



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

June 29, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$35,291,234 for the year ended June 30, 2021, a 3.5% decrease from the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$36,307,197, a 9.1% 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 90 through 99 of this report. The findings address issues such as lack of segregation of duties, material amounts of inventory, receivables, capital assets, infrastructure and payables not properly recorded in the County's financial statements, no independent review of bank reconciliations and disbursements exceeding amounts appropriated. Sand provided the County with recommendations to address each of these findings.

Six of the eight findings discussed above are repeated from the prior year. The County Board of Supervisors and other County 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 [Audit Reports - Auditor of State](#).

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CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Clinton County



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

Rob Sand
Auditor of State

June 20, 2022

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, 2021. 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, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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**Clinton County
Officials**

(Before January 2021)

<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

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Irwin, Jr.	Board of Supervisors	Jan 2023
Dan Srp	Board of Supervisors	Jan 2023
Tom Determann	Board of Supervisors	Jan 2025
Eric Van Lancker	County Auditor	Jan 2025
Dustin Johnson	County Treasurer	Jan 2023
Scott Judd	County Recorder	Jan 2023
Bill Greenwalt	County Sheriff	Jan 2025
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, 2021, 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, 2021 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.

Emphasis of a Matter

As discussed in Note 20 to the financial statements, Clinton County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to these matters.

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 62 through 71 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.

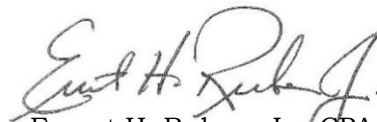
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2020 and for the four years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those 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. 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 20, 2022 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.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clinton County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$5,987,813, to retroactively report in accordance with the GASB.
- Revenues of the County's governmental activities decreased 4.0%, or approximately \$1,446,000, from fiscal year 2020 to fiscal year 2021. Operating grants, contributions and restricted interest increased approximately \$1,382,000, charges for service increased approximately \$607,000 and local option sales tax revenues increased approximately \$408,000. Capital grants, contributions and restricted interest decreased approximately \$2,889,000 and property tax revenues decreased approximately \$797,000.
- Program expenses of the County's governmental activities were 9.1%, or approximately \$3,020,000, more in fiscal year 2021 than in fiscal year 2020. Expenses increased approximately \$3,673,000 in the public safety and legal services function. Expenses decreased approximately \$464,000 in the roads and transportation function and approximately \$346,000 in the mental health function.
- The County's governmental activities net position decreased 1.5%, or approximately \$1,167,000, from the June 30, 2020 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 (Custodial 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 Custodial 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 custodial capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Custodial Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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,	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 57,095	47,853	239	179	57,334	48,032
Capital assets	78,436	78,287	156	175	78,592	78,462
Total assets	135,531	126,140	395	354	135,926	126,494
Deferred outflows of resources	2,985	1,828	25	14	3,010	1,842
Long-term liabilities	34,194	28,325	66	46	34,260	28,371
Other liabilities	7,500	2,994	17	129	7,517	3,123
Total liabilities	41,694	31,319	83	175	41,777	31,494
Deferred inflows of resources	22,270	20,930	11	17	22,281	20,947
Net position:						
Net investment in capital assets	59,068	58,760	156	175	59,224	58,935
Restricted	17,931	17,431	-	-	17,931	17,431
Unrestricted	(2,447)	(472)	170	1	(2,277)	(471)
Total net position	\$ 74,552	75,719	326	176	74,878	75,895

Net position of Clinton County’s governmental activities decreased 1.5% (approximately \$74.6 million compared to approximately \$75.7 million).

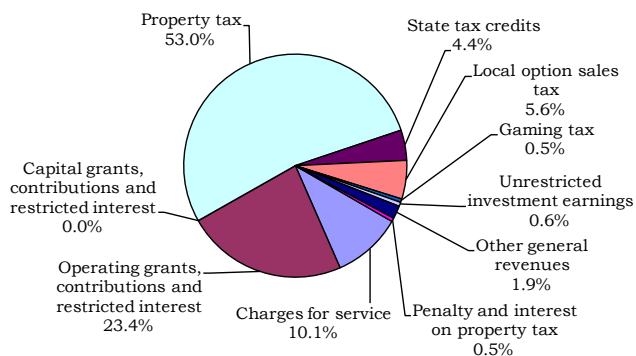
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$308,000, or less than 1% over the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$500,000, or 2.9%, over the prior year end.

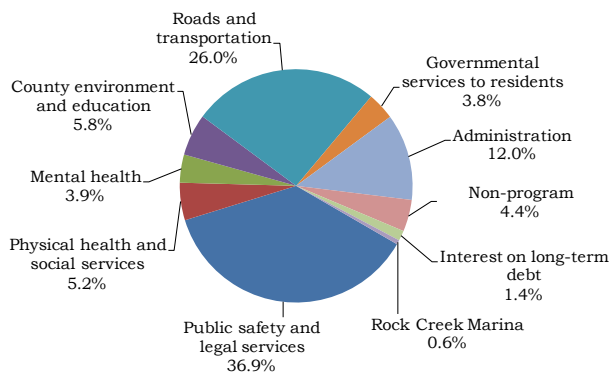
Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — decreased from a deficit of approximately \$472,000 at June 30, 2020 to a deficit of approximately \$2,447,000 at the end of this year, an increase of 418.4%. This increase is primarily due to an increase in the net pension and total OPEB liabilities.

Changes in Net Position of Governmental and Business Type Activities						
(Expressed in Thousands)						
	Governmental		Business Type		Total	
	Activities		Activities			
	Year ended June 30,	Year ended June 30,	Year ended June 30,	Year ended June 30,	Year ended June 30,	Year ended June 30,
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for service	\$ 3,284	2,677	284	192	3,568	2,869
Operating grants, contributions and restricted interest	8,159	6,777	85	-	8,244	6,777
Capital grants, contributions and restricted interest	13	2,902	-	-	13	2,902
General revenues:						
Property tax	18,730	19,527	-	-	18,730	19,527
Penalty and interest on property tax	190	-	-	-	190	-
State tax credits	1,540	1,606	-	-	1,540	1,606
Local option sales tax	1,964	1,556	-	-	1,964	1,556
Gaming tax	164	120	-	-	164	120
Unrestricted investment earnings	199	406	-	-	199	406
Other general revenues	679	797	-	-	679	797
Total revenues	34,922	36,368	369	192	35,291	36,560
Program expenses:						
Public safety and legal services	13,406	9,733	-	-	13,406	9,733
Physical health and social services	1,881	1,857	-	-	1,881	1,857
Mental health	1,403	1,749	-	-	1,403	1,749
County environment and education	2,095	2,255	-	-	2,095	2,255
Roads and transportation	9,437	9,901	-	-	9,437	9,901
Governmental services to residents	1,386	1,286	-	-	1,386	1,286
Administration	4,353	4,181	-	-	4,353	4,181
Non-program	1,613	1,486	-	-	1,613	1,486
Interest on long-term debt	515	621	-	-	515	621
Rock Creek Marina	-	-	219	203	219	203
Total expenses	36,089	33,069	219	203	36,308	33,272
Change in net position	(1,167)	3,299	150	(11)	(1,017)	3,288
Net position beginning of year	75,719	72,420	176	187	75,895	72,607
Net position end of year	\$ 74,552	75,719	326	176	74,878	75,895

Revenues by Source



Expenses by Program



Clinton County’s governmental activities net position decreased approximately \$1,167,000 during the year. Revenues for governmental activities decreased approximately \$1,446,000 from the prior year, including property tax revenues which decreased from the prior year approximately \$797,000, or 4.1%.

The County decreased property tax rates for fiscal year 2021 an average of 4.8%. Combined with decreases in taxable valuations, the County’s property tax revenue decreased approximately \$797,000 in fiscal year 2021. The mental health and disabilities services levy decreased from \$0.60313 per \$1,000 of taxable valuation to \$0.60087 per \$1,000 of taxable valuation. The debt service levy decreased from \$0.96659 per \$1,000 of taxable valuation to \$0.73199 per \$1,000 of taxable valuation. The rural services levy decreased from \$2.88783 per \$1,000 of taxable valuation to \$2.62000 per \$1,000 of taxable valuation.

The cost of all governmental activities this year was approximately \$36.1 million compared to approximately \$33.1 million last year. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$24.6 million because some of the cost was paid by those who directly benefited from the programs (approximately \$3,284,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,172,000). Overall, the County’s governmental program revenues, including intergovernmental aid and charges for service, decreased slightly in fiscal year 2021 from approximately \$12,356,000 to approximately \$11,456,000. The expenses for public safety and legal services increased 37.7% due to the purchase on non-capitalized expenses related to the radio equipment.

Total business type activities revenues for the fiscal year were approximately \$369,000 compared to approximately \$192,000 last year, and expenses were approximately \$219,000 compared to approximately \$203,000 last year. These increases were due to less camping receipts and expenses in the prior fiscal year due to flooding and COVID-19, which caused the marina to be closed part of the season. Total net position increased approximately \$150,000 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 \$24.4 million, an increase of approximately \$3.6 million over last year's total of approximately \$20.8 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 \$1,306,000, or 7.1%, over the prior year. This was primarily related to an increase in federal grants related to the pandemic allocated to the County for public safety and public health payroll. Expenditures increased approximately \$744,000, or 4.4%, over the prior year to approximately \$17,501,000. The ending fund balance increased approximately \$2,044,000, or 19.6%, over the prior year to \$12,486,778.
- Special Revenue, Mental Health Fund revenues decreased approximately \$124,000 from the prior year. For the year, expenditures totaled approximately \$1,390,000, a decrease of 20.1% from the prior year, primarily due the combination of decreased expenditures for Community Supported Living netted with an increase in the amount distributed to the region fiscal agent during the year. The Special Revenue, Mental Health Fund balance at year end increased approximately \$126,000 over the prior year to \$536,915.
- Special Revenue, Rural Services Fund revenues decreased approximately \$149,000, or 5.8% from the prior year. Expenditures increased approximately \$168,000, or 34.4% over the prior year to approximately \$657,000. This increase was primarily due to the purchase of seven new vehicles. The ending fund balance decreased approximately \$16,000 to \$1,220,480 at June 30, 2021.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$1,065,000 over the prior year, primarily due to an increase in road use tax receipts. Expenditures decreased approximately \$956,000 from the prior year, due to a decrease in roadway construction and bridge projects. The Secondary Roads Fund balance at year end increased approximately \$1,331,000 over the prior year to \$2,960,202.
- Debt Service Fund revenues totaled approximately \$1,868,000, a decrease of 24.4% from the prior year. The debt service levy decreased from \$0.96659 per \$1,000 of taxable valuation to \$0.73199 per \$1,000 of taxable valuation, a decrease of 24.3%. Combined with a decrease in the taxable valuation, debt service property tax receipts decreased approximately \$543,000 from the prior year. Expenditures totaled approximately \$1,829,000, a decrease of approximately \$1,078,000, or 37.1% from the prior year. The ending fund balance increased approximately \$39,000 over the prior year to \$5,106,255.
- Capital Projects fund revenues remained consistent when compared to the prior year. During the year ended June 30, 2021, the County issued \$4.75 million of general obligation bonds to help finance acquisition, installation and construction of emergency services communication equipment and systems including radios, repeaters, towers and other communication equipment and systems. The proceeds from the bond issue were placed in the Capital Projects Fund to account for this project. Expenditures increased approximately \$3,305,000, or 224.9%, primarily due to the costs associated with communication equipment and administration building projects. The fund balance at June 30, 2021 increased approximately \$76,000 over the prior year to \$1,897,583.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended its budget three times. The first amendment was made in September 2020 and resulted in an increase in the public safety and legal services, county environment and education, government services to residents, administration and capital projects functions. The second amendment was made in March 2021 and increased budgeted disbursements in the public safety and legal services, mental health, county environment and education, roads and transportation, government services to residents, administration and capital projects functions. The second amendment increased budgeted general long-term debt proceeds. The final amendment was made in May 2021 and resulted in an increase in public safety and legal services, government services to residents, administration and debt service functions.

The County's receipts were \$6,473,691 more than budgeted, a variance of 20.6%. The most significant variance resulted from the County receiving more intergovernmental receipts, such as American Rescue Plan funds, than anticipated.

Total disbursements were \$5,062,127 less than the amended budget. Actual disbursements for the capital projects, public safety and legal services and administration functions were \$2,571,767, \$845,555 and \$538,811, respectively, less than budgeted. The capital projects function disbursements were less than budgeted due to costs for projects being less than anticipated as well as communication and administration building projects which were not completed by the end of the fiscal year as planned. The public safety function expenses were less than budgeted due to vehicle purchases that were not able to be completed by the end of the fiscal year as planned and overtime hours over-budgeted. The administration function disbursements were less than budgeted due to COVID-19 mitigation costs being less than anticipated.

Even with the budget amendments, the County exceeded the budgeted amounts in the roads and transportation function for the year ended June 30, 2021. In addition, disbursements in certain departments exceeded amounts appropriated prior to budget amendments and at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Clinton County had approximately \$78.6 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 \$130,000, or less than 1%, over last year.

Capital Assets of Governmental and Business Type Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 1,418	1,418
Construction in progress	689	533
Buildings and improvements	32,046	31,852
Equipment and vehicles	7,501	6,697
Infrastructure	36,938	37,962
Total	\$ 78,592	78,462

The County had depreciation expense of \$4,191,917 in fiscal year 2021 and total accumulated depreciation of \$54,607,381 at June 30, 2021. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2021, Clinton County had approximately \$24,738,000 of general obligation bonds and other debt outstanding, compared to approximately \$21,215,000 at June 30, 2020, as shown below:

Outstanding Debt of Governmental Activities at Year End (expressed in Thousands)		
	June 30,	
	2021	2020
General obligation bonds	\$ 24,710	21,180
Drainage warrants	28	35
Total	\$ 24,738	21,215

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 \$204 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 2022 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County stands at 6.0% at June 2021 versus 8.9% a year ago. This compares with the State's unemployment rate of 4.8% and the national rate of 5.9% at June 2021.

These indicators were taken into account when adopting the budget for fiscal year 2022. Revenues in the operating budget are approximately \$33.7 million, an increase of 7.2% over the final fiscal year 2021 budget. 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 \$5,516,000. Decreased costs associated with the construction to the Law Enforcement Center and other capital projects represent the largest decrease. The County has added no major new programs or initiatives to the fiscal year 2022 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$748,000 by the close of fiscal year 2022.

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 Manrique, 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Conservation Foundation
Assets				
Cash, cash equivalents and pooled investments	\$ 28,461,513	231,303	28,692,816	109,813
Receivables:				
Property tax:				
Delinquent	218,843	-	218,843	-
Succeeding year	21,006,000	-	21,006,000	-
Interest and penalty on property tax	209,426	-	209,426	-
Accounts	84,551	202	84,753	-
Accrued interest	14	-	14	-
Loans	213,332	-	213,332	-
Advance to other funds	240,000	-	240,000	-
Drainage assessments	29,590	-	29,590	-
Due from other governments	6,280,393	7,028	6,287,421	-
Inventories	305,726	-	305,726	-
Prepaid insurance	45,671	-	45,671	-
Capital assets not being depreciated	2,106,894	-	2,106,894	-
Capital assets, net of accumulated depreciation/amortization	76,329,018	156,158	76,485,176	-
Total assets	135,530,971	394,691	135,925,662	109,813
Deferred Outflows of Resources				
Pension related deferred outflows	2,028,284	15,070	2,043,354	-
OPEB related deferred outflows	957,071	9,600	966,671	-
Total deferred outflows of resources	2,985,355	24,670	3,010,025	-
Liabilities				
Accounts payable	1,867,871	14,200	1,882,071	-
Accrued interest payable	53,722	-	53,722	-
Salaries and benefits payable	668,747	2,680	671,427	-
Due to other governments	160,354	-	160,354	-
Unearned revenue	4,509,145	-	4,509,145	-
Advances from other funds	240,000	-	240,000	-
Long-term liabilities:				
Portion due or payable within one year:				
General obligation bonds	1,875,000	-	1,875,000	-
Drainage warrants	27,964	-	27,964	-
Compensated absences	1,118,600	-	1,118,600	-
Total OPEB liability	83,319	836	84,155	-
Portion due or payable after one year:				
General obligation bonds	22,835,000	-	22,835,000	-
Net pension liability	6,830,703	50,748	6,881,451	-
Total OPEB liability	1,423,750	14,281	1,438,031	-
Total liabilities	41,694,175	82,745	41,776,920	-
Deferred Inflows of Resources				
Unavailable property tax revenue	21,006,000	-	21,006,000	-
Pension related deferred inflows	659,110	4,897	664,007	-
OPEB related deferred inflows	604,554	6,065	610,619	-
Total deferred inflows of resources	22,269,664	10,962	22,280,626	-
Net Position				
Net investment in capital assets	59,068,838	156,158	59,224,996	-
Restricted for:				
Nonexpendable:				
Permanent Fund	5,000	-	5,000	-
Expendable:				
Supplement levy purposes	6,441,174	-	6,441,174	-
Mental health purposes	588,332	-	588,332	-
Rural services purposes	1,283,222	-	1,283,222	-
Secondary roads purposes	3,626,499	-	3,626,499	-
Conservation land acquisition	103,494	-	103,494	-
Debt service	5,073,528	-	5,073,528	-
Capital projects	262,766	-	262,766	-
Drainage purposes	45,103	-	45,103	-
Other purposes	501,992	-	501,992	109,813
Unrestricted	(2,447,461)	169,496	(2,277,965)	-
Total net position	\$ 74,552,487	325,654	74,878,141	109,813

See notes to financial statements.

Clinton County

Statement of Activities

Year ended June 30, 2021

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety and legal services	\$ 13,405,990	777,687	740,972	13,200
Physical health and social services	1,881,453	46,685	900,882	-
Mental health	1,402,777	-	-	-
County environment and education	2,094,696	118,192	22,927	-
Roads and transportation	9,436,915	39,606	6,390,388	-
Governmental services to residents	1,385,745	870,655	-	-
Administration	4,353,314	128,461	70,692	-
Non-program	1,612,637	1,302,397	33,024	-
Interest on long-term debt	515,411	-	-	-
Total governmental activities	36,088,938	3,283,683	8,158,885	13,200
Business type activities:				
Rock Creek Marina	218,259	283,942	84,653	-
Total primary government	\$ 36,307,197	3,567,625	8,243,538	13,200
Component Unit:				
Conservation Foundation	\$ 13,654	-	24,447	-
General Revenues:				
Property and other county tax levied for:				
General purposes				
Debt service				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
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
(11,874,131)	-	(11,874,131)	
(933,886)	-	(933,886)	
(1,402,777)	-	(1,402,777)	
(1,953,577)	-	(1,953,577)	
(3,006,921)	-	(3,006,921)	
(515,090)	-	(515,090)	
(4,154,161)	-	(4,154,161)	
(277,216)	-	(277,216)	
(515,411)	-	(515,411)	
(24,633,170)	-	(24,633,170)	
-	150,336	150,336	
(24,633,170)	150,336	(24,482,834)	
			10,793
17,019,853	-	17,019,853	-
1,709,892	-	1,709,892	-
190,131	-	190,131	-
1,540,606	-	1,540,606	-
1,963,978	-	1,963,978	-
164,350	-	164,350	-
199,450	-	199,450	173
123,575	-	123,575	-
555,036	-	555,036	-
23,466,871	-	23,466,871	173
(1,166,299)	150,336	(1,015,963)	10,966
75,718,786	175,318	75,894,104	98,847
\$ 74,552,487	325,654	74,878,141	109,813

Clinton County
Balance Sheet
Governmental Funds

June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 17,347,444	629,082	1,292,447	2,776,919
Receivables:				
Property tax:				
Delinquent	174,300	17,498	5,612	-
Succeeding year	15,103,000	906,000	2,395,000	-
Interest and penalty on property tax	209,426	-	-	-
Accounts	50,550	-	-	235
Accrued interest	14	-	-	-
Loan	-	-	-	213,332
Advance to other funds	240,000	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	351,699	-	-	694,518
Inventories	-	-	-	305,726
Prepaid insurance	45,671	-	-	-
Total assets	\$ 33,522,104	1,552,580	3,693,059	3,990,730
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 440,249	56,067	56,048	831,380
Salaries and benefits payable	470,077	11,277	15,955	171,438
Due to other governments	117,825	24,940	-	17,589
Unearned revenue	4,509,145	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	5,537,296	92,284	72,003	1,020,407
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	15,103,000	906,000	2,395,000	-
Other	395,030	17,381	5,576	10,121
Total deferred inflows of resources	15,498,030	923,381	2,400,576	10,121
Fund balances:				
Nonspendable:				
Inventories	-	-	-	305,726
Prepaid expenditures	45,671	-	-	-
Permanent fund	-	-	-	-
Advances to other funds	240,000	-	-	-
Restricted for:				
Supplemental levy purposes	3,859,416	-	-	-
Mental health purposes	-	536,915	-	-
Rural services purposes	-	-	1,220,480	-
Secondary roads purposes	-	-	-	2,654,476
Conservation land acquisition	103,494	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Drainage purposes	-	-	-	-
Other purposes	358,466	-	-	-
Committed:				
Auditor	22,000	-	-	-
Sheriff	680,630	-	-	-
Unassigned	7,177,101	-	-	-
Total fund balances	12,486,778	536,915	1,220,480	2,960,202
Total liabilities, deferred inflows of resources and fund balances	\$ 33,522,104	1,552,580	3,693,059	3,990,730

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
133,659	2,033,119	167,730	24,380,400
21,433	-	-	218,843
2,602,000	-	-	21,006,000
-	-	-	209,426
-	-	2,675	53,460
-	-	-	14
-	-	-	213,332
-	-	-	240,000
-	-	29,590	29,590
5,212,158	-	22,018	6,280,393
-	-	-	305,726
-	-	-	45,671
<u>7,969,250</u>	<u>2,033,119</u>	<u>222,013</u>	<u>52,982,855</u>
-	135,266	420	1,519,430
-	-	-	668,747
-	-	-	160,354
-	-	-	4,509,145
240,000	-	-	240,000
<u>240,000</u>	<u>135,266</u>	<u>420</u>	<u>7,097,676</u>
2,602,000	-	-	21,006,000
20,995	-	35,861	484,964
<u>2,622,995</u>	<u>-</u>	<u>35,861</u>	<u>21,490,964</u>
-	-	-	305,726
-	-	-	45,671
-	-	5,000	5,000
-	-	-	240,000
-	-	-	3,859,416
-	-	-	536,915
-	-	-	1,220,480
-	-	-	2,654,476
-	-	-	103,494
5,106,255	-	-	5,106,255
-	1,897,853	-	1,897,853
-	-	42,455	42,455
-	-	138,277	496,743
-	-	-	22,000
-	-	-	680,630
-	-	-	7,177,101
<u>5,106,255</u>	<u>1,897,853</u>	<u>185,732</u>	<u>24,394,215</u>
<u>7,969,250</u>	<u>2,033,119</u>	<u>222,013</u>	<u>52,982,855</u>

Clinton County

Clinton County

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

June 30, 2021

Total governmental fund balances (page 23) \$ 24,394,215

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 \$132,623,132 and the accumulated depreciation is \$54,187,220. 78,435,912

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. 484,964

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. 3,763,763

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	\$ 2,985,355	
Deferred inflows of resources	<u>(1,263,664)</u>	1,721,691

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. (34,248,058)

Net position of governmental activities (page 19) \$ 74,552,487

See notes to financial statements.

Clinton County

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

Year ended June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 13,592,434	1,347,054	2,259,510	-
Local option sales tax	726,672	-	-	1,237,306
Interest and penalty on property tax	213,724	-	-	-
Intergovernmental	3,429,940	116,941	159,381	6,634,146
Licenses and permits	14,390	-	3,050	29,102
Charges for service	1,227,972	52,130	1,405	-
Use of money and property	350,622	-	-	-
Miscellaneous	249,279	-	-	97,620
Total revenues	19,805,033	1,516,125	2,423,346	7,998,174
Expenditures:				
Operating:				
Public safety and legal services	8,791,969	-	439,261	-
Physical health and social services	1,851,611	-	-	-
Mental health	-	1,389,645	-	-
County environment and education	1,637,210	-	217,738	-
Roads and transportation	-	-	-	7,160,046
Governmental services to residents	1,336,202	-	-	-
Administration	3,874,371	-	-	-
Debt service	-	-	-	-
Capital projects	9,317	-	-	1,553,595
Total expenditures	17,500,680	1,389,645	656,999	8,713,641
Excess (deficiency) of revenues over (under) expenditures	2,304,353	126,480	1,766,347	(715,467)
Other financing sources (uses):				
Sale of capital assets	4,000	-	-	-
General obligation bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	-	-	-	2,046,135
Transfers out	(264,088)	-	(1,782,047)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(260,088)	-	(1,782,047)	2,046,135
Change in fund balances	2,044,265	126,480	(15,700)	1,330,668
Fund balances beginning of year	10,442,513	410,435	1,236,180	1,629,534
Fund balances end of year	\$ 12,486,778	536,915	1,220,480	2,960,202

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,719,807	-	-	18,918,805
-	-	-	1,963,978
-	-	-	213,724
146,374	-	52,318	10,539,100
-	-	-	46,542
-	-	10,207	1,291,714
1,859	3,064	328	355,873
-	1,925	65,742	414,566
1,868,040	4,989	128,595	33,744,302
-	-	21,160	9,252,390
-	-	-	1,851,611
-	-	-	1,389,645
-	-	78,152	1,933,100
-	-	-	7,160,046
-	-	6,963	1,343,165
-	-	-	3,874,371
1,828,630	-	76,932	1,905,562
-	4,774,005	-	6,336,917
1,828,630	4,774,005	183,207	35,046,807
39,410	(4,769,016)	(54,612)	(1,302,505)
-	-	-	4,000
-	4,750,000	-	4,750,000
-	95,378	-	95,378
-	-	-	2,046,135
-	-	-	(2,046,135)
-	-	69,438	69,438
-	4,845,378	69,438	4,918,816
39,410	76,362	14,826	3,616,311
5,066,845	1,821,491	170,906	20,777,904
5,106,255	1,897,853	185,732	24,394,215

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, 2021

Change in fund balances - Total governmental funds (page 27) \$ 3,616,311

**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	\$ 4,202,943	
Depreciation expense	<u>(4,173,283)</u>	29,660

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 119,575

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	(24,710)	
Other	<u>(204,576)</u>	(229,286)

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 issuances exceeded repayments, as follows:

Issued	(4,819,438)	
Repaid	<u>1,296,932</u>	(3,522,506)

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. 957,106

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	23,680	
Pension expense	(1,090,357)	
OPEB expense	(160,233)	
Interest on long-term debt	<u>(2,159)</u>	(1,229,069)

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. (908,090)

Change in net position of governmental activities (page 21) \$ (1,166,299)

See notes to financial statements.

Clinton County
Statement of Net Position
Proprietary Fund

June 30, 2021

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 204,753	4,107,663
Accounts receivable	-	31,293
Due from other governments	7,028	-
Capital assets, net of accumulated depreciation	156,158	-
Total assets	367,939	4,138,956
Deferred Outflows of Resources		
Pension related deferred outflows	15,070	-
OPEB related deferred outflows	9,600	-
Total deferred outflows of resources	24,670	-
Liabilities		
Accounts payable	11,933	350,708
Salaries and benefits payable	2,680	-
Net pension liability	50,748	-
Total OPEB liability	15,117	-
Total liabilities	80,478	350,708
Deferred Inflows of Resources		
Pension related deferred inflows	4,897	-
OPEB related deferred inflows	6,065	-
Total deferred inflows of resources	10,962	-
Net Position		
Net investment in capital assets	156,158	-
Unrestricted	145,011	3,788,248
Total net position	301,169	3,788,248
Adjustment to reflect the consolidation of Internal Service Fund Activities related to the Enterprise Fund	24,485	
Net position of business type activities	\$ 325,654	

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, 2021

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	2,392,122
Reimbursements from employees and others	-	462,645
Stop loss insurance recoveries	-	241,838
Intergovernmental	84,653	-
Hotel/motel excise tax	2,416	-
Camping fees	171,655	-
Boat rental fees	20,394	-
Other recreational fees	78,623	-
Concession sales	6,152	-
Miscellaneous	8,565	-
Total operating revenues	<u>372,458</u>	<u>3,096,605</u>
Operating expenses:		
Administrative fees	-	27,249
Medical and health services	-	3,983,577
Insurance premiums	-	20,492
Salaries	55,828	-
Employee benefits	15,950	-
Supplies	29,591	-
Utilities	40,252	-
Repair and improvements	42,357	-
Depreciation	18,634	-
Miscellaneous	13,738	-
Total operating expenses	<u>216,350</u>	<u>4,031,318</u>
Operating income (loss)	<u>156,108</u>	<u>(934,713)</u>
Non-operating revenues:		
Interest income	<u>136</u>	<u>20,715</u>
Net income (loss)	156,244	(913,998)
Net position beginning of year	<u>144,925</u>	<u>4,702,246</u>
Net position end of year	301,169	<u><u>3,788,248</u></u>
Adjustment to reflect the consolidation of Internal Service Fund Activities related to the Enterprise Fund	<u>(5,908)</u>	
Net position of business type activities	<u><u>\$ 295,261</u></u>	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2021

	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	\$ -	2,392,122
Cash received from employees and others	-	462,645
Cash received from stop loss insurance recoveries	-	232,977
Cash received from hotel/motel excise tax	2,416	-
Cash received from camping fees	171,655	-
Cash received from boat rental fees	20,394	-
Cash received from other recreational fees	78,623	-
Cash received from concession sales	6,152	-
Cash received from miscellaneous operations	8,565	-
Cash paid for administrative fees	-	(24,749)
Cash paid to employees for services	(72,356)	-
Cash paid to suppliers for services	(157,501)	(3,928,119)
Net cash provided (used) by operating activities	57,948	(865,124)
Cash flows from investing activities:		
Interest on investments	136	20,715
Net increase (decrease) in cash and cash equivalents	58,084	(844,409)
Cash and cash equivalents beginning of year	146,669	4,952,072
Cash and cash equivalents end of year	\$ 204,753	4,107,663
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 156,108	(934,713)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	18,634	-
Changes in assets and liabilities:		
Accounts receivable	-	(8,861)
Due from other governments	(7,028)	-
Accounts payable	(26,563)	78,450
Advances from grantors	(77,625)	-
Advance from other funds	(5,000)	-
Salaries and benefits payable	(3,176)	-
Net pension liability	10,832	-
Total OPEB liability	9,155	-
Deferred outflows of resources	(11,088)	-
Deferred inflows of resources	(6,301)	-
Net cash provided (used) by operating activities	\$ 57,948	(865,124)

See notes to financial statements.

Clinton County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 6,545,058
Other County officials	100,203
Receivables:	
Property tax receivable:	
Delinquent	930,841
Succeeding year	63,110,000
Accounts	3,392
Drainage assessments	55
Special assessments	558,395
Due from other governments	<u>66,046</u>
Total assets	<u>71,313,990</u>

Liabilities

Accounts payable	172,210
Salaries and benefits payable	100,895
Due to other governments	2,501,942
Trusts payable	44,695
Compensated absences	140,470
Stamped drainage warrants payable	<u>893</u>
Total liabilities	<u>2,961,105</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>63,110,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 5,242,885</u>
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See notes to financial statements.

Clinton County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 60,700,879
911 surcharge	409,978
State tax credits	5,657,795
Office fees and collections	1,188,686
Auto licenses, use tax and postage	16,516,390
Assessments	148,050
Trusts	725,456
Miscellaneous	<u>3,949,395</u>
Total additions	<u>89,296,629</u>
Deductions:	
Agency remittances:	
To other funds	559,549
To other governments	88,791,009
Trusts paid out	<u>690,999</u>
Total deductions	<u>90,041,557</u>
Change in net position	(744,928)
Net position beginning of year, as restated	<u>5,987,813</u>
Net position end of year	<u>\$ 5,242,885</u>

See notes to financial statements.

Clinton County

Notes to Financial Statements

June 30, 2021

(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 Custodial 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 – Custodial 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 90 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 lease agreements 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 is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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 more than 15 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 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. 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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and infrastructure 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	10 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	3 - 20
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 and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets 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.

Unearned Revenue – 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. Unearned revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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, 2021. 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 ninety 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 that will not be recognized until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

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.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

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, 2021, disbursements in the roads and transportation function exceeded the amounts budgeted and disbursements for certain departments exceeded the amounts appropriated prior to budget amendments and at year end.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2021 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) Advances To and From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	\$ 240,000

During fiscal year 2021, the County approved an interfund loan from the General Fund to the Debt Service Fund for \$240,000. The interfund loan was made to make the necessary debt service payments on June 1.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 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>
Total		<u>\$ 2,046,135</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, 2021 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,418,233	-	-	1,418,233
Construction in progress	532,649	2,756,014	2,600,002	688,661
Total capital assets not being depreciated	<u>1,950,882</u>	<u>2,756,014</u>	<u>2,600,002</u>	<u>2,106,894</u>
Capital assets being depreciated:				
Buildings	37,023,475	940,539	-	37,964,014
Improvements other than buildings	759,281	-	-	759,281
Equipment and vehicles	14,741,510	1,723,704	578,496	15,886,718
Infrastructure, road network	74,396,837	1,509,388	-	75,906,225
Total capital assets being depreciated	<u>126,921,103</u>	<u>4,173,631</u>	<u>578,496</u>	<u>130,516,238</u>
Less accumulated depreciation for:				
Buildings	5,904,302	706,409	-	6,610,711
Improvements other than buildings	168,514	28,547	-	197,061
Equipment and vehicles	8,077,430	904,954	571,371	8,411,013
Infrastructure, road network	36,435,062	2,533,373	-	38,968,435
Total accumulated depreciation	<u>50,585,308</u>	<u>4,173,283</u>	<u>571,371</u>	<u>54,187,220</u>
Total capital assets being depreciated, net	<u>76,335,795</u>	<u>348</u>	<u>7,125</u>	<u>76,329,018</u>
Governmental activities capital assets, net	<u>\$ 78,286,677</u>	<u>2,756,362</u>	<u>2,607,127</u>	<u>78,435,912</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 727,111
Physical health and social services	2,950
County environment and education	90,290
Roads and transportation	3,052,762
Governmental services to residents	33,339
Administration	<u>266,831</u>
Total depreciation expense - governmental activities	<u>\$ 4,173,283</u>

Business type activities capital asset activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business Type activities:				
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	215,068	11,895	-	226,963
Equipment and vehicles	127,248	6,739	-	133,987
Infrastructure	59,211	-	-	59,211
Total accumulated depreciation	401,527	18,634	-	420,161
Business type activities capital assets, net	\$ 174,792	(18,634)	-	156,158

(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, 2021 is as follows:

Fund	Description	Amount
General	Services	\$ 117,825
Special Revenue:		
Mental Health	Services	24,940
Secondary Roads	Services	17,589
Total for governmental funds		\$ 160,354
Custodial:		
County Offices	Collections	\$ 57,381
Schools		467,197
Community Colleges		26,136
Corporations		432,440
Auto License and Use Tax		1,439,930
All other		78,858
Total for custodial funds		\$ 2,501,942

(7) Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2021 is as follows:

Governmental Activities:	General Obligation Bonds	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 21,180,000	35,458	1,142,280	5,372,747	594,374	28,324,859
Increases	4,750,000	69,438	979,797	1,457,956	1,213,037	8,470,228
Decreases	1,220,000	76,932	1,003,477	-	300,342	2,600,751
Balance end of year	\$ 24,710,000	27,964	1,118,600	6,830,703	1,507,069	34,194,336
Due within one year	\$ 1,875,000	27,964	1,118,600	-	83,319	3,104,883

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2021 is as follows:

Business Type Activities:	Net	Total	Total
	Pension Liability	OPEB Liability	
Balance beginning of year	\$ 39,916	5,962	45,878
Increases	10,832	12,168	23,000
Decreases	-	3,013	3,013
Balance end of year	\$ 50,748	15,117	65,865
Due within one year	\$ -	836	836

General Obligation Bonds

A summary of the County's June 30, 2021 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2016 Jail Project Issued Dec 1, 2016			Series 2020 Public Buildings Issued Feb 18, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.00%	\$ 985,000	536,000	2.00%	\$ 275,000	35,300
2023	3.00	1,005,000	516,300	2.00	280,000	29,800
2024	3.00	1,025,000	486,150	2.00	290,000	24,200
2025	3.00	1,050,000	455,400	2.00	300,000	18,400
2026	3.00	1,080,000	423,900	2.00	305,000	12,400
2027-2031	3.00	5,920,000	1,613,850	2.00	315,000	6,300
2032-2036	3.00	7,130,000	659,100		-	-
Total		\$ 18,195,000	4,690,700		\$ 1,765,000	126,400

Year Ending June 30,	Series 2021 Communications Equipment Issued Feb 23, 2021			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	1.00%	\$ 615,000	60,431	\$ 1,875,000	631,731	2,506,731
2023	1.00	655,000	41,350	1,940,000	587,450	2,527,450
2024	1.00	670,000	34,800	1,985,000	545,150	2,530,150
2025	1.00	680,000	28,100	2,030,000	501,900	2,531,900
2026-2030	1.00	695,000	21,300	2,080,000	457,600	2,537,600
2031-2035	1.00	1,435,000	21,600	7,670,000	1,641,750	9,311,750
2036		-	-	7,130,000	659,100	7,789,100
Total		\$ 4,750,000	207,581	\$ 24,710,000	5,024,681	29,734,681

On December 1, 2016, the County issued \$22,000,000 of general obligation bonds, Series 2016 with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued to pay costs of designing, constructing, equipping and furnishing a jail, Sheriff's office, 911 communications center and emergency management agency office and demolition of the existing facility. During the year ended June 30, 2021, the County paid \$970,000 of principal and \$555,400 of interest on the bonds.

On February 18, 2020, the County issued \$2,015,000 of general obligation bonds, Series 2020, with an interest rate of 2.00% per annum. The bonds were issued to pay costs of public buildings, including the site or grounds of, and the erection, equipment, remodeling, or reconstruction of, and additions or extensions to the buildings, including the Administration Building Elevators. During the year ended June 30, 2021, the County paid \$250,000 of principal and \$51,830 of interest on the bonds.

On February 23, 2021, the County issued \$4,750,000 of general obligation bonds, Series 2021, with an interest rate of 1.00% per annum. The bonds were issued to pay costs of essential county purposes including the acquisition, installation and construction of emergency services communication equipment and systems including radios, repeaters, towers and other communication equipment and systems. During the year ended June 30, 2021, the County paid no principal or interest on the 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 2021, 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, 2021, \$6,000,000 of the bond proceeds had been advanced to the City and repayments totaling \$787,842 have been received. A receivable of \$5,212,158 is reported in the Debt Service Fund for the amount due from the City at June 30, 2021 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) Loan Receivable

During the year ended June 30, 2019, the County entered into a Memorandum of Understanding with the City of Wheatland for a bridge replacement within the Wheatland Corporate City limits. The County made payments of \$246,152 to the City and will assess the City for all costs to be reimbursed to the County's Secondary Road Fund. The City is required to reimburse the County's Secondary Road Fund for actual funds provided over a period of fifteen years. During the year ended June 30, 2021, the City paid \$16,410 to the County. The balance of the loan receivable, \$213,332 at June 30, 2021, is reported in the Secondary Roads Fund.

(9) 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.

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 2021, 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 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County’s contributions to IPERS for the year ended June 30, 2021 totaled \$964,217.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$6,881,451 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the County’s proportion was 0.097960%, which was an increase of 0.004488% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$1,098,458. At June 30, 2021, 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	\$ 30,845	183,914
Changes of assumptions	471,657	179,627
Net difference between projected and actual earnings on IPERS' investments	573,495	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	3,140	300,466
County contributions subsequent to the measurement date	964,217	-
Total	<u>\$ 2,043,354</u>	<u>664,007</u>

\$964,217 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, 2022. 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
2022	\$ (60,492)
2023	55,239
2024	134,808
2025	298,799
2026	<u>(13,224)</u>
Total	<u>\$ 415,130</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2020 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 2020 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

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.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 13,271,185	6,881,451	1,525,001

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.

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, 2021.

(10) 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	<u>182</u>
Total	<u>193</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,522,186 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021)	2.60% per annum.
Rates of salary increase (effective June 30, 2021)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% 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 for the general employees are from the Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020, for public safety employees, from SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 and for surviving spouses from SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table full generational using Scale MP-2020. 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	\$ 600,336
Changes for the year:	
Service cost	139,087
Interest	22,780
Differences between expected and actual experiences	1,063,338
Changes in assumptions	(270,610)
Benefit payments	<u>(32,745)</u>
Net changes	<u>921,850</u>
Total OPEB liability end of year	<u>\$ 1,522,186</u>

Changes of assumptions reflect a change in the discount rate from 3.15% in fiscal year 2020 to 2.19% in fiscal year 2021.

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 (1.19%) or 1% higher (3.19%) than the current discount rate.

	<u>1% Decrease (1.19%)</u>	<u>Discount Rate (2.19%)</u>	<u>1% Increase (3.19%)</u>
Total OPEB liability	\$ 1,617,018	1,522,186	1,429,864

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 (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (7.00%)</u>	<u>Healthcare Cost Trend Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Total OPEB liability	\$ 1,365,120	1,522,186	1,708,420

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$194,585. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 966,671	98,157
Changes of assumptions	-	512,462
	<u>\$ 966,671</u>	<u>610,619</u>

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

Year ending June 30,	Amount
2022	\$ 32,718
2023	32,718
2024	32,718
2025	32,718
2026	32,718
Thereafter	<u>192,462</u>
	<u>\$ 356,052</u>

(11) 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 785 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, 2021 were \$364,141.

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, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, 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.

(12) 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, 2021 was \$2,392,122.

Amounts payable from the Employee Group Health Fund at June 30, 2021 total \$350,708, 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 \$3,788,248 at June 30, 2021 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	\$ 272,258
Incurred claims (including claims incurred but not reported at June 30, 2021)	3,983,577
Payments:	
Payment on claims during the year	<u>3,905,127</u>
Unpaid claims end of year	<u>\$ 350,708</u>

(13) 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, 2021, the County had not made any payments to the Developer.

(14) 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

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2021 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	\$ 11,923
City of Clinton	Urban renewal and economic development projects	181,467
City of DeWitt	Urban renewal and economic development projects	49,191

(15) Operating Leases

The County leases equipment under operating leases expiring in various years through 2026. 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, 2021:

Year Ending June 30,	Amount
2022	\$ 25,114
2023	14,700
2024	9,148
2025	2,004
2026	744
Total	<u>\$ 51,710</u>

Rental expense for the year ended June 30, 2021 for all operating leases totaled \$24,370.

(16) 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 Custodial Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2021:

Additions:	
Contributions from governmental units:	
Property tax from County general supplemental levy	<u>\$ 1,733,366</u>
Deductions:	
Salaries	\$ 905,161
Benefits	346,243
Office supplies	20,240
Uniforms	2,169
Telephone	5,044
Technology services	37,334
Travel	588
Equipment/furniture	4,209
Insurance	5,036
Miscellaneous	7,667
	<u>1,333,691</u>
Net	399,675
Balance beginning of year	<u>1,137,666</u>
Balance end of year	<u>\$ 1,537,341</u>

(17) 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 Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2021 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 125,315	-	125,315
Quality improvement	-	53,707	53,707
Allocation for administration	6,596	13,352	19,948
School ready general use	-	378,247	378,247
Total state grants	131,911	445,306	577,217
Miscellaneous grants	-	986	986
Interest on investments	91	238	329
Total revenues	132,002	446,530	578,532
Expenditures:			
Program services:			
Early childhood	127,553	-	127,553
Quality improvement	-	54,163	54,163
School ready general use	-	390,905	390,905
Total program services	127,553	445,068	572,621
Administration	5,495	11,258	16,753
Total expenditures	133,048	456,326	589,374
Change in fund balance	(1,046)	(9,796)	(10,842)
Fund balance beginning of year	11,210	65,635	76,845
Fund balance end of year	\$ 10,164	55,839	66,003

(18) 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, 2021, as follows:

Revenues:		
Property and other county tax		\$ 1,347,054
Intergovernmental revenues:		
State tax credits		116,941
Charges for service		<u>52,130</u>
Total revenues		<u>1,516,125</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 569,187	
Intellectual disabilities	44,460	
Other developmental disabilities	<u>28,762</u>	642,409
General administration:		
Direct administration		171,920
Distribution to regional fiscal agent		<u>575,316</u>
Total expenditures		<u>1,389,645</u>
Deficiency of revenues under expenditures		126,480
Fund balance beginning of year		<u>410,435</u>
Fund balance end of year		<u>\$ 536,915</u>

(19) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Clinton County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Clinton County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Clinton County.

(20) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

The restatement to retroactively report the change in net position, is as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>5,987,813</u>
Net position July 1, 2020, as restated	<u>\$ 5,987,813</u>

(21) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements require the reporting of certain potentially significant assets and liabilities that are not currently reported.

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, 2021

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 21,041,167	-	21,041,167
Interest and penalty on property tax	223,900	-	223,900
Intergovernmental	14,497,059	2,405	14,494,654
Licenses and permits	47,807	-	47,807
Charges for service	1,297,376	-	1,297,376
Use of money and property	352,104	78	352,026
Miscellaneous	513,810	65,742	448,068
Total receipts	37,973,223	68,225	37,904,998
Disbursements:			
Public safety and legal services	9,155,925	-	9,155,925
Physical health and social services	1,920,173	-	1,920,173
Mental health	1,405,107	-	1,405,107
County environment and education	1,899,013	72,186	1,826,827
Roads and transportation	7,313,465	-	7,313,465
Governmental services to residents	1,339,651	-	1,339,651
Administration	3,872,654	-	3,872,654
Non-program	20,659	-	20,659
Debt service	1,905,562	76,932	1,828,630
Capital projects	6,224,611	-	6,224,611
Total disbursements	35,056,820	149,118	34,907,702
Deficiency of receipts under disbursements	2,916,403	(80,893)	2,997,296
Other financing sources, net	4,926,760	69,438	4,857,322
Change in balances	7,843,163	(11,455)	7,854,618
Balance beginning of year	16,537,237	53,910	16,483,327
Balance end of year	\$ 24,380,400	42,455	24,337,945

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Net Variance</u>
<u>Original</u>	<u>Final</u>	
20,987,699	20,987,699	53,468
136,400	136,400	87,500
8,786,548	8,786,548	5,708,106
48,450	48,450	(643)
975,875	975,875	321,501
214,950	214,950	137,076
281,385	281,385	166,683
<u>31,431,307</u>	<u>31,431,307</u>	<u>6,473,691</u>
9,671,012	10,001,480	845,555
2,166,356	2,166,356	246,183
1,180,383	1,645,699	240,592
2,087,323	2,123,873	297,046
6,434,327	7,283,651	(29,814)
1,326,196	1,447,396	107,745
4,290,981	4,411,465	538,811
24,000	24,000	3,341
1,829,531	2,069,531	240,901
3,951,000	8,796,378	2,571,767
<u>32,961,109</u>	<u>39,969,829</u>	<u>5,062,127</u>
(1,529,802)	(8,538,522)	11,535,818
-	4,845,378	11,944
<u>(1,529,802)</u>	<u>(3,693,144)</u>	<u>11,547,762</u>
<u>17,867,553</u>	<u>17,867,553</u>	<u>(1,384,226)</u>
<u>16,337,751</u>	<u>14,174,409</u>	<u>10,163,536</u>

Clinton County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2021

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 37,973,223	(4,228,921)	33,744,302
Expenditures	35,056,820	(10,013)	35,046,807
Net	2,916,403	(4,218,908)	(1,302,505)
Other financing sources, net	4,926,760	(7,944)	4,918,816
Beginning fund balances	16,537,237	4,240,667	20,777,904
Ending fund balances	\$ 24,380,400	13,815	24,394,215

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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 discretely presented and blended component units, the Enterprise Fund, the Internal Service Fund and Custodial 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, three budget amendments increased budgeted disbursements by \$7,008,720. 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 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, 2021, disbursements exceeded the amounts budgeted in the roads and transportation function. In addition, disbursements in certain departments exceeded the amounts appropriated prior to budget amendments and at year end.

Clinton County

Schedule of County Proportionate Share of the Net Pension Liability

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.097960%	0.093472%	0.098786%	0.109230%
County's proportionate share of the net pension liability	\$ 6,881	5,413	6,251	7,276
County's covered payroll	\$ 10,181	9,926	9,838	9,702
County's proportionate share of the net pension liability as a percentage of its covered payroll	67.59%	54.53%	63.54%	74.99%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

* 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.

2017	2016	2015
0.112080%	0.113930%	0.112786%
7,054	5,629	4,473
9,930	10,101	9,934
71.04%	55.73%	45.03%
81.82%	85.19%	87.61%

Clinton County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 964	967	950	888
Contributions in relation to the statutorily required contribution	<u>(964)</u>	<u>(967)</u>	<u>(950)</u>	<u>(888)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 10,229	10,181	9,926	9,838
Contributions as a percentage of covered payroll	9.42%	9.50%	9.57%	9.03%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
891	884	925	912	865	819
(891)	(884)	(925)	(912)	(865)	(819)
-	-	-	-	-	-
9,702	9,930	10,101	9,934	9,644	9,668
9.18%	8.90%	9.16%	9.18%	8.97%	8.47%

Clinton County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

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.

Clinton County

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

For the Last Four Years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 139,087	59,638	74,098	74,114
Interest cost	22,780	19,336	33,779	31,838
Difference between expected and actual experiences	1,063,338	(30,706)	(49,379)	(49,059)
Changes of assumptions	(270,610)	(325,014)	-	-
Benefit payments	(32,745)	(13,683)	(3,845)	(5,971)
Net change in total OPEB liability	921,850	(290,429)	54,653	50,922
Total OPEB liability beginning of year	600,336	890,765	836,112	785,190
Total OPEB liability end of year	\$ 1,522,186	600,336	890,765	836,112
Covered-employee payroll	\$ 9,890,802	10,285,276	9,995,574	9,487,757
Total OPEB liability as a percentage of covered-employee payroll	15.4%	5.8%	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, 2021	2.19%
Year ended June 30, 2020	3.15%
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, 2021

			Special
	Resource Enhancement and Protection	County Recorder's Records Management	Sized Property
Assets			
Cash, cash equivalents and pooled investments	\$ 24,896	64,190	14,128
Accounts Receivable	-	880	-
Drainage assessments	-	-	-
Due from other governments	-	-	-
Total assets	\$ 24,896	65,070	14,128
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	420	-
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for:			
Nonspendable:			
Permanent	-	-	-
Drainage purposes	-	-	-
Other purposes	24,896	64,650	14,128
Total fund balances	24,896	64,650	14,128
Total deferred inflows of resources and fund balances	\$ 24,896	65,070	14,128

See accompanying independent auditor's report.

Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
6,809	42,455	1,135	14,117		167,730
1,795	-	-	-		2,675
-	29,590	-	-		29,590
20,996	1,022	-	-		22,018
<u>29,600</u>	<u>73,067</u>	<u>1,135</u>	<u>14,117</u>		<u>222,013</u>
-	-	-	-		420
<u>5,249</u>	<u>30,612</u>	-	-		<u>35,861</u>
-	-	-	5,000		5,000
-	42,455	-	-		42,455
<u>24,351</u>	-	<u>1,135</u>	<u>9,117</u>		<u>138,277</u>
<u>24,351</u>	<u>42,455</u>	<u>1,135</u>	<u>14,117</u>		<u>185,732</u>
<u>29,600</u>	<u>73,067</u>	<u>1,135</u>	<u>14,117</u>		<u>222,013</u>

Clinton County

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

Year ended June 30, 2021

	Resource Enhancement and Protection	County Recorder's Records Management	Special Sized Property
Revenues:			
Intergovernmental	\$ 18,894	-	-
Charges for service	-	10,207	-
Use of money and property	31	94	-
Miscellaneous	-	-	-
Total revenues	18,925	10,301	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	500
County environment and education	5,966	-	-
Governmental services to residents	-	6,963	-
Debt service	-	-	-
Total expenditures	5,966	6,963	500
Excess (deficiency) of revenues over (under) expenditures	12,959	3,338	(500)
Other financing sources:			
Drainage warrants issued	-	-	-
Change in fund balances	12,959	3,338	(500)
Fund balances beginning of year	11,937	61,312	14,628
Fund balances end of year	\$ 24,896	64,650	14,128

See accompanying independent auditor's report.

Revenue			Permanent		
Miscellaneous Grants	Drainage Districts	Veterans Memorial	Vietnam Veterans Trust		Total
31,019	2,405	-	-		52,318
-	-	-	-		10,207
-	78	1	124		328
-	65,742	-	-		65,742
31,019	68,225	1	124		128,595
20,660	-	-	-		21,160
-	72,186	-	-		78,152
-	-	-	-		6,963
-	76,932	-	-		76,932
20,660	149,118	-	-		183,207
10,359	(80,893)	1	124		(54,612)
-	69,438	-	-		69,438
10,359	(11,455)	1	124		14,826
13,992	53,910	1,134	13,993		170,906
24,351	42,455	1,135	14,117		185,732

Clinton County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	3,856	1,095,702	467,197	26,136
Other County officials	100,203	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	3,711	11,152	473,536	24,168
Succeeding year	-	284,000	855,000	34,437,000	2,151,000
Accounts	1,873	-	-	-	-
Drainage assessments	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	102,076	291,567	1,961,854	35,377,733	2,201,304
Liabilities					
Accounts payable	-	-	5,379	-	-
Salaries and benefits payable	-	-	29,153	-	-
Due to other governments	57,381	3,856	-	467,197	26,136
Trusts payable	44,695	-	-	-	-
Compensated absences	-	-	35,847	-	-
Stamped drainage warrants payable	-	-	-	-	-
Total liabilities	102,076	3,856	70,379	467,197	26,136
Deferred Inflows of Resources					
Unavailable revenues	-	284,000	855,000	34,437,000	2,151,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	3,711	1,036,475	473,536	24,168

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	911 Service Board	Drainage Districts	Other	Total
432,440	7,878	63,433	1,439,930	428,723	21,910	2,557,853	6,545,058
-	-	-	-	-	-	-	100,203
416,896	1,299	-	-	-	-	79	930,841
24,845,000	532,000	-	-	-	-	6,000	63,110,000
-	-	-	-	1,339	-	180	3,392
-	-	-	-	-	55	-	55
-	-	558,395	-	-	-	-	558,395
-	-	-	-	66,046	-	-	66,046
<u>25,694,336</u>	<u>541,177</u>	<u>621,828</u>	<u>1,439,930</u>	<u>496,108</u>	<u>21,965</u>	<u>2,564,112</u>	<u>71,313,990</u>
-	-	-	-	21,732	1,852	143,247	172,210
-	-	-	-	-	-	71,742	100,895
432,440	7,878	63,433	1,439,930	-	-	3,691	2,501,942
-	-	-	-	-	-	-	44,695
-	-	-	-	-	-	104,623	140,470
-	-	-	-	-	893	-	893
<u>432,440</u>	<u>7,878</u>	<u>63,433</u>	<u>1,439,930</u>	<u>21,732</u>	<u>2,745</u>	<u>323,303</u>	<u>2,961,105</u>
<u>24,845,000</u>	<u>532,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>63,110,000</u>
<u>416,896</u>	<u>1,299</u>	<u>558,395</u>	<u>-</u>	<u>474,376</u>	<u>19,220</u>	<u>2,234,809</u>	<u>5,242,885</u>

Clinton County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Additions:					
Property and other county tax	\$ -	284,146	853,212	33,281,918	1,862,186
911 surcharge	-	-	-	-	-
State tax credits	-	24,666	74,121	2,947,509	161,519
Office fees and collections	1,187,211	-	675	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	725,456	-	-	-	-
Miscellaneous	-	-	360	29,621	-
Total additions	1,912,667	308,812	928,368	36,259,048	2,023,705
Deductions:					
Agency remittances:					
To other funds	559,549	-	-	-	-
To other governments	662,119	311,335	1,316,160	36,560,494	2,049,556
Trusts paid out	690,999	-	-	-	-
Total deductions	1,912,667	311,335	1,316,160	36,560,494	2,049,556
Changes in net position	-	(2,523)	(387,792)	(301,446)	(25,851)
Net position beginning of year, as restated	-	6,234	1,424,267	774,982	50,019
Net position end of year	\$ -	3,711	1,036,475	473,536	24,168

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	911 Service Board	Drainage Districts	Other	Total
23,848,228	513,194	-	-	-	-	57,995	60,700,879
-	-	-	-	409,978	-	-	409,978
2,423,083	25,591	-	-	-	-	1,306	5,657,795
-	-	-	-	-	-	800	1,188,686
-	-	-	16,516,390	-	-	-	16,516,390
-	-	147,079	-	-	971	-	148,050
-	-	-	-	-	-	-	725,456
-	6,064	-	-	957	33	3,912,360	3,949,395
26,271,311	544,849	147,079	16,516,390	410,935	1,004	3,972,461	89,296,629
-	-	-	-	-	-	-	559,549
26,456,916	550,591	286,120	16,516,390	730,240	3,443	3,347,645	88,791,009
-	-	-	-	-	-	-	690,999
26,456,916	550,591	286,120	16,516,390	730,240	3,443	3,347,645	90,041,557
(185,605)	(5,742)	(139,041)	-	(319,305)	(2,439)	624,816	(744,928)
602,501	7,041	697,436	-	793,681	21,659	1,609,993	5,987,813
416,896	1,299	558,395	-	474,376	19,220	2,234,809	5,242,885

Clinton County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 18,918,805	19,546,316	19,298,347	19,146,476
Local option sales tax	1,963,978	1,555,986	1,440,891	1,457,680
Interest and penalty on property tax	213,724	90,024	173,626	176,709
Intergovernmental	10,539,100	9,202,715	9,773,924	9,756,347
Licenses and permits	46,542	50,817	49,390	55,672
Charges for service	1,291,714	1,099,496	1,090,745	1,092,808
Use of money and property	355,873	425,728	520,746	376,162
Miscellaneous	414,566	384,791	404,304	676,979
Total	\$ 33,744,302	32,355,873	32,751,973	32,738,833
Expenditures:				
Operating:				
Public safety and legal services	\$ 9,252,390	8,429,240	8,560,284	7,839,966
Physical health and social services	1,851,611	1,835,292	1,825,613	1,891,837
Mental health	1,389,645	1,738,516	1,643,475	1,994,107
County environment and education	1,933,100	2,188,510	1,891,706	1,811,343
Roads and transportation	7,160,046	8,624,059	6,537,393	6,251,552
Governmental services to residents	1,343,165	1,189,771	1,228,040	1,151,189
Administration	3,874,371	3,851,811	4,904,459	3,712,563
Non-program	-	-	-	8,691
Debt service	1,905,562	3,074,801	2,997,840	3,334,711
Capital projects	6,336,917	2,556,321	14,403,388	11,774,484
Total	\$ 35,046,807	33,488,321	43,992,198	39,770,443

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
17,258,304	17,003,949	17,398,305	16,914,959	17,433,243	16,971,197
1,482,733	1,502,421	1,511,708	1,512,957	1,404,206	1,568,162
124,297	143,530	175,574	252,994	153,244	148,554
12,225,481	8,016,218	7,760,320	7,068,915	7,094,699	11,857,107
59,651	52,814	48,544	42,117	73,345	97,195
1,085,427	1,062,260	1,124,522	1,075,768	1,140,371	1,100,291
250,535	217,409	219,807	251,657	250,931	245,406
389,758	430,733	304,058	380,963	507,538	890,743
32,876,186	28,429,334	28,542,838	27,500,330	28,057,577	32,878,655
7,675,445	7,206,797	7,268,851	7,058,888	7,588,190	6,844,604
1,374,331	1,469,045	1,508,593	1,482,708	1,390,552	1,392,888
2,889,736	3,914,448	3,582,273	2,951,395	3,939,104	9,536,046
1,931,743	1,854,346	2,105,932	2,064,868	2,048,657	2,149,180
6,601,146	6,455,216	5,922,243	6,327,485	5,547,484	6,841,181
1,113,853	1,052,557	1,569,532	1,163,451	1,173,154	1,130,337
3,460,940	3,766,792	4,446,301	4,632,264	3,481,834	3,202,208
16,415	18,850	23,306	4,815	2,525	80,495
1,373,910	1,533,637	1,463,084	1,497,708	1,682,112	1,441,928
7,687,572	954,194	619,685	420,189	719,795	1,246,850
34,125,091	28,225,882	28,509,800	27,603,771	27,573,407	33,865,717

Clinton County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 21,644
Fish and Wildlife Management Assistance	15.608		<u>1,507</u>
U.S. Department of Justice:			
COVID-19, Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1237	<u>22,150</u>
Bulletproof Vest Partnership Program	16.607		<u>1,550</u>
Total Direct			<u>46,851</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		<u>51,788</u>
U.S. Department of Justice:			
Iowa Governor's Office of Drug Control Policy:			
Edward Bryne Memorial Justice Assistance Grant Program	16.738	18-JAG-347960	<u>15,805</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
National Priority Safety Programs	20.616	20-405d-M6OT Task 07-00-00	1,437
National Priority Safety Programs	20.616	20-405d-M6OT Task 09-00-00	<u>6,146</u>
			<u>7,583</u>
U.S. Department of Treasury:			
Iowa Department of Revenue:			
COVID-19, Coronavirus Relief Fund	21.019		<u>785,063</u>
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
COVID-19, 2018 HAVA Election Security Grants	90.404	323-11320-HAVACARES	<u>26,200</u>
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT03	<u>395,021</u>
Loan Repayment Program for General Research	93.232	MOU-2020-ELC21	2,800
Loan Repayment Program for General Research	93.232	MOU-2021-ELC21	<u>1,200</u>
			<u>4,000</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5885BT423	<u>177</u>
Immunization Cooperative Agreements	93.268	5881I421	23,913
COVID-19, Immunization Cooperative Agreements	93.268	5881I421	20,289
COVID-19, Immunization Cooperative Agreements	93.268	5885BT423	<u>33,570</u>
			<u>77,772</u>
Drug-Free Communities Support Program Grants COVID-19, Public Health Emergency Response:	93.276	5H79SP020945-05	<u>500</u>
Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT423	<u>35,935</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5881NB09	<u>6,475</u>

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect: (Continued)			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472		2,785
Foster Care Title IV-E	93.658		13,582
Adoption Assistance	93.659		6,710
Social Services Block Grant	93.667		12,349
Children's Health Insurance Program	93.767		1,091
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		11,300
Medicaid Cluster:			
Medical Assistance Program	93.778		45,155
U. S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DRIA	78,960
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4457 DRIA	91,924
COVID-19, Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4483 DRIA	20,996
			191,880
Total indirect			1,691,171
Total			\$ 1,738,022

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, 2021. 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 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
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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, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2022.

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 as a basis for designing 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-21 through II-C-21 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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-D-21 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 financial statements. 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, 2021 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 20, 2022



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

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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 programs for the year ended June 30, 2021. 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 the audit 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). 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, 2021.

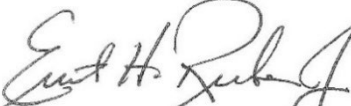
Report on Internal Control Over Compliance

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.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 20, 2022

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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 Assistance Listing Number 21.019 – COVID19, Coronavirus Relief Fund.
- (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, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties
(2021-001)

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. In the County Treasurer’s Office, drop box receipts are opened by accounting personnel.	Conservation, Recorder, Sheriff and Treasurer
(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, Conservation Foundation, Recorder and Sheriff
(3) Generally, one individual may have control over approval, preparation, signing and posting of disbursements for which no compensating controls exist.	Recorder and Sheriff
(4) 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.	Conservation Foundation and Recorder
(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

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees and volunteers. 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 and volunteers, including elected officials, personnel from other County offices and board members, 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.

Responses –

Conservation – Due to the small size of our Department this can be difficult. We will do our best to segregate duties in the future.

Conservation Foundation – Our CPA reviews the monthly bank reconciliations as part of filing our annual 990 return. We will propose to the Foundation Board that in the future, we also have the CPA prepare an annual compilation. In the past we have only had compilations performed when deemed necessary for grant application requirements. This will also assist oversight of the segregation of duties.

Recorder – We are a small staff running two offices in Clinton and DeWitt. Our intentions are to split these duties as much as possible, but we have restraints.

Sheriff – 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.

Treasurer – In the Treasurer's Office, we are committed to segregation of duties. Mail is processed and sorted by a clerk within sight of the Office Manager who assists when mail counts are high. Mail is then given to deputies to count and log. Deputies decide how to disburse mail that they do not process. This is logged. Drop boxes are checked by various personnel and individuals that collect from drop boxes do not process that work. As requested, we will institute mail tracing logs (from receipt to completion) at random times throughout the year.

Conclusion – Responses acknowledged. Each official should continue to monitor internal controls to obtain the maximum control possible. In addition, bank reconciliations should be reviewed by an independent person monthly.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

II-B-21 Financial Reporting
(2021-002)

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 capital assets, infrastructure, inventory, payables and receivables 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 inventory receivables, capital assets, infrastructure and payables are identified and properly reported in the County’s financial statements.

Responses –

Engineer – The Clinton County Engineer's Office accepts the findings, will review its procedures and will make appropriate changes.

Treasurer – We had a leadership meeting to review what is required to be marked accrual. We discussed the need for our office to double check items that are submitted to us for processing to make sure they were marked accrual if needed. This is a moving target, but we are committed to assisting other departments in identifying the need for accruals.

Auditor – The Auditor's Office accepts the findings, will review its procedures and plans to work more closely with Departments and Department heads to ensure all inventory, capital assets, infrastructure and payables are identified and properly reported in the financial statements.

Conclusion – Responses accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

II-C-21 Bank Reconciliations
(2021-003)

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling book and bank balances. Independent review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly reconciliations of book to bank balances were prepared, however there is no documented independent review of the bank reconciliations.

Cause – Policies have not been designed and procedures have not been implemented to ensure bank reconciliations are independently reviewed for completeness and accuracy.

Effect – Lack of independent review of bank reconciliations increases the risk misstatements may not be prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the monthly reconciliations of the book and bank balances should be reviewed by an independent person and the review should be documented by the signature or initials of the reviewer and the date of the review. The bank reconciliation review should include evidence the bank balances and reconciling items were verified by the independent reviewer.

Response – All bank reconciliations are reviewed and dates will be added to the reviews to document timely review. This was done on summary sheets but will be added to each reconciliation report.

Conclusion – Response accepted.

II-D-21 Annual Financial Report
(2021-004)

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, 2021, the County's Cash and GAAP basis Annual Financial Report included material errors. Revenues, expenditures, assets and liabilities were reported inaccurately for the General, Fund, Special Revenue, Secondary Roads Fund, Capital Projects Fund and Debt Service Fund.

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.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

Response – The Auditor's Office accepts the findings, will review its procedures and will make appropriate changes.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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 program was noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the roads and transportation function. In addition, disbursements in certain departments exceeded the amounts appropriated prior to the budget amendments and at year end.

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 – The Auditor's Office accepts the findings, will review its procedures and will make appropriate changes. We will also communicate these findings with the affected Departments.

Conclusion – Response accepted.

IV-B-21 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 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	Maintenance department finance charge	\$ 22
Mastercard	Maintenance department late fee	15

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 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 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, 2021

- IV-C-21 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-21 Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-E-21 Restricted Donor Activity – Per Chapter 68B of the Code of Iowa, County officials are prohibited from receiving and soliciting gifts from a restricted donor. A restricted donor per Chapter 68B.2(24)(a) is a “party to any one or any combination of sales, purchases, leases or contracts to, from, or with the agency in which the donee holds office or is employed.” The County Maintenance Department received free items, such as a Yeti Tundra 35 cooler and a rolling tool seat, with the purchases of maintenance supplies and a storage cabinet. These items are susceptible to personal use.

Recommendation – The County should consult legal counsel to ensure the Iowa gift law is adequately communicated and understood by all staff. In addition, the County should establish policies and procedures regarding proper uses of these types of items and ensure additional oversight be performed to monitor compliance.

Response – The Auditor's Office has communicated with the affected Department, Building Maintenance, and has received communication back that gifted items shall not be accepted. We accept the findings, will review our policies and procedures Countywide and will make appropriate changes.

Conclusion – Response accepted.

- IV-F-21 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-G-21 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-21 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-I-21 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-J-21 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 Custodial 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.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

IV-K-21 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 Recorder and County Sheriff.

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

Responses –

Recorder – The Recorder will see to it the check copies, front and back, will be obtained and retained for a term consistent with County policy.

Sheriff – We had contacted the bank and had requested we get the front and back images of checks printed with our bank statements for the Civil, Jail and Gun Permit accounts. They failed to follow our request and we failed to follow up with the request. We have contacted the bank again and asked them to print the front and back of the checks and deposit slips. They said it will be done on all three accounts moving forward.

Conclusion – Responses accepted.

Clinton County

Staff

This audit was performed by:

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