b>	<b>32,395,536</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	19,572,000	-	19,572,000	-
Pension related deferred inflows	1,250,405	9,289	1,259,694	-
OPEB related deferred inflows	86,715	870	87,585	-
<b>Total deferred inflows of resources</b>	<b>20,909,120</b>	<b>10,159</b>	<b>20,919,279</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	54,297,858	195,427	54,493,285	-
Restricted for:				
Nonexpendable:				
Permanent Fund	5,000	-	5,000	-
Expendable:				
Supplement levy purposes	7,136,138	-	7,136,138	-
Mental health purposes	558,787	-	558,787	-
Rural services purposes	998,272	-	998,272	-
Secondary roads purposes	3,409,677	-	3,409,677	-
Conservation land acquisition	101,959	-	101,959	-
Debt service	5,469,284	-	5,469,284	-
Capital projects	401,544	-	401,544	-
Drainage purposes	48,416	-	48,416	-
Other purposes	497,670	-	497,670	138,775
Unrestricted	(504,431)	(8,512)	(512,943)	-
<b>Total net position</b>	<b>\$ 72,420,174</b>	<b>186,915</b>	<b>72,607,089</b>	<b>138,775</b>

See notes to financial statements.

Clinton County  
Statement of Activities  
Year ended June 30, 2019

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 8,262,664	461,371	44,819	4,249
Physical health and social services	1,811,424	45,972	875,956	-
Mental health	1,642,232	37,680	1,790,854	-
County environment and education	1,943,843	64,286	37,209	-
Roads and transportation	8,758,189	427,398	4,448,600	1,616,892
Governmental services to residents	1,210,819	727,449	-	-
Administration	4,812,555	136,351	1,131	-
Non-program	868,308	1,132,875	-	-
Interest on long-term debt	289,986	-	-	-
Total governmental activities	29,600,020	3,033,382	7,198,569	1,621,141
Business type activities:				
Rock Creek Marina	181,568	136,912	-	-
Total primary government	\$ 29,781,588	3,170,294	7,198,569	1,621,141
<b>Component Unit:</b>				
Conservation Foundation	\$ 77,792	-	103,163	-
<b>General Revenues:</b>				
Property and other county tax levied for:				
General purposes				
Debt service				
State tax credits				
Local option sales tax				
Gaming 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			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Conservation Foundation
(7,752,225)	-	(7,752,225)	
(889,496)	-	(889,496)	
186,302	-	186,302	
(1,842,348)	-	(1,842,348)	
(2,265,299)	-	(2,265,299)	
(483,370)	-	(483,370)	
(4,675,073)	-	(4,675,073)	
264,567	-	264,567	
(289,986)	-	(289,986)	
(17,746,928)	-	(17,746,928)	
-	(44,656)	(44,656)	
(17,746,928)	(44,656)	(17,791,584)	
			25,371
16,709,359	-	16,709,359	-
2,407,927	-	2,407,927	-
1,642,706	-	1,642,706	-
1,440,891	-	1,440,891	-
146,577	-	146,577	-
478,543	-	478,543	974
116,678	-	116,678	-
564,082	-	564,082	-
23,506,763	-	23,506,763	974
5,759,835	(44,656)	5,715,179	26,345
66,660,339	231,571	66,891,910	112,430
\$ 72,420,174	186,915	72,607,089	138,775



Clinton County  
Balance Sheet  
Governmental Funds

June 30, 2019

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 10,188,605	689,782	969,521	1,963,548
Receivables:				
Property tax:				
Delinquent	121,024	235	4,777	-
Succeeding year	13,403,000	1,350,000	2,541,000	-
Interest and penalty on property tax	429,215	-	-	-
Accounts	19,426	3,018	-	10,340
Accrued interest	29	-	-	-
Loans	-	-	-	246,152
Advance to other funds	5,000	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	527	-	-	-
Due from other governments	369,628	-	-	480,448
Inventories	-	-	-	325,235
Prepaid insurance	91,773	-	-	-
<b>Total assets</b>	<b>\$ 24,628,227</b>	<b>2,043,035</b>	<b>3,515,298</b>	<b>3,025,723</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 536,242	101,346	56,325	545,518
Salaries and benefits payable	341,516	7,605	12,921	111,129
Due to other funds	-	527	-	-
Due to other governments	46,935	74,347	-	10,909
Total liabilities	924,693	183,825	69,246	667,556
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	13,403,000	1,350,000	2,541,000	-
Other	546,054	-	4,630	-
Total deferred inflows of resources	13,949,054	1,350,000	2,545,630	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	325,235
Prepaid expenditures	91,773	-	-	-
Permanent fund	-	-	-	-
Advances to other funds	5,000	-	-	-
Restricted for:				
Supplemental levy purposes	3,475,619	-	-	-
Mental health purposes	-	509,210	-	-
Rural services purposes	-	-	900,422	-
Secondary roads purposes	-	-	-	2,032,932
Conservation land acquisition	101,959	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Drainage purposes	-	-	-	-
Other purposes	315,400	-	-	-
Unassigned	5,764,729	-	-	-
Total fund balances	9,754,480	509,210	900,422	2,358,167
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 24,628,227</b>	<b>2,043,035</b>	<b>3,515,298</b>	<b>3,025,723</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
248,889	1,105,105	232,404	15,397,854
19,533	-	-	145,569
2,278,000	-	-	19,572,000
-	-	-	429,215
-	-	137	32,921
-	-	41	70
-	-	-	246,152
-	-	-	5,000
-	-	33,833	33,833
-	-	-	527
5,252,590	-	-	6,102,666
-	-	-	325,235
-	-	-	91,773
<b>7,799,012</b>	<b>1,105,105</b>	<b>266,415</b>	<b>42,382,815</b>
-	703,561	-	1,942,992
-	-	-	473,171
-	-	-	527
-	-	-	132,191
-	<b>703,561</b>	-	<b>2,548,881</b>
2,278,000	-	-	19,572,000
19,156	-	33,833	603,673
<b>2,297,156</b>	-	<b>33,833</b>	<b>20,175,673</b>
-	-	-	325,235
-	-	-	91,773
-	-	5,000	5,000
-	-	-	5,000
-	-	-	3,475,619
-	-	-	509,210
-	-	-	900,422
-	-	-	2,032,932
-	-	-	101,959
5,501,856	-	-	5,501,856
-	401,544	-	401,544
-	-	45,312	45,312
-	-	182,270	497,670
-	-	-	5,764,729
<b>5,501,856</b>	<b>401,544</b>	<b>232,582</b>	<b>19,658,261</b>
<b>7,799,012</b>	<b>1,105,105</b>	<b>266,415</b>	<b>42,382,815</b>

**Clinton County**

Clinton County

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

June 30, 2019

**Total governmental fund balances (page 23)** \$ 19,658,261

***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 capital assets is \$123,102,515 and the accumulated depreciation is \$47,354,657. 75,747,858

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. 603,673

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. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 5,296,684

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 2,213,716	
Deferred inflows of resources	<u>(1,337,120)</u>	876,596

Long-term liabilities, including bonds payable, compensated absences payable, drainage warrants payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (29,762,898)

**Net position of governmental activities (page 19)** **\$ 72,420,174**

See notes to financial statements.

Clinton County

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

Year ended June 30, 2019

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 14,458,352	235	2,426,146	-
Local option sales tax	608,056	-	-	832,835
Interest and penalty on property tax	173,626	-	-	-
Intergovernmental	2,629,661	1,785,148	123,959	4,921,300
Licenses and permits	13,644	-	3,936	31,810
Charges for service	1,044,837	37,680	800	-
Use of money and property	481,174	-	-	-
Miscellaneous	222,832	-	-	137,581
<b>Total revenues</b>	<b>19,632,182</b>	<b>1,823,063</b>	<b>2,554,841</b>	<b>5,923,526</b>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	8,268,811	-	291,371	-
Physical health and social services	1,824,929	-	-	-
Mental health	-	1,643,475	-	-
County environment and education	1,631,083	-	214,579	-
Roads and transportation	-	-	-	6,537,393
Governmental services to residents	1,227,145	-	-	-
Administration	4,904,459	-	-	-
Debt service	-	-	-	-
Capital projects	79,925	-	-	1,730,397
<b>Total expenditures</b>	<b>17,936,352</b>	<b>1,643,475</b>	<b>505,950</b>	<b>8,267,790</b>
Excess (deficiency) of revenues over (under) expenditures	1,695,830	179,588	2,048,891	(2,344,264)
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	-	19,190
Transfers in	-	-	-	2,046,135
Transfers out	(2,140,583)	-	(1,782,047)	-
Drainage warrants issued	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(2,140,583)</b>	<b>-</b>	<b>(1,782,047)</b>	<b>2,065,325</b>
Change in fund balances	(444,753)	179,588	266,844	(278,939)
Fund balances beginning of year	10,199,233	329,622	633,578	2,637,106
Fund balances end of year	\$ 9,754,480	509,210	900,422	2,358,167

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
2,413,614	-	-	19,298,347
-	-	-	1,440,891
-	-	-	173,626
218,056	80,000	15,800	9,773,924
-	-	-	49,390
-	-	7,428	1,090,745
16,607	21,973	992	520,746
-	-	43,891	404,304
2,648,277	101,973	68,111	32,751,973
-	-	102	8,560,284
-	-	684	1,825,613
-	-	-	1,643,475
-	-	46,044	1,891,706
-	-	-	6,537,393
-	-	895	1,228,040
-	-	-	4,904,459
2,917,423	-	80,417	2,997,840
-	12,593,066	-	14,403,388
2,917,423	12,593,066	128,142	43,992,198
(269,146)	(12,491,093)	(60,031)	(11,240,225)
-	-	-	19,190
-	1,876,495	-	3,922,630
-	-	-	(3,922,630)
-	-	30,618	30,618
-	1,876,495	30,618	49,808
(269,146)	(10,614,598)	(29,413)	(11,190,417)
5,771,002	11,016,142	261,995	30,848,678
5,501,856	401,544	232,582	19,658,261

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, 2019

**Change in fund balances - Total governmental funds (page 27)** \$ (11,190,417)

**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	\$ 15,311,527	
Capital assets contributed by the Iowa Department of Transportation	1,616,892	
Capital assets contributed by the DeWitt Community School District	4,249	
Depreciation expense	<u>(3,328,866)</u>	13,603,802

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 97,488

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	(34,484)	
Other	<u>(287,289)</u>	(321,773)

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	(30,618)	
Repaid	<u>2,702,755</u>	2,672,137

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 943,154

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	(68,903)	
Pension expense	(761,985)	
OPEB expense	(95,723)	
Interest on long-term debt	<u>5,099</u>	(921,512)

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. The change in net position of the Internal Service Fund is reported with governmental activities. 876,956

**Change in net position of governmental activities (page 21)** \$ 5,759,835

See notes to financial statements.

Clinton County  
Statement of Net Position  
Proprietary Fund

June 30, 2019

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
<b>Assets</b>		
Cash and cash equivalents	\$ 18,303	5,329,464
Accounts receivable	-	18,402
Capital assets, net of accumulated depreciation	195,427	-
<b>Total assets</b>	<b>213,730</b>	<b>5,347,866</b>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	16,446	-
<b>Liabilities</b>		
Accounts payable	6,178	16,724
Salaries and benefits payable	1,171	-
Advance from other funds	5,000	-
Compensated absences	261	-
Net pension liability	46,102	-
Total OPEB liability	8,848	-
<b>Total liabilities</b>	<b>67,560</b>	<b>16,724</b>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	9,289	-
OPEB related deferred inflows	870	-
<b>Total deferred inflows of resources</b>	<b>10,159</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	195,427	-
Unrestricted	(42,970)	5,331,142
<b>Total net position</b>	<b>152,457</b>	<b>5,331,142</b>
Adjustment to reflect the consolidation of Internal Service Fund Activities related to the Enterprise Fund	34,458	
<b>Net position of business type activities</b>	<b>\$ 186,915</b>	

See notes to financial statements.



**Exhibit H**

## Clinton County

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

Year ended June 30, 2019

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,861,782
Reimbursements from employees and others	-	432,312
Stop loss insurance recoveries	-	205,729
Hotel/motel excise tax	1,189	-
Camping fees	61,547	-
Boat rental fees	5,815	-
Other recreational fees	51,337	-
Concession sales	11,439	-
Miscellaneous	4,370	-
Total operating revenues	<u>135,697</u>	<u>3,499,823</u>
Operating expenses:		
Administrative fees	-	927
Medical and health services	-	2,658,496
Insurance premiums	-	17,084
Salaries	66,491	-
Employee benefits	20,577	-
Supplies	25,561	-
Utilities	27,592	-
Repair and improvements	12,936	-
Depreciation	20,634	-
Miscellaneous	12,267	-
Total operating expenses	<u>186,058</u>	<u>2,676,507</u>
Operating income (loss)	<u>(50,361)</u>	<u>823,316</u>
Non-operating revenues:		
Interest income	-	59,345
Net income	(50,361)	882,661
Net position beginning of year	<u>202,818</u>	<u>4,448,481</u>
Net position end of year	152,457	<u>5,331,142</u>
Adjustment to reflect the consolidation of Internal Service Fund Activities related to the Enterprise Fund	<u>34,458</u>	
<b>Net position of business type activities</b>	<u><u>\$ 186,915</u></u>	

See notes to financial statements.

Clinton County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2019

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	2,861,782
Cash received from employees and others	-	432,312
Cash received from stop loss insurance recoveries	-	229,370
Cash received from hotel/motel excise tax	1,189	-
Cash received from camping fees	61,793	-
Cash received from boat rental fees	5,815	-
Cash received from other recreational fees	51,337	-
Cash received from concession sales	11,439	-
Cash received from miscellaneous operations	4,370	-
Cash received from loan	5,000	-
Cash paid for administrative fees	-	(780)
Cash paid to employees for services	(95,493)	-
Cash paid to suppliers for services	(79,278)	(3,019,003)
Net cash provided (used) by operating activities	(33,828)	503,681
Cash flows from investing activities:		
Interest on investments	-	59,345
Net increase (decrease) in cash and cash equivalents	(33,828)	563,026
Cash and cash equivalents beginning of year	52,131	4,766,438
Cash and cash equivalents end of year	\$ 18,303	5,329,464
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (50,361)	823,316
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	20,634	-
Changes in assets and liabilities:		
Accounts receivable	-	23,641
Accounts payable	(676)	(343,276)
Salaries and benefits payable	(4,612)	-
Advance from other funds	5,000	-
Compensated absences	(3,475)	-
Net pension liability	(7,556)	-
Total OPEB liability	543	-
Deferred outflows of resources	2,567	-
Deferred inflows of resources	4,108	-
Net cash provided (used) by operating activities	\$ (33,828)	503,681

See notes to financial statements.

**Clinton County**

Clinton County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2019

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 5,702,064
Other County officials	75,795
Receivables:	
Property tax receivable:	
Delinquent	588,830
Succeeding year	61,226,000
Accounts	30,754
Drainage assessments	463
Special assessments	897,309
Due from other governments	131,226
<b>Total assets</b>	<b>68,652,441</b>

**Liabilities**

Accounts payable	85,638
Salaries and benefits payable	71,114
Due to other governments	68,323,999
Trusts payable	23,965
Compensated absences	143,292
Stamped drainage warrants payable	4,433
<b>Total liabilities</b>	<b>68,652,441</b>

<b>Net position</b>	<b>\$ -</b>
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See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2019

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

Forty-six 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. Financial information of the individual drainage districts can be obtained from the Clinton County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission and County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in 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: Clinton County Communications Commission, Eastern Iowa Mental Health and Disabilities Services Region 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, deferred outflows of resources, 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 not being depreciated and 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.

Restricted net position:

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which require it to be maintained permanently by the County, including 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.

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, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads 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.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

Proprietary 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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.



When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then 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 Internal Service Funds 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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 amortized 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 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 reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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. Drainage assessments receivable represent assessments which are due and payable but have not been collected and 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 September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessment which are due and payable but have not been collected.

Advance to/from Other Funds – Advances to/from other funds represents the amount loaned between funds.

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, 2019, 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, furniture, equipment and vehicles and infrastructure assets acquired after July 1, 1980 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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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 an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

Capital assets of the County are depreciated/amortized 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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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 leave 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, 2019. 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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension 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.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Clinton County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB 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.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. 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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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. During the year ended June 30, 2019, disbursements exceeded the amounts budgeted in the roads and transportation and debt service functions and disbursements in certain departments exceeded the amounts appropriated.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2019 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 ensure 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. 72.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Mental Health	<u>\$ 527</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 264,088
	Special Revenue:	
	Rural Services	<u>1,782,047</u>
		<u>2,046,135</u>
Capital Projects	General	<u>1,876,495</u>
Total		<u>\$ 3,922,630</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**

The Governmental activities capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,204,233	165,000	-	1,369,233
Construction in progress	11,700,693	15,348,201	3,095,014	23,953,880
Total capital assets not being depreciated	<u>12,904,926</u>	<u>15,513,201</u>	<u>3,095,014</u>	<u>25,323,113</u>
Capital assets being depreciated:				
Buildings	12,480,829	-	-	12,480,829
Improvements other than buildings	740,827	18,454	-	759,281
Equipment and vehicles	12,961,356	1,628,094	784,533	13,804,917
Infrastructure, road network	67,639,361	3,095,014	-	70,734,375
Total capital assets being depreciated	<u>93,822,373</u>	<u>4,741,562</u>	<u>784,533</u>	<u>97,779,402</u>
Less accumulated depreciation for:				
Buildings	5,021,490	196,630	-	5,218,120
Improvements other than buildings	111,420	28,547	-	139,967
Equipment and vehicles	7,458,936	791,605	654,940	7,595,601
Infrastructure, road network	32,088,885	2,312,084	-	34,400,969
Total accumulated depreciation	<u>44,680,731</u>	<u>3,328,866</u>	<u>654,940</u>	<u>47,354,657</u>
Total capital assets being depreciated, net	<u>49,141,642</u>	<u>1,412,696</u>	<u>129,593</u>	<u>50,424,745</u>
Governmental activities capital assets, net	<u>\$ 62,046,568</u>	<u>16,925,897</u>	<u>3,224,607</u>	<u>75,747,858</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 186,496
Physical health and social services	2,950
County environment and education	116,898
Roads and transportation	2,743,907
Governmental services to residents	35,680
Administration	241,634
Nonprogram	<u>1,301</u>
Total depreciation expense - governmental activities	<u>\$ 3,328,866</u>

Business type activities capital asset activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business Type activities:</b>				
Capital assets being depreciated:				
Buildings	\$ 357,377	-	-	357,377
Equipment and vehicles	159,731	-	-	159,731
Infrastructure	59,211	-	-	59,211
Total capital assets being depreciated	576,319	-	-	576,319
Less accumulated depreciation for:				
Buildings	187,277	13,895	-	201,172
Equipment and vehicles	113,770	6,739	-	120,509
Infrastructure	59,211	-	-	59,211
Total accumulated depreciation	360,258	20,634	-	380,892
Business type activities capital assets, net	\$ 216,061	(20,634)	-	195,427

**(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, 2019 is as follows:

Fund	Description	Amount
General	Services	\$ 46,935
Special Revenue:		
Mental Health		74,347
Secondary Roads		10,909
Total for governmental funds		\$ 132,191
Agency:		
County Assessor	Collections	\$ 2,179,588
Schools		33,683,082
Community Colleges		2,285,606
Corporations		24,775,776
Auto License and Use Tax		1,127,931
All other		4,272,016
Total for agency funds		\$ 68,323,999

**(7) Long-Term Liabilities**

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2019 is as follows:

Governmental Activities:	General Obligation Bonds	Bond Premium	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 23,680,000	392,338	80,528	1,074,280	7,222,455	827,807	33,277,408
Increases	-	-	30,618	981,240	-	54,110	1,065,968
Decreases	2,230,000	392,338	80,417	912,337	1,017,114	-	4,632,206
Balance end of year	\$ 21,450,000	-	30,729	1,143,183	6,205,341	881,917	29,711,170
Due within one year	\$ 2,285,000	-	30,729	1,143,183	-	-	3,458,912

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2019 is as follows:

<b>Business Type Activities:</b>	Compensated	Net	Total	Total
	Absences	Pension Liability	OPEB Liability	
Balance beginning of year	\$ 3,736	53,658	8,305	65,699
Increases	203	-	543	746
Decreases	3,678	7,556	-	11,234
Balance end of year	\$ 261	46,102	8,848	55,211
Due within one year	\$ 261	-	-	261

### General Obligation Bonds

A summary of the County's June 30, 2019 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2010A Road and Bridge Construction Issued April 1, 2010				Series 2010B Lincolnway Railport Industrial Park Issued April 1, 2010		
	Interest		Principal	Interest	Interest		
	Rates				Rates	Principal	Interest
2020	3.45%	\$ 640,000	22,080	3.50%	\$ 690,000	24,150	
2021	-	-	-	-	-	-	
2022	-	-	-	-	-	-	
2023	-	-	-	-	-	-	
2024	-	-	-	-	-	-	
2025-2029	-	-	-	-	-	-	
2030-2034	-	-	-	-	-	-	
2035-2036	-	-	-	-	-	-	
Total		\$ 640,000	22,080		\$ 690,000	24,150	

Year Ending June 30,	Series 2016 Jail Project Issued December 1, 2016				Total		
	Interest		Principal	Interest	Principal	Interest	Total
	Rates						
2020	2.00%	\$ 955,000	574,500	2,285,000	620,730	2,905,730	
2021	2.00	970,000	555,400	970,000	555,400	1,525,400	
2022	3.00	985,000	536,000	985,000	536,000	1,521,000	
2023	3.00	1,005,000	516,300	1,005,000	516,300	1,521,300	
2024	3.00	1,025,000	486,150	1,025,000	486,150	1,511,150	
2025-2029	3.00	5,565,000	1,952,850	5,565,000	1,952,850	7,517,850	
2030-2034	3.00	6,585,000	1,062,150	6,585,000	1,062,150	7,647,150	
2035-2036	3.00	3,030,000	137,250	3,030,000	137,250	3,167,250	
Total		\$ 20,120,000	5,820,600	21,450,000	5,866,830	27,316,830	

During the year ended June 30, 2019, the County retired \$2,230,000 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, 2019, \$6,000,000 of the bond proceeds had been advanced to the City and repayments totaling \$747,410 have been received. A receivable of \$5,252,590 is reported in the Debt Service Fund for the amount due from the City at June 30, 2019 under this agreement.



### 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 and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

## **(8) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll, for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 totaled \$950,161.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$6,251,443 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County's proportion was 0.098786%, which was a decrease of 0.010444% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$767,646. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,931	209,768
Changes of assumptions	1,212,452	337,023
Net difference between projected and actual earnings on IPERS' investments	-	256,094
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	618	456,809
County contributions subsequent to the measurement date	950,161	-
Total	<u>\$ 2,230,162</u>	<u>1,259,694</u>

\$950,161 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 314,693
2021	81,433
2022	(228,705)
2023	(112,757)
2024	<u>(34,357)</u>
Total	<u>\$ 20,307</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 12,329,941	6,251,443	1,153,728

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2019.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Clinton County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>192</u>
Total	<u>195</u>

Total OPEB Liability – The County’s total OPEB liability of \$890,765 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018. The total OPEB liability was rolled forward from the July 1, 2018 valuation date to the June 30, 2019 measurement date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2018)	2.75% per annum.
Discount rate	3.72% compounded annually,
(effective June 30, 2018)	including inflation
Healthcare cost trend rate	6.00% initial rate
(effective June 30, 2018)	

Discount Rate – The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 Annuity Mortality Table. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 836,112
Changes for the year:	
Service cost	74,098
Interest	33,779
Differences between expected and actual experiences	(49,379)
Benefit payments	<u>(3,845)</u>
Net changes	<u>54,653</u>
Total OPEB liability end of year	<u>\$ 890,765</u>

Changes of assumptions reflect a consistent discount rate of 3.72% in fiscal year 2018 and fiscal year 2019.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	<u>1% Decrease (2.72%)</u>	<u>Discount Rate (3.72%)</u>	<u>1% Increase (4.72%)</u>
Total OPEB liability	\$ 985,627	890,765	806,159

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.0%) or 1% higher (7.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.0%)</u>	<u>Healthcare Cost Trend Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Total OPEB liability	\$ 768,811	890,765	1,035,813

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$96,731. At June 30, 2019, the County reported deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	<u>\$ 87,585</u>

The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2020	\$ (7,301)
2021	(7,301)
2022	(7,301)
2023	(7,301)
2024	(7,301)
Thereafter	<u>(51,080)</u>
	<u>\$ (87,585)</u>

**(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 778 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.

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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County’s contributions to the Pool for the year ended June 30, 2019 were \$310,210.

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 \$500,000 per claim. Claims exceeding \$500,000 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 \$250,000 each occurrence, each location. Property risks exceeding \$250,000 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 the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, 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 \$1,000,000 and \$50,000, 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 Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$70,000. 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 Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2019 was \$2,861,782.



Amounts payable from the Employee Group Health Fund at June 30, 2019 total \$16,724, 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 \$5,331,142 at June 30, 2019 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	\$ 360,000
Incurred claims (including claims incurred but not reported at June 30, 2019)	2,658,496
Payments:	
Payment on claims during the year	<u>3,001,772</u>
Unpaid claims end of year	<u>\$ 16,724</u>

**(12) Economic Development Agreement**

The County agreed to rebate 100% of the actual property tax paid by Clinton Catalyst, LLC, subject to the developer being and remaining in compliance with the terms of the development agreement. The agreement requires the County to make up to 20 consecutive annual payments of Economic Development Grants, not to exceed a cumulative total of \$765,165. As of June 30, 2019, the County had not made any payments to the Developer.

**(13) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**Tax Abatements of Other Entities**

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Camanche	Urban renewal and economic development projects	\$ 3,455
City of Clinton	Urban renewal and economic development projects	356,267
City of DeWitt	Urban renewal and economic development projects	45,145

**(14) Operating Leases**

The County leases equipment under operating leases expiring in various years through 2025. The following is a schedule of future minimum rental payments required under the operating leases which have an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2019:

Year Ending June 30,	Amount
2020	\$ 19,704
2021	18,948
2022	18,868
2023	8,454
2024	2,902
2025	621
Total	<u>\$ 69,497</u>

Rental expense for the year ended June 30, 2019 for all operating leases totaled \$23,946.

**(15) 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 Andover, Calamus, Camanche, Charlotte, Clinton, Delmar, DeWitt, Goose Lake, Grand Mound, Lost Nation, Low Moor, Welton and Wheatland and fire departments for the cities of Miles and Preston. 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, 2019:

Additions:

Contributions from governmental units:

Property tax from County general supplemental levy \$ 1,291,088

Deductions:

Salaries	\$ 774,359	
Benefits	352,507	
Office supplies	6,306	
Uniforms	2,434	
Telephone	5,195	
Technology services	32,427	
Travel	1,624	
Equipment/furniture	2,946	
Insurance	5,420	
Miscellaneous	10,205	<u>1,193,423</u>

Net 97,665

Balance beginning of year 790,163

Balance end of year \$ 887,828

**(16) 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, 2019 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 140,896	-	140,896
Quality improvement	-	53,700	53,700
Allocation for administration	7,416	13,058	20,474
School ready general use	-	368,500	368,500
Total state grants	148,312	435,258	583,570
Interest on investments	246	333	579
Total revenues	148,558	435,591	584,149
Expenditures:			
Program services:			
Early childhood	164,355	-	164,355
Quality improvement	-	53,421	53,421
School ready general use	-	389,341	389,341
Total program services	164,355	442,762	607,117
Administration	7,495	11,856	19,351
Total expenditures	171,850	454,618	626,468
Change in fund balance	(23,292)	(19,027)	(42,319)
Fund balance beginning of year	38,052	101,513	139,565
Fund balance end of year	\$ 14,760	82,486	97,246

**(17) County Financial Information Included in the Eastern Iowa Mental Health and Disabilities Services Region**

The Eastern Iowa Mental Health and Disabilities Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cedar County, Clinton County, Jackson County, Muscatine County and Scott County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Eastern Iowa Mental Health and Disabilities Services Region for the year ended June 30, 2019, as follows:

Revenues:		
Property and other county tax		\$ 235
Intergovernmental revenues:		
Payments from regional fiscal agent		1,785,148
Charges for service		<u>37,680</u>
Total revenues		<u>1,823,063</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 1,249,540	
Intellectual disabilities	184,186	
Other developmental disabilities	34,950	
Brain injury	<u>9,810</u>	1,478,486
General administration:		
Direct administration		<u>164,989</u>
Total expenditures		<u>1,643,475</u>
Excess of revenues over expenditures		179,588
Fund balance beginning of year		<u>329,622</u>
Fund balance end of year		<u>\$ 509,210</u>

**(18) Subsequent Events**

In February 2020, The County issued \$2,015,000 in general obligation bonds, Series 2020 for essential county purposes related to the Administration Building, DeWitt Satellite Office and the Secondary Roads Garage. The bonds are payable from the continuing annual levy of taxes against all taxable property of the County.

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the Clinton County, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the County's operations and finances.

**Clinton County**

**Required Supplementary Information**

Clinton County

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

Required Supplementary Information

Year ended June 30, 2019

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 20,820,830	-	20,820,830
Interest and penalty on property tax	172,670	-	172,670
Intergovernmental	10,333,442	-	10,333,442
Licenses and permits	50,874	-	50,874
Charges for service	1,114,197	-	1,114,197
Use of money and property	520,561	236	520,325
Miscellaneous	398,739	40,544	358,195
Total receipts	<u>33,411,313</u>	<u>40,780</u>	<u>33,370,533</u>
Disbursements:			
Public safety and legal services	8,558,042	-	8,558,042
Physical health and social services	1,964,634	-	1,964,634
Mental health	1,633,176	-	1,633,176
County environment and education	1,864,781	34,827	1,829,954
Roads and transportation	7,155,956	-	7,155,956
Governmental services to residents	1,225,919	-	1,225,919
Administration	4,910,457	-	4,910,457
Non-program	-	-	-
Debt service	2,997,839	80,417	2,917,422
Capital projects	14,580,889	-	14,580,889
Total disbursements	<u>44,891,693</u>	<u>115,244</u>	<u>44,776,449</u>
Deficiency of receipts under disbursements	(11,480,380)	(74,464)	(11,405,916)
Other financing sources, net	<u>31,182</u>	<u>30,618</u>	<u>564</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(11,449,198)	(43,846)	(11,405,352)
Balance beginning of year	<u>26,847,052</u>	<u>89,158</u>	<u>26,757,894</u>
Balance end of year	<u>\$ 15,397,854</u>	<u>45,312</u>	<u>15,352,542</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
21,511,151	21,511,151	(690,321)
136,400	136,400	36,270
7,218,760	7,218,760	3,114,682
46,950	46,950	3,924
991,045	991,045	123,152
271,400	271,400	248,925
204,830	233,730	124,465
<u>30,380,536</u>	<u>30,409,436</u>	<u>2,961,097</u>
8,665,689	9,122,146	564,104
2,143,610	2,166,021	201,387
1,795,148	1,803,151	169,975
1,871,362	2,064,669	234,715
6,468,512	7,143,512	(12,444)
1,262,265	1,292,667	66,748
4,402,055	5,233,266	322,809
-	685	685
2,916,522	2,916,522	(900)
<u>20,076,144</u>	<u>20,427,144</u>	<u>5,846,255</u>
<u>49,601,307</u>	<u>52,169,783</u>	<u>7,393,334</u>
(19,220,771)	(21,760,347)	10,354,431
-	-	564
(19,220,771)	(21,760,347)	10,354,995
<u>21,256,397</u>	<u>21,256,397</u>	<u>5,501,497</u>
<u>2,035,626</u>	<u>(503,950)</u>	<u>15,856,492</u>



**Clinton County**

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Clinton County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 33,411,313	(659,340)	32,751,973
Expenditures	44,891,693	(899,495)	43,992,198
Net	(11,480,380)	240,155	(11,240,225)
Other financing sources, net	31,182	18,626	49,808
Beginning fund balances	26,847,052	4,001,626	30,848,678
Ending fund balances	<u>\$ 15,397,854</u>	<u>4,260,407</u>	<u>19,658,261</u>

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

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 blended component units, 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, the Capital Projects 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, two budget amendments increased budgeted disbursements by \$2,568,476. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2019, disbursements exceeded the amounts budgeted in the roads and transportation and debt service functions and disbursements in certain departments exceeded the amounts appropriated.

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Clinton County

Schedule of County Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Five Years  
(In Thousands)

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.098786%	0.109230%	0.112080%	0.113930%	0.112786%
County's proportionate share of the net pension liability	\$ 6,251	7,276	7,054	5,629	4,473
County's covered payroll	\$ 9,838	9,702	9,930	10,101	9,934
County's proportionate share of the net pension liability as a percentage of its covered payroll	63.54%	74.99%	71.04%	55.73%	45.03%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

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Clinton County

Schedule of County Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 950	888	891	884
Contributions in relation to the statutorily required contribution	<u>(950)</u>	<u>(888)</u>	<u>(891)</u>	<u>(884)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 9,926	9,838	9,702	9,930
Contributions as a percentage of covered payroll	9.57%	9.03%	9.18%	8.90%

See accompanying independent auditor's report.

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2015	2014	2013	2012	2011	2010
925	912	865	819	676	621
(925)	(912)	(865)	(819)	(676)	(621)
-	-	-	-	-	-
10,101	9,934	9,644	9,668	9,081	8,905
9.16%	9.18%	8.97%	8.47%	7.44%	6.97%

Clinton County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

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Clinton County

Schedule of Changes in the County's  
Total OPEB Liability, Related Ratios and Notes

For the Last Two Years  
Required Supplementary Information

	2019	2018
Service cost	\$ 74,098	74,114
Interest cost	33,779	31,838
Difference between expected and actual experiences	(49,379)	(49,059)
Benefit payments	(3,845)	(5,971)
Net change in total OPEB liability	54,653	50,922
Total OPEB liability beginning of year	836,112	785,190
Total OPEB liability end of year	<u>\$ 890,765</u>	<u>836,112</u>
Covered-employee payroll	\$ 9,995,574	9,487,757
Total OPEB liability as a percentage of covered-employee payroll	8.9%	8.8%

See accompanying independent auditor's report.

**Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	2.50%



**Clinton County**

## **Supplementary Information**

Clinton County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2019

	Resource Enhancement and Protection	County Recorder's Records Management	Special Sized Property
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 85,891	54,279	25,226
Receivables:			
Accounts	-	-	137
Accrued interest	-	-	-
Drainage assessments	-	-	-
<b>Total assets</b>	<b>\$ 85,891</b>	<b>54,279</b>	<b>25,363</b>
<b>Deferred Inflows of Resources and Fund Balances</b>			
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for:			
Nonspendable:			
Permanent	-	-	-
Drainage purposes	-	-	-
Other purposes	85,891	54,279	25,363
Total fund balances	85,891	54,279	25,363
<b>Total deferred inflows of resources and fund balances</b>	<b>\$ 85,891</b>	<b>54,279</b>	<b>25,363</b>

See accompanying independent auditor's report.

Revenue		Permanent			
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
6,809	45,312	1,131	13,756		232,404
-	-	-	-		137
-	-	-	41		41
-	33,833	-	-		33,833
6,809	79,145	1,131	13,797		266,415
-	33,833	-	-		33,833
-	-	-	5,000		5,000
-	45,312	-	-		45,312
6,809	-	1,131	8,797		182,270
6,809	45,312	1,131	13,797		232,582
6,809	79,145	1,131	13,797		266,415

Clinton County

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

Year ended June 30, 2019

	Resource Enhancement and Protection	County Recorder's Records Management	Special Sieved Property
Revenues:			
Intergovernmental	\$ 15,800	-	-
Charges for service	-	7,428	-
Use of money and property	342	197	-
Miscellaneous	-	-	3,347
Total revenues	<u>16,142</u>	<u>7,625</u>	<u>3,347</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	102
Physical health and social services	-	-	-
County environment and education	11,217	-	-
Governmental services to residents	-	895	-
Debt service	-	-	-
Total expenditures	<u>11,217</u>	<u>895</u>	<u>102</u>
Excess (deficiency) of revenues over (under) expenditures	4,925	6,730	3,245
Other financing sources:			
Drainage warrants issued	-	-	-
Change in fund balances	4,925	6,730	3,245
Fund balances beginning of year	<u>80,966</u>	<u>47,549</u>	<u>22,118</u>
Fund balances end of year	<u>\$ 85,891</u>	<u>54,279</u>	<u>25,363</u>

See accompanying independent auditor's report.

Revenue				Permanent	
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
-	-	-	-		15,800
-	-	-	-		7,428
-	236	6	211		992
-	40,544	-	-		43,891
-	40,780	6	211		68,111
-	-	-	-		102
-	-	684	-		684
-	34,827	-	-		46,044
-	-	-	-		895
-	80,417	-	-		80,417
-	115,244	684	-		128,142
-	(74,464)	(678)	211		(60,031)
-	30,618	-	-		30,618
-	(43,846)	(678)	211		(29,413)
6,809	89,158	1,809	13,586		261,995
6,809	45,312	1,131	13,797		232,582

Clinton County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,776	1,400,486	342,325	23,467
Other County officials	75,795	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	2,294	4,966	301,757	19,139
Succeeding year	-	276,000	859,000	33,039,000	2,243,000
Accounts	1,617	-	200	-	-
Drainage assessments	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 77,412</b>	<b>281,070</b>	<b>2,264,652</b>	<b>33,683,082</b>	<b>2,285,606</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	27,044	-	-
Salaries and benefits payable	-	-	21,182	-	-
Due to other governments	53,447	281,070	2,179,588	33,683,082	2,285,606
Trusts payable	23,965	-	-	-	-
Compensated absences	-	-	36,838	-	-
Stamped drainage warrants payable	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 77,412</b>	<b>281,070</b>	<b>2,264,652</b>	<b>33,683,082</b>	<b>2,285,606</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	911 Service Board	Drainage Districts	Other	Total
237,114	7,470	40,597	1,127,931	682,924	27,830	1,809,144	5,702,064
-	-	-	-	-	-	-	75,795
259,662	958	-	-	-	-	54	588,830
24,279,000	522,000	-	-	-	-	8,000	61,226,000
-	-	-	-	28,937	-	-	30,754
-	-	-	-	-	463	-	463
-	-	897,309	-	-	-	-	897,309
-	-	-	-	93,874	-	37,352	131,226
<u>24,775,776</u>	<u>530,428</u>	<u>937,906</u>	<u>1,127,931</u>	<u>805,735</u>	<u>28,293</u>	<u>1,854,550</u>	<u>68,652,441</u>
-	-	-	-	26,514	-	32,080	85,638
-	-	-	-	-	-	49,932	71,114
24,775,776	530,428	937,906	1,127,931	779,221	23,860	1,666,084	68,323,999
-	-	-	-	-	-	-	23,965
-	-	-	-	-	-	106,454	143,292
-	-	-	-	-	4,433	-	4,433
<u>24,775,776</u>	<u>530,428</u>	<u>937,906</u>	<u>1,127,931</u>	<u>805,735</u>	<u>28,293</u>	<u>1,854,550</u>	<u>68,652,441</u>



Clinton County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2019

<b>Assets and Liabilities</b>	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 54,470	262,595	2,201,931	32,511,284	2,221,186
Additions:					
Property and other county tax	-	287,594	879,413	34,296,059	2,336,260
911 surcharge	-	-	-	-	-
State tax credits	-	24,528	53,096	3,110,594	206,653
Office fees and collections	982,448	-	560	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	520,585	-	-	-	-
Miscellaneous	-	-	2,889	-	-
Total additions	1,503,033	312,122	935,958	37,406,653	2,542,913
Deductions:					
Agency remittances:					
To other funds	420,246	-	-	-	-
To other governments	543,353	293,647	873,237	36,234,855	2,478,493
Trusts paid out	516,492	-	-	-	-
Total deductions	1,480,091	293,647	873,237	36,234,855	2,478,493
Balances end of year	\$ 77,412	281,070	2,264,652	33,683,082	2,285,606

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	911 Service Board	Drainage Districts	Other	Total
24,234,681	448,937	1,083,781	1,134,456	860,918	20,904	1,973,242	67,008,385
24,576,313	561,681	-	-	-	-	-	62,937,320
-	-	-	-	508,015	-	-	508,015
2,647,445	32,884	-	-	-	-	576	6,075,776
-	-	-	-	-	-	850	983,858
-	-	-	14,132,620	-	-	-	14,132,620
-	-	120,706	-	-	9,337	-	130,043
-	-	-	-	-	-	-	520,585
-	-	-	-	3,572	82	3,406,876	3,413,419
27,223,758	594,565	120,706	14,132,620	511,587	9,419	3,408,302	88,701,636
-	-	-	-	-	-	-	420,246
26,682,663	513,074	266,581	14,139,145	566,770	6,463	3,526,994	86,125,275
-	-	-	-	-	-	-	516,492
26,682,663	513,074	266,581	14,139,145	566,770	6,463	3,526,994	87,062,013
24,775,776	530,428	937,906	1,127,931	805,735	23,860	1,854,550	68,648,008

Clinton County

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

For the Last Ten Years

	2019	2018	2017	2016
<b>Revenues:</b>				
Property and other county tax	\$ 19,298,347	19,146,476	17,258,304	17,003,949
Local option sales tax	1,440,891	1,457,680	1,482,733	1,502,421
Interest and penalty on property tax	173,626	176,709	124,297	143,530
Intergovernmental	9,773,924	9,756,347	12,225,481	8,016,218
Licenses and permits	49,390	55,672	59,651	52,814
Charges for service	1,090,745	1,092,808	1,085,427	1,062,260
Use of money and property	520,746	376,162	250,535	217,409
Miscellaneous	404,304	676,979	389,758	430,733
Total	<u>\$ 32,751,973</u>	<u>32,738,833</u>	<u>32,876,186</u>	<u>28,429,334</u>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 8,560,284	7,839,966	7,675,445	7,206,797
Physical health and social services	1,825,613	1,891,837	1,374,331	1,469,045
Mental health	1,643,475	1,994,107	2,889,736	3,914,448
County environment and education	1,891,706	1,811,343	1,931,743	1,854,346
Roads and transportation	6,537,393	6,251,552	6,601,146	6,455,216
Governmental services to residents	1,228,040	1,151,189	1,113,853	1,052,557
Administration	4,904,459	3,712,563	3,460,940	3,766,792
Non-program	-	8,691	16,415	18,850
Debt service	2,997,840	3,334,711	1,373,910	1,533,637
Capital projects	14,403,388	11,774,484	7,687,572	954,194
Total	<u>\$ 43,992,198</u>	<u>39,770,443</u>	<u>34,125,091</u>	<u>28,225,882</u>

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
17,398,305	16,914,959	17,433,243	16,971,197	16,215,989	15,151,449
1,511,708	1,512,957	1,404,206	1,568,162	1,568,149	1,493,260
175,574	252,994	153,244	148,554	153,069	152,824
7,760,320	7,068,915	7,094,699	11,857,107	10,745,146	9,984,494
48,544	42,117	73,345	97,195	90,602	107,223
1,124,522	1,075,768	1,140,371	1,100,291	1,093,479	1,005,790
219,807	251,657	250,931	245,406	284,566	312,597
304,058	380,963	507,538	890,743	816,752	331,319
<b>28,542,838</b>	<b>27,500,330</b>	<b>28,057,577</b>	<b>32,878,655</b>	<b>30,967,752</b>	<b>28,538,956</b>
7,268,851	7,058,888	7,588,190	6,844,604	6,900,152	6,376,617
1,508,593	1,482,708	1,390,552	1,392,888	1,398,099	1,550,419
3,582,273	2,951,395	3,939,104	9,536,046	7,916,840	7,640,292
2,105,932	2,064,868	2,048,657	2,149,180	1,950,917	1,889,731
5,922,243	6,327,485	5,547,484	6,841,181	5,623,843	4,668,020
1,569,532	1,163,451	1,173,154	1,130,337	1,067,379	1,136,514
4,446,301	4,632,264	3,481,834	3,202,208	3,321,195	3,143,634
23,306	4,815	2,525	80,495	148,616	59,960
1,463,084	1,497,708	1,682,112	1,441,928	1,573,694	1,047,003
619,685	420,189	719,795	1,246,850	3,808,551	2,924,093
<b>28,509,800</b>	<b>27,603,771</b>	<b>27,573,407</b>	<b>33,865,717</b>	<b>33,709,286</b>	<b>30,436,283</b>

**Schedule 6**

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 20,889
Fish and Wildlife Management Assistance	15.608		<u>3,526</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		<u>1,610</u>
Total Direct			<u>26,025</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	FY19	<u>37,066</u>
U.S. Department of Defense:			
Office of Treasurer of State:			
Payments to States in Lieu of Real Estate Taxes	12.112		<u>45,425</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
National Priority Safety Programs	20.616	18-405d-M6OT Task 10-00-00	15,455
National Priority Safety Programs	20.616	19-405d-M6OT Task 09-00-00	<u>18,256</u>
			<u>33,711</u>
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and			
Public Health Emergency Preparedness (PHEP)			
Aligned Cooperative Agreements	93.074	5889BT03	530,303
Loan Repayment Program for General Research	93.232	MOU-2019-ELC19	<u>3,200</u>
Immunization Cooperative Agreements	93.268	5889I421	<u>39,081</u>
Improving the Health of Americans through			
Prevention and Management of Diabetes and			
Heart Disease and Stroke	93.426	5889CD22	<u>8,400</u>
Well-Integrated Screening and Evaluation for			
Women across the Nation (WiseWoman)	93.436	588909WW	<u>1,400</u>
Cancer Prevention and Control Programs for			
State, Territorial and Tribal Organizations	93.898	5889BN09	<u>6,125</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance State/			
Replacement Designee Administered Programs	93.566	FY19	146
Foster Care Title IV-E	93.658	FY19	<u>13,099</u>
Adoption Assistance	93.659	FY19	<u>4,439</u>
Social Services Block Grant	93.667	FY19	<u>10,982</u>
Children's Health Insurance Program	93.767	FY19	<u>257</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of			
the Child Care and Development Fund	93.596	FY19	<u>9,385</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	FY19	<u>59,790</u>
Total indirect			<u>802,809</u>
Total			<u>\$ 828,834</u>

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clinton County under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clinton County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Clinton County.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** – Clinton County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor’s report.



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

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

To the Officials of Clinton County:

We have audited 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, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 15, 2020.

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 have not been 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 a significant deficiency.

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-19 and II-B-19 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 item II-C-19 to be a significant deficiency.

### 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 which 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, 2019 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.

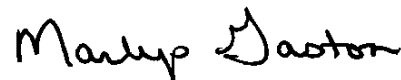
### Clinton County's Responses to the Findings

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.

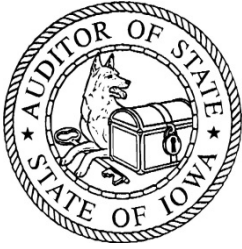
We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clinton County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 15, 2020





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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance

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) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2019. Clinton County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Clinton County's major federal program 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 we considered necessary in the circumstances.

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

Opinion on the 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 its major federal program for the year ended June 30, 2019.

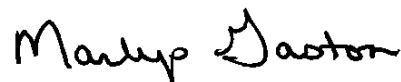
## Report on Internal Control Over Compliance

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 the 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 15, 2020

Clinton County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2019

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency 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) No material weakness in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was CFDA Number 93.074 – Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Clinton County did not qualify as a low-risk auditee.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-19 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Mail is not opened by someone independent of the receipts process. That independent opener should list checks received on the mail, then forward the mail on to the accounting personnel for processing. Later, the independent mail opener should trace receipts from the listing to proper recording in the accounting records and proper deposit.	Conservation, Emergency Management, Sheriff and Recorder
(2) Generally, one individual may have control over collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist.	Conservation, Emergency Management, Recorder and Sheriff
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Ag Extension, Conservation Foundation, Recorder and Sheriff
(4) Control of petty cash and change fund is not limited to one individual.	Ag Extension
(5) All individuals have the ability to void receipts, including individuals who perform daily balancing. Voided receipts were not reviewed periodically by an independent person for propriety.	Sheriff

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

Effect – Inadequate segregation of duties could adversely affect each County office’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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

Response –

Ag Extension – At our January 2020 Extension Council meeting, the Clinton County Agricultural Extension Service adopted a revised Fiscal Policy that dictates how our bank reconciliations are handled. The procedures that were adopted and that we adhere to fall in line with the overall guidance provided Iowa State Extension and Outreach in Ames. Within the Fiscal Policy adopted in January of 2020, the Extension Council decided that we would no longer utilize the practice of using “petty cash”.

Conservation – Due to small office size, segregation of duties is nearly impossible. We will continue to segregate duties to the extent possible with current staff.

Conservation Foundation – This is a note that arises regularly from past audits. The non-profit foundation has no staff. Normally there is a three-person financial committee including the treasurer, conservation director, and an appointed board member. At present only two of those positions exist, leaving the treasurer as the sole person to receive funds. All funds are receipted, and also logged in accounting software providing reports for the board to review monthly. In addition, the foundations CPA reviews reconciliations each year upon filing our IRS Form 990.

Emergency Management – With the limited number of people in our office, meeting the segregation of duties requirement is difficult to meet. We will develop a spreadsheet as a listing of receipts and have one person in our office reconcile those with the accounting records.

Recorder – Will continue to practice status quo.

Sheriff – Independent reviews of the monthly bank reconciliations, receipts and disbursements are currently being done by the Sheriff or Chief Deputy who have no involvement in the cash receipts or disbursement cycles. Included in this review is the review of the Law Enforcement Contracts to ensure that the amounts received are proper. These reviews are documented by a signature and date. We are aware of the segregation of duties deficiencies and we do our best to separate as much as possible with the limited number of staff and efficiency concerns. We will continue to monitor where additional controls could be implemented.

Conclusion – Responses acknowledged. Each official should continue to monitor internal controls to obtain the maximum control possible.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

II-B-19 Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County’s financial statements.

Condition – Material amounts of property taxes receivable were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of year end cut-off transactions to ensure the County’s financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County’s financial statements were necessary.

Recommendation – The County should establish procedures to ensure all receivables are identified and properly reported in the County’s financial statements.

Response – The County will review its procedures and make appropriate changes. The County accepts the recommendations.

Conclusion – Response accepted.

II-C-19 Annual Financial Report

Criteria – Chapter 331.403 of the Code of Iowa requires counties to prepare an annual financial report showing for each County fund the financial condition as of June 30. Beginning with the fiscal year ending June 30, 1985, the annual financial report is required to be prepared in conformity with generally accepted accounting principles.

Condition – For the year ended June 30, 2019 the County’s GAAP basis Annual Financial Report included material errors. Revenues, expenditures, assets and liabilities were reported inaccurately for the General, Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Cause – County policies do not require and procedures have not been established to require independent review of the annual financial report to ensure reports submitted materially agree to County records.

Effect – Lack of policies and procedures resulted in the County employees not detecting the errors in the normal course of performing their assigned functions. As a result, the GAAP basis annual financial report submitted was materially inaccurate.

Recommendation – The County should establish procedures to ensure the annual financial reports submitted materially agree to County records.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

Response – The County will review its procedures to make appropriate changes. The County accepts 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, 2019

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

**INSTANCE OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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



Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

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

IV-A-19 Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amounts budgeted in the roads and transportation and debt service functions and disbursements in certain departments exceeded the amounts appropriated.

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

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

Response – This matter will be reviewed with elected officials and department heads to avoid these instances. The County accepts the recommendation.

Conclusion – Response accepted.

IV-B-19 Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Mastercard	Pizza and refreshments for training	\$ 171
The Observer	County Assessor newspaper subscription	48
Adcraft	Polos for CERT members	244

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 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 and the County Assessor should determine and document the public purpose served by these types of expenditures prior to authorizing any further payments. If this practice is continued, the County and the County Assessor should establish written policies and procedures, including requirements for proper public purpose documentation.

Response – The County accepts the recommendation.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

IV-C-19 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-19 Business Transactions – The following business transactions between the County and County officials were noted:

Name, Title and Business Connection	Transaction Description	Amount
Elliott Pennock, Secondary Roads employee, owner of J&L Enterprises	Snow removal, bid	\$ 8,073

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with J&L Enterprises do not appear to represent a conflict of interest since transactions were competitively bid.

IV-E-19 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-19 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-19 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-19 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-19 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, 2019 for the County Extension office did not exceed the amount budgeted.

Several 4-H Clubs maintain bank accounts separate from the County Extension Council’s accounting records. While the 4-H Clubs are subject to oversight by Iowa State University and the County Extension office, the transactions and resulting balances of the Clubs were not reflected in the Extension Council’s accounting system and have not been included in the annual budget, monthly financial reports or annual financial reports as required by the County Extension office. At June 30, 2019, fifteen of the eighteen Clubs had not been turned over to the County Extension office.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

Recommendation – In accordance with County Extension policy, and to strengthen internal control and increase operating efficiencies, the financial transactions of the 4-H Club separate accounts should be integrated with the County Extension’s accounting records under the Extension District’s EIN. The financial activity should be included in the County Extension’s accounting records, monthly financial reports and the annual financial reports.

Response – We are in the process of collecting account information from all of our clubs and transferring those funds to the provided sub-fund numbers associated with their clubs within Clinton County Extension’s overall account. A deadline of July 1, 2020 has been placed on receiving these funds and has been communicated to all 4-H clubs. If a club does not submit all of their information and transfer their funds by July 10<sup>th</sup>, that club will lose its charter.

Conclusion – Response accepted.

- IV-J-19 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. 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.

No instances of non-compliance were noted as a result of the audit procedures performed.

- IV-K-19 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the backs of each cancelled check was not obtained by the County Conservation Board.

Recommendation – The County should obtain and retain an image of both the front and back of each cancelled check as required.

Response – Clinton County Conservation currently banks with DeWitt Bank & Trust and at this time check imaging is not available. For now, I will begin making copies of all checks deposited and keep on file with receipts. This issue will be added to the board agenda to possibly research banking institutions in the DeWitt/Grand Mound area which can provide us with the check imaging service.

Conclusion – Response accepted.

- IV-L-19 Taxable Fringe Benefits – Certain County expenditures for clothing considered adaptable to general usage as ordinary clothing were not included in wages of employees in accordance with Internal Revenue Services (IRS) Guidelines.

Recommendation – The County should properly include taxable fringe benefits in reported employee wages in accordance with IRS guidelines.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

Response – The County continues to work with its elected officials and Department heads in regards to this matter. The County accepts the recommendation.

Conclusion – Response accepted.

Clinton County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Pamela J. Bormann, CPA, Manager  
Anthony M. Heibult, Senior Auditor II  
Coltin R. Collins, Staff Auditor  
Jon G. Hanson, Staff Auditor  
William J. Sallen, Staff Auditor  
Corey D. Hauptamnn, Assistant Auditor  
Adam J. Sverak, Assistant Auditor  
Megan A. Waldbillig, Assistant Auditor