



Financial Statements
June 30, 2010

Benton County

BENTON COUNTY

Table of Contents

	<u>Page</u>
OFFICIALS	1
INDEPENDENT AUDITOR’S REPORT	2-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-15
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	<u>Exhibit</u>
Statement of Net Assets	A 16-17
Statement of Activities	B 18
Governmental Fund Financial Statements	
Balance Sheet	C 19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D 20
Statement of Revenues, Expenditures, and Changes in Fund Balances	E 21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 22-23
Proprietary Fund Financial Statements	
Statement of Net Assets	G 24
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H 25
Statement of Cash Flows	I 26
Fiduciary Fund Financial Statement	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 27
Notes to Financial Statements	28-42
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	43
Budgetary Comparison Schedule – Budget to GAAP Reconciliation	44
Notes to Required Supplementary Information – Budgetary Reporting	45
Schedule of Funding Progress for the Retiree Health Plan	46
OTHER SUPPLEMENTARY INFORMATION	<u>Schedule</u>
Non-major Governmental Funds	
Combining Balance Sheet	1 47-48
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	2 49-50
Agency Funds	
Combining Statement of Changes in Fiduciary Assets and Liabilities	3 51-56
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	4 57

BENTON COUNTY

Table of Contents

	<u>Page</u>
INFORMATION PROVIDED TO COMPLY WITH <i>GOVERNMENT</i>	
<i>AUDITING STANDARDS AND OMB CIRCULAR A-133</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58-59
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Its Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	60-61
Schedule of Expenditures of Federal Awards	62-63
Notes to the Schedule of Expenditures of Federal Awards	64
Schedule of Findings and Questioned Costs	65-70



Benton County

BENTON COUNTY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Vermedahl	Board of Supervisors	December 2012
Ron Buch	Board of Supervisors	December 2012
Jason Sanders	Board of Supervisors	December 2010
Jill Marlow	County Auditor	December 2012
Kelly Rae Geater	County Treasurer	December 2010
Lexa Speidel	County Recorder	December 2010
Randall L. Forsyth	County Sheriff	December 2012
David C. Thompson	County Attorney	December 2010
Larry Andreesen	County Assessor	Appointed



INDEPENDENT AUDITOR'S REPORT

To the Officials of Benton County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Benton County. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County at June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan listed in the table of contents are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2009, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Benton County. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Eide Sully LLP

Dubuque, Iowa
March 18, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Benton County provides this Management's Discussion and Analysis of our annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

Revenue for the County's governmental funds increased 14%, or approximately 2.348 million from 2009 to 2010.

Property taxes levied increased 3.5% from \$6.849 million in 2009 to 7.089 million in 2010. Net property taxes increased approximately 6% or \$335,000. Net property taxes are levied taxes less credits. The credits are generally paid by the State.

Intergovernmental revenues including, grants and contributions, increased approximately \$1.35 million from \$7.11 million in 2009 to \$8.463 million in 2010, or a little more than 19%.

Governmental activities program expenses were approximately \$307 thousand more in 2010 than in 2009. Roads and Transportation saw the largest increase rising from \$6.169 million in 2009 to slightly over \$6.665 million in 2010 or approximately \$496,000. Increases in Capital Project program expense followed with an increase of approximately \$222,000 over 2009. Decreases were realized in several areas with the most prominent being in Public Safety with a decrease of approximately \$460,000 in 2010 compared to 2009.

Benton County continued with recovery efforts throughout 2010 from the damage incurred during the 2008 flood. The most significant disaster recovery effort was seen with the demolition of the destroyed law enforcement facility and the beginning of construction of the new facility in 2010. The new facility, which includes a new emergency operations center, will cost approximately \$7 million dollars when the costs to equip the facility are included. Most of those costs will be paid through federal grants and disaster payments. The construction should be complete and the facility occupied by June 2011. There will continue to be some residual disaster related projects carried into fiscal year 2012; however, the County will have completed the majority of its disaster recovery projects prior to that date. The County completed construction of a new cell at our solid waste disposal facility extending the life of the facility. The County's finances will continue to be impacted as a result of the State of Iowa's budget crisis and we will continue to closely monitor the State of Iowa's financial condition as well as legislative activity and assess its potential impact on the County's financial position. In response to the financial uncertainty facing the County in FY2010, the County's management was able to reduce actual expenditures when compared to budgeted expense. The County also began organizational restructuring efforts by eliminating positions through attrition. The County utilized an in-county temporary jail facility resulting in a reduction in cost to the County when compared to housing inmates in out-of-county facilities. The County continues with their commitment to the Oak Grove Road improvement project; however, the project has been revised resulting in a significant cost savings while still meeting the needs of the traveling public. These actions, in addition to others, resulted in a larger than anticipated fund balance on June 30, 2010, which ultimately aided the County with future budgeting decisions. This is also reflective in the increase in the County's net assets by approximately 9% or \$3.2 million, at June 30, 2010. The County looks forward to fiscal year 2012 when the book on flood recovery should be closed and the County can concentrate more on the needs of Benton County residents and planning for the future.

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 government's financial activities.
- The *Government-wide Financial Statements* consist of a statement of net assets and a statement of activities. These provide information about the activities of Benton County as a whole and present an overall view of the County's finances.
- The *Fund Financial Statements* tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Benton County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Benton County acts solely as an agent or custodian for the benefit of those outside of the government.
- The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.
- *Supplementary Information* provides detailed information about the non-major special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

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

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration or general government, interest on long-term debt and other 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. These governmental funds include:
 - a. The General Fund
 - b. The Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads,
 - c. The Capital Projects 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 one 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 the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds account for the County's employee group health insurance, an internal service 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 the proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include, but are not limited to, agency funds that account for
 - E-911 services
 - Empowerment
 - Emergency management services
 - The County Assessor

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

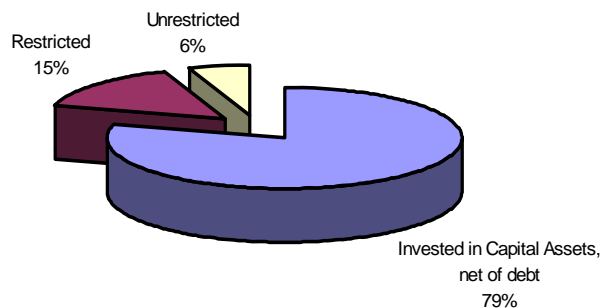
As noted earlier, net assets may serve over time as a useful indicator of the County's financial position.

The County's combined net assets increased from \$34.9 million in 2009 to 38.1 million in 2010. Our analysis below focuses on the net assets and changes in net assets of the County's governmental activities.

NET ASSETS OF GOVERNMENTAL ACTIVITIES
(as shown in the Statement of Net Assets)

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 20,175,784	\$ 16,459,720
Capital assets	<u>30,702,441</u>	<u>28,837,654</u>
Total assets	<u>50,878,225</u>	<u>45,297,374</u>
Long-term debt outstanding	2,131,247	1,612,364
Other liabilities	<u>10,584,458</u>	<u>8,738,821</u>
Total liabilities	<u>12,715,705</u>	<u>10,351,185</u>
Net assets:		
Invested in capital assets	30,332,441	28,837,654
Restricted	5,716,167	5,003,560
Unrestricted	<u>2,113,912</u>	<u>1,104,975</u>
Total net assets	<u>\$ 38,162,520</u>	<u>\$ 34,946,189</u>

Net Assets of Governmental Activities



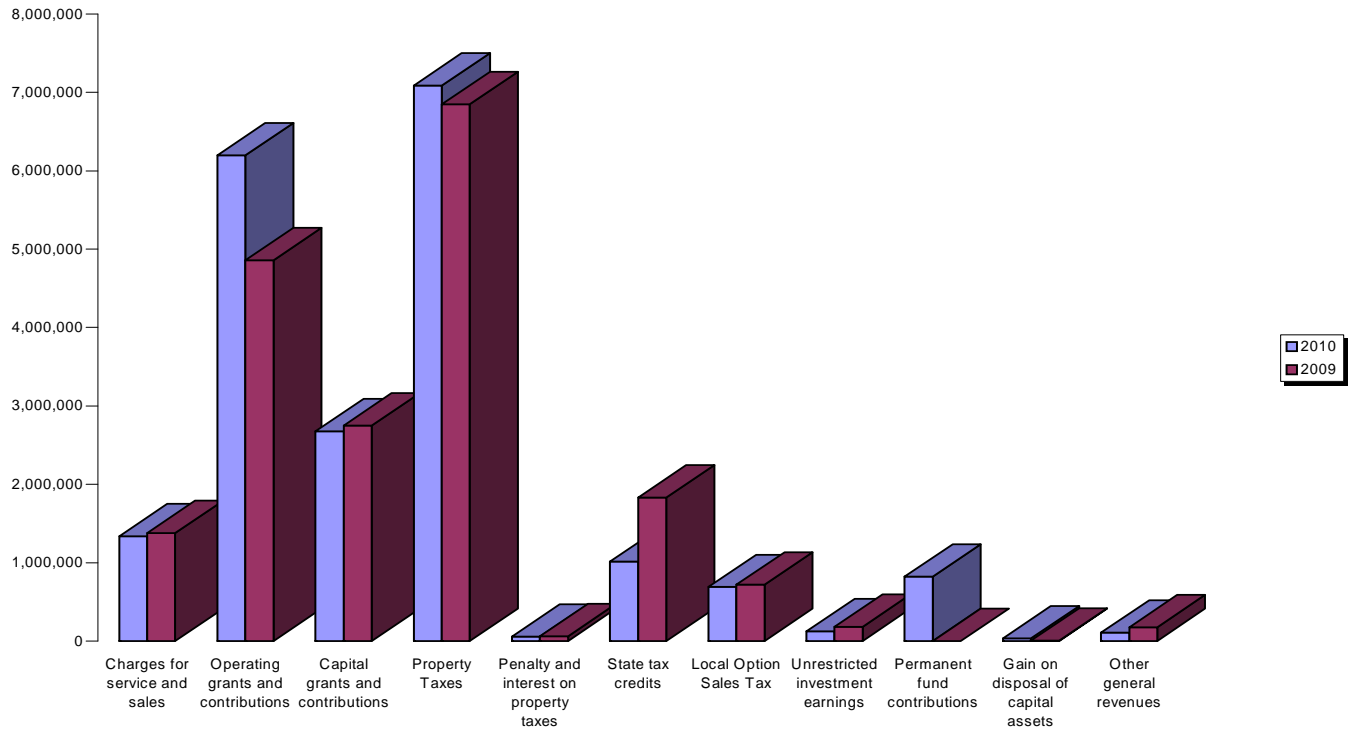
Net assets of the County's governmental activities increased by approximately 9 percent (\$38,162,520 compared to \$34,946,189). The largest portion of the County's net assets is invested in capital assets. The increase is due primarily to *construction in progress*, which is for the new law enforcement center and associated costs. Unrestricted net assets are that part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
(as shown in the Statement of Activities)

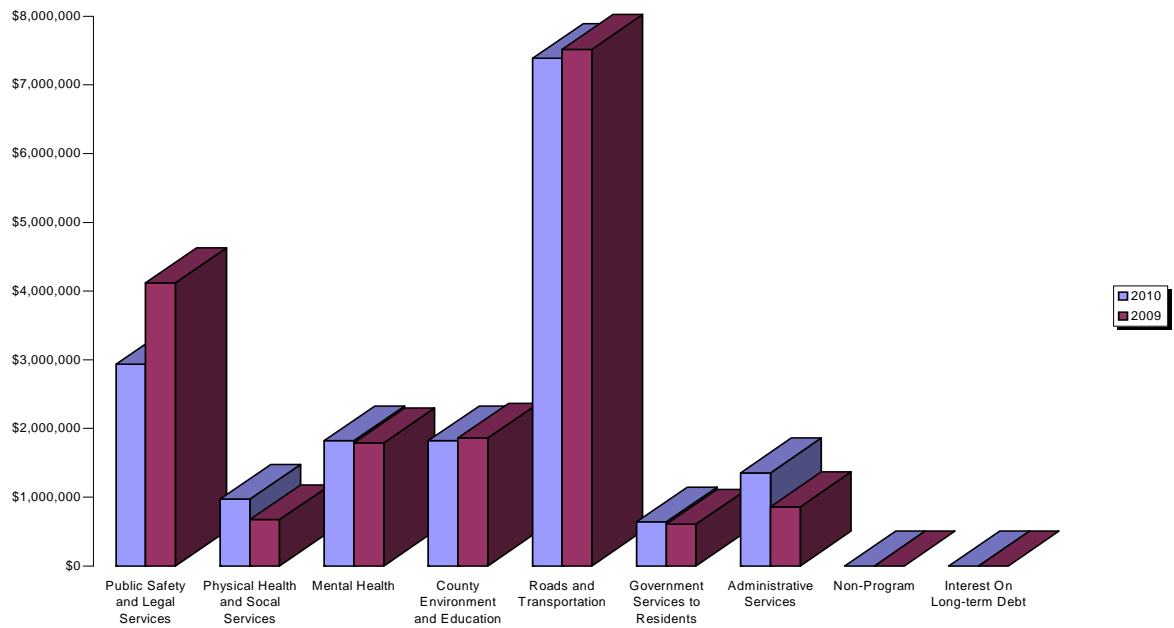
	2010	2009
Revenues:		
Program Revenues		
Charges for service	\$ 1,336,152	\$ 1,375,660
Operating grants and contributions	6,195,366	4,856,651
Capital grants and contributions	2,676,319	2,747,825
General Revenues		
Property taxes	7,089,624	6,849,681
Penalty and interest on property tax	57,550	62,257
State tax credits	1,017,246	1,829,424
Local option sales tax	689,153	718,682
Unrestricted investment earnings	127,197	179,273
Permanent fund contributions	820,143	-----
Gain on disposal of capital assets	35,259	8,000
Other general revenues	107,623	174,238
Total revenues	20,151,632	18,801,691
	2010	2009
Program Expenses:		
Public safety and legal services	2,937,681	4,120,205
Physical health and social services	971,815	673,210
Mental health	1,820,948	1,791,146
County environment and education	1,820,903	1,862,586
Roads and transportation	7,388,738	7,519,379
Governmental services to residents	640,824	607,945
Administration	1,354,393	861,901
Total expenses	16,935,302	17,436,372
Increase in net assets	3,216,330	1,365,319
Net assets beginning of year	34,946,190	33,580,871
Net assets end of year	\$ 38,162,520	\$ 34,946,190

Benton County's total revenues increased in 2010 with the largest recognized in Operating Grants and Contributions, which reflects disaster related revenue received by Benton County. The total cost of all programs and services decreased from 2009 to 2010. Public safety and administrative services saw the largest changes from the previous year.

Changes in Net Assets - Revenues



Changes in Net Assets - Expenses



Governmental Activities

The results of governmental activities for the year resulted in Benton County's net assets increasing by approximately \$3.216 million. Revenues for governmental activities increased by approximately \$1.350 million over the prior year, with property tax increasing from the prior year by approximately \$239,900, or a little more than 3.5%. The major increase in revenues for governmental activities was in operating grants and contributions, much of which can still be attributed to the federal government's disaster assistance for the 2008 flood event.

The County's property tax rates in 2010 increased from 2009. This is a result of the increased costs for providing existing services, disaster recovery, and a forecasted reduction in the County's reserves available to offset those increases.

	<u>FY2010</u>	<u>FY2009</u>
Countywide taxable value	1,079,066,255	1,022,614,959
Countywide levy rate less debt	5.02312	5.06960
Dollars levied less debt	5,420,286	5,184,241
Countywide taxable debt service value	1,122,592,344	1,070,674,054
Countywide debt service levy rate	0.00	0.00
Dollars levied for debt service	0.00	0.00
Total countywide levy rate	5.02312	5.06960
Total dollars levied countywide	5,420,286	5,184,241
Rural taxable value	708,590,290	676,484,495
Rural tax levy rate	2.90374	2.76374
Dollars levied for rural area only	2,057,561	1,869,625
Total dollars levied	7,477,847	7,053,866

The cost of all governmental activities this year was \$16.935 million compared to \$17.436 million last year. However, as shown in the Statement of Activities on Page 18, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$7.147 million because some of the cost was paid by those directly benefiting from the programs (\$1.336 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8.8 million). The County paid for the remaining "public benefit" portion of governmental activities with other revenues, such as interest and general entitlements.

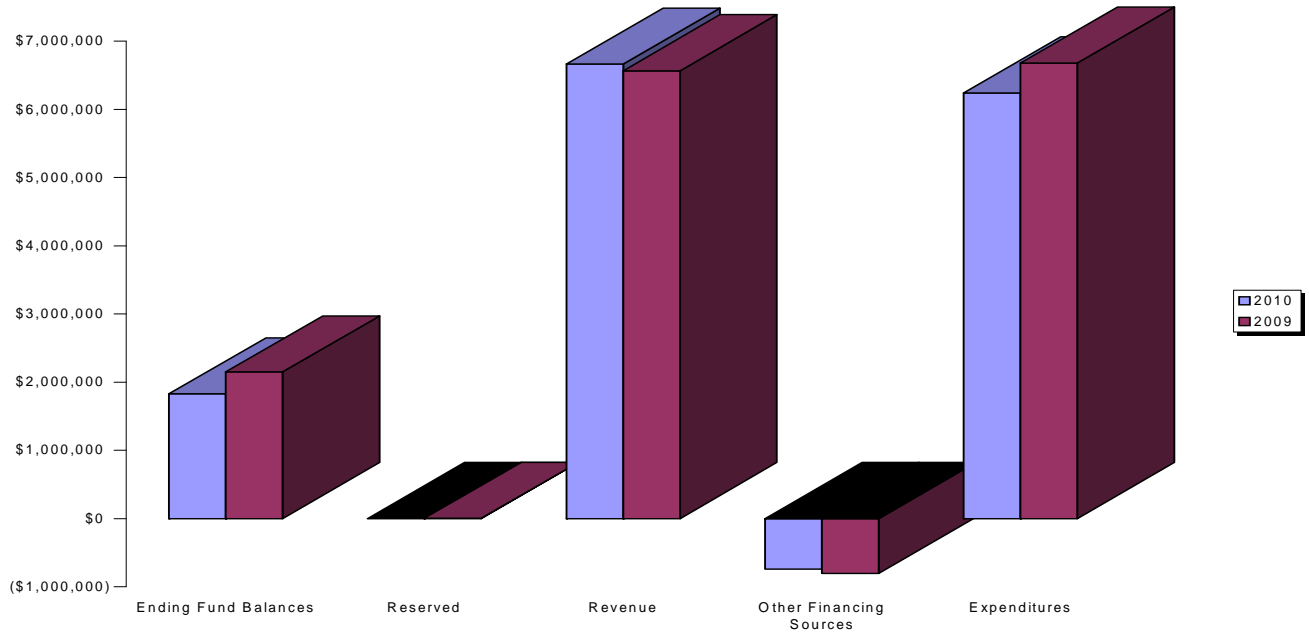
THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$8,502,939, which is higher than last year's total of \$6,798,229. The County funds expended \$1,206,058 less than we received in operating revenues for the year. Additionally, the County experienced a decrease in inventory reserves of \$46,452. The following are the major reasons for the changes in fund balances from the prior year.

General Fund

General Fund revenues stayed relatively unchanged increasing by only \$97,385 and expenditures decreased \$438,867 when compared to the prior year. The changes in both revenue and expenditures can still, in part, be attributed to the 2008 flood disaster. Disaster related expenses in the general fund decreased from 2009, while revenue from disaster assistance continued to be receipted. The ending fund balance decreased from the prior year by \$319,258. The County continues to designate a portion of the ending fund balance to address any hazardous material incident in Benton County, and equipment/vehicle replacement. The County is no longer designating funds for replacement of election equipment as equipment is now being replaced on a continual basis.

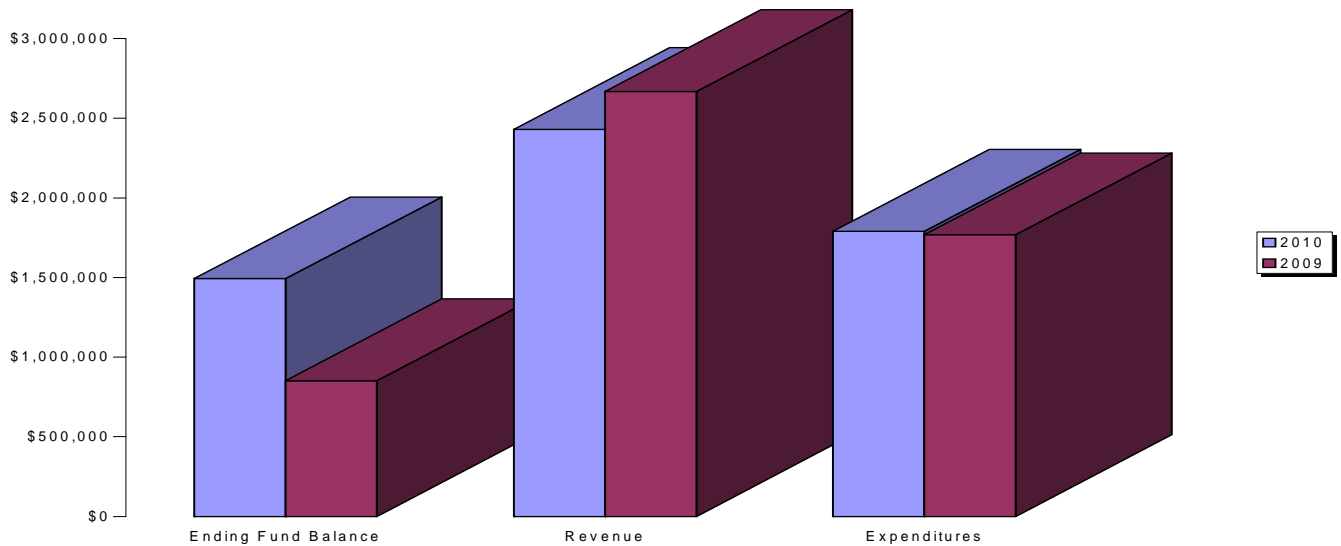
	2010	2009
Ending Fund Balance	\$ 1,830,044	\$ 2,149,302
Reserved – Inventories	2,777	4,385
Revenue	6,662,729	6,565,344
Other Financing Sources (Uses)	(740,644)	(802,286)
Expenditures	6,239,735	6,678,602



Mental Health

The County continues to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1.79 million, an increase of approximately 1% from the prior year. The County's goal is to maintain a reserve that is equal to approximately 25% of the annual operating costs in the Mental Health Fund. The Mental Health Fund balance at year-end increased by \$640,054 from the prior year; this was primarily a result of the allowable growth funding received from the State of Iowa and an increase in tax revenue. However, due to the economic condition of the State of Iowa, it is anticipated that State mental health tax relief funding may continue to be affected in an effort to balance the state's budget. If the County is unable to finance the mental health services needed by its clients, then waiting lists will be required. The County continues to monitor legislative discussions and actions that will impact the County's ability to continue to comply with legal mandates and escalating costs.

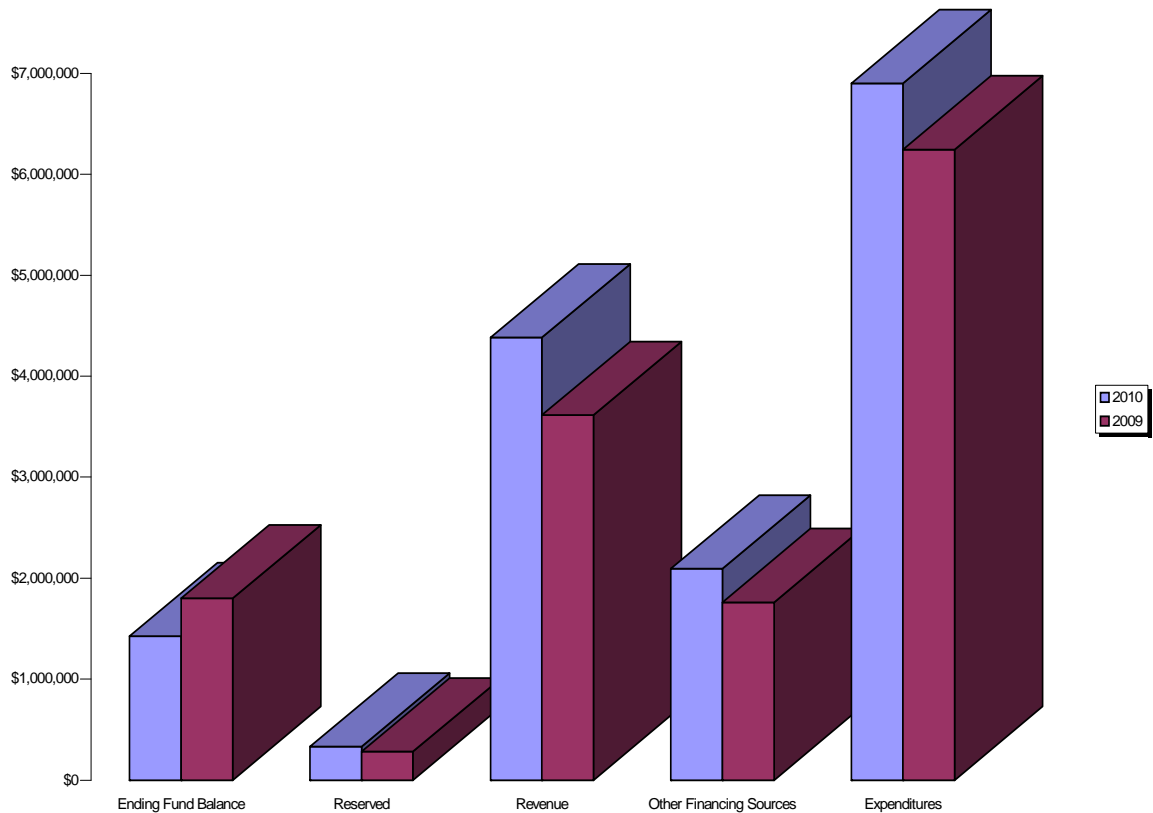
	2010	2009
Ending Fund Balance	\$ 1,492,819	\$ 852,765
Revenue	2,430,648	2,667,369
Expenditures	1,790,594	1,768,492



Secondary Roads

Secondary Roads Fund expenditures increased by approximately \$653,000 over the prior year, which is due to the purchase of equipment and increased road maintenance costs. The fund also realized an increase in revenues from 2009 to 2010 of approximately \$1,098,000, including other financing sources. This difference in revenue, other than other financing sources, was due to the receipt of I-Jobs funds and increased road use tax. Inventory reserves increased approximately \$48,000 from 2009 to 2010. These factors have resulted in a decrease in the Secondary Roads Fund ending balance of \$376,594 or approximately 21%. The County continues to plan for long-range projects including several resurfacing projects and expects to fund a portion of those projects through local option sales tax revenue. Steps are being taken to re-engineer current projects to reduce costs, yet still meet the needs and safety of the traveling public. However, without additional revenue, some of these plans may need to be put on hold.

	2010	2009
Ending Fund Balance	\$ 1,424,507	\$ 1,801,101
Reserved – Inventories	332,084	284,023
Revenue	4,381,861	3,614,021
Other Financing Sources	2,092,496	1,761,652
Expenditures	6,899,012	6,245,848



BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level (activity), not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Benton County amended its operating budget once during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY10 Benton County had \$30.702 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the County had \$250,000 in outstanding revenue bonds for the construction of a new cell at the sanitary disposal facility and a \$120,000 loan for a used road grader. The County subsequent to June 30, 2010, issued \$750,000 in general obligation debt to finance funding gaps and non-reimbursable expenses related to the law enforcement center and emergency operations center. Also subsequent to June 30, 2010, Benton County entered into an interfund loan in the amount of \$330,000 for the purchase and remodeling of a nature center.

Tax increment debt for internal loans stood at \$65,275 as of June 30, 2010. The debt is for internal loans payable with tax increment for costs associated with road improvements that access Frontier Cooperative, a rural Benton County employer. The County also has a tax rebate incentive agreement with Frontier Cooperative, payable from tax increment, which is 50% of the property taxes assessed to Frontier Cooperative annually on new construction for a five-year period. Benton County is currently in the third year of the agreement. The debt attributable to the infrastructure (water and sewer) constructed in Benton Commerce Village was fully paid in 2010. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt limitation is \$104.130 million, based on 2010 values.

100% Assessed Values for Calculating Debt Capacity

<u>2010</u>	<u>2009</u>	<u>2008</u>
\$2,082,608,985	\$2,033,671,186	\$1,809,975,358

Other obligations include accrued vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Benton County's elected and appointed officials and citizens considered many factors when setting the 2011 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Unemployment in the County stood at 7.5 percent in January 2011 compared with the State's January 2011 unemployment rate of 6.1 percent and the national rate of 9.0 percent.

Inflation in the State is comparable to the increase in the national Consumer Price Index. The Midwest's CPI increase was 1.9 percent for the 12-month period ending January 2011 compared with the national rate of 1.6 percent. The Midwest's CPI for the fiscal year ending June 30, 2010 was at 1.2%.

At the time the 2011 General Fund budget was adopted these indicators were not at the same level they are today; however the County took the economic situation into account when adopting the General Fund budget for FY2011. The County found it necessary to exceed the basic levy for the General Fund as statutorily allowed due to the emergency circumstances resulting from the 2008 disaster. It is the hope of the County that this increase will only be required in 2011 as the County continues its commitment to moderating the growth in property taxes. Benton County continued to use local option sales and services tax receipts to fund activities in the rural fund resulting in a reduced levy. Benton County will continue to use fund reserves to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted program disbursements are expected to raise by approximately \$10.3 million in FY11 in comparison to actual disbursements for FY10. Increases are being experienced in virtually all programs, however the largest increase is in capital projects due to the construction of the new law enforcement facility and emergency operations center. If these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2011.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Benton County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Benton County, P.O. Box 549, 111 E. 4th Street, Vinton, Iowa, 52349.



Basic Financial Statements
Benton County

BENTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit A

	<u>Governmental Activities</u>
ASSETS	
Cash and pooled investments	\$10,060,475
Receivables:	
Property tax:	
Delinquent	12,222
Succeeding year	8,597,408
Interest and penalty on property tax	15,526
Accounts	64,252
Accrued interest	17,319
Due from other governments	941,189
Inventories	334,861
Prepaid expenses	88,064
Loan receivable	44,468
Capital assets:	
Capital assets, not being depreciated	8,130,755
Capital assets (net of accumulated depreciation)	<u>22,571,686</u>
Total assets	<u>50,878,225</u>
LIABILITIES	
Accounts payable	1,267,615
Salaries and benefits payable	179,826
Accrued interest payable	1,984
Due to other governments	275,907
Unearned revenue:	
Succeeding year property tax	8,597,408
Other	261,718
Long-term liabilities:	
Portion due or payable within one year:	
Revenue note payable	50,000
Compensated absences	313,037
Portion due or payable after one year:	
Revenue note payable	200,000
Note payable	120,000
Net OPEB liability	82,087
Landfill closure and postclosure care	<u>1,366,123</u>
Total liabilities	<u>12,715,705</u>

(continued)

BENTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit A
(continued)

	<u>Governmental Activities</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$30,332,441
Restricted for:	
Supplemental levy purposes	668,649
Mental health purposes	1,492,819
Secondary roads purposes	1,424,507
Conservation	147,073
State statute	5,309
Endowments:	
Expendable	8,844
Nonexpendable	847,658
Other purposes	1,121,308
Unrestricted	<u>2,113,912</u>
Total net assets	<u><u>\$38,162,520</u></u>

BENTON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 2,937,681	\$ 202,276
Physical health and social services	971,815	41,157
Mental health	1,820,948	60,554
County environment and education	1,820,903	334,881
Roads and transportation	7,388,738	211,889
Governmental services to residents	640,824	471,208
Administration	1,354,393	14,187
Total	<u>\$ 16,935,302</u>	<u>\$ 1,336,152</u>

General Revenues:

Property and other County tax levied for:

General purposes
Penalty and interest on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings
Miscellaneous
Permanent fund contributions
Gain on sale of capital assets

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

<u>Program Revenues</u>		Net (Expense)
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
\$ 275,416	\$ 1,293,328	\$ (1,166,661)
366,754	-	(563,904)
837,373	-	(923,021)
391,143	-	(1,094,879)
3,916,363	1,382,991	(1,877,495)
485	-	(169,131)
407,832	-	(932,374)
<u>\$ 6,195,366</u>	<u>\$ 2,676,319</u>	<u>(6,727,465)</u>

7,089,624
57,550
1,017,246
689,153
127,197
107,623
820,143
<u>35,259</u>
<u>9,943,795</u>
3,216,330
<u>34,946,190</u>
<u>\$ 38,162,520</u>

**BENTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Special Revenue		
	General	Rural Services	Secondary Roads
ASSETS			
Cash and pooled investments	\$ 2,179,210	\$ 204,321	\$ 1,788,254
Receivables:			
Property tax:			
Delinquent	7,741	2,938	-
Succeeding year	5,438,311	2,100,624	-
Interest and penalty on property tax	15,526	-	-
Accounts	18,927	-	6,371
Accrued interest	15,343	-	-
Due from other governments	851,917	-	37,890
Loan receivable	-	-	-
Inventories	2,777	-	332,084
Prepays	10,000	-	-
Total assets	<u>\$ 8,539,752</u>	<u>\$ 2,307,883</u>	<u>\$ 2,164,599</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$71,291	\$202	\$645,295
Salaries and benefits payable	112,208	3,441	55,659
Due to other governments	21,440	-	1,248
Deferred revenue:			
Succeeding year property tax	5,438,311	2,100,624	-
Other	1,066,458	2,938	37,890
Total liabilities	<u>6,709,708</u>	<u>2,107,205</u>	<u>740,092</u>
Fund balances:			
Reserved for or by:			
Landfill closure and postclosure care	-	-	-
Prepays	10,000	-	-
Loan receivable	-	-	-
Inventories	2,777	-	332,084
State statute	-	-	-
Endowments	-	-	-
Unreserved, reported in:			
General fund:			
Designated for election equipment	32,000	-	-
Designated for emergency response	50,000	-	-
Designated for historic preservation	10,000	-	-
Designated for equipment/vehicle replacement	92,000	7,000	-
Undesignated	1,633,267	-	-
Special revenue funds	-	193,678	1,092,423
Capital projects fund	-	-	-
Permanent fund	-	-	-
Total fund balances	<u>1,830,044</u>	<u>200,678</u>	<u>1,424,507</u>
Total liabilities and fund balances	<u>\$ 8,539,752</u>	<u>\$ 2,307,883</u>	<u>\$ 2,164,599</u>

See notes to financial statements.

Mental Health	Nonmajor Governmental Funds	Total
\$ 1,781,404	\$ 3,944,231	\$ 9,897,420
1,543	-	12,222
896,611	161,862	8,597,408
-	-	15,526
26,305	12,556	64,159
-	1,976	17,319
797	50,585	941,189
-	44,468	44,468
-	-	334,861
-	-	10,000
\$ 2,706,660	\$ 4,215,678	\$ 19,934,572
\$67,286	\$483,541	\$1,267,615
2,733	5,785	179,826
245,530	7,689	275,907
896,611	161,862	8,597,408
1,681	1,910	1,110,877
1,213,841	660,787	11,431,633
-	1,233,138	1,233,138
-	-	10,000
-	44,468	44,468
-	-	334,861
-	5,309	5,309
-	847,658	847,658
-	-	32,000
-	-	50,000
-	-	10,000
-	-	99,000
-	-	1,633,267
1,492,819	1,223,913	4,002,833
-	191,561	191,561
-	8,844	8,844
1,492,819	3,554,891	8,502,939
\$ 2,706,660	\$ 4,215,678	\$ 19,934,572

BENTON COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit D

Total governmental fund balances	\$ 8,502,939
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	30,702,441
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	849,159
The Internal Service Fund is used by the County to charge the costs of health insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Assets.	241,212
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Assets. Balances at June 30, 2010, are:	
Compensated absences	\$ (313,037)
Landfill closure and postclosure care	(1,366,123)
Net OPEB liability	(82,087)
Revenue note payable	(250,000)
Note payable	(120,000)
Accrued interest	(1,984)
Total long-term liabilities	<u>(2,133,231)</u>
Net assets of governmental activities	<u>\$ 38,162,520</u>

BENTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other County tax	\$ 4,284,663	\$ 1,953,883	\$ -
Interest and penalty on property tax	71,665	-	-
Intergovernmental	1,396,730	98,746	4,076,733
Licenses and permits	19,717	-	6,835
Charges for service	671,238	4,250	31
Use of money and property	118,241	-	-
Miscellaneous	100,475	-	298,262
Total revenues	<u>6,662,729</u>	<u>2,056,879</u>	<u>4,381,861</u>
Expenditures:			
Operating:			
Public safety and legal services	2,776,559	71,885	-
Physical health and social services	860,094	-	-
Mental health	-	-	-
County environment and education	773,332	150,607	-
Roads and transportation	-	-	6,665,097
Governmental services to residents	562,473	3,970	-
Administration	1,267,277	378	-
Capital projects	-	-	233,915
Total expenditures	<u>6,239,735</u>	<u>226,840</u>	<u>6,899,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>422,994</u>	<u>1,830,039</u>	<u>(2,517,151)</u>
Other financing sources (uses):			
Sale of capital assets	-	-	82,200
Issuance of long-term debt	-	-	120,000
Transfers in	720,925	197,542	1,890,296
Transfers out	(1,461,569)	(1,993,916)	-
Total other financing sources (uses)	<u>(740,644)</u>	<u>(1,796,374)</u>	<u>2,092,496</u>
Net change in fund balances	(317,650)	33,665	(424,655)
Fund balances beginning of year	2,149,302	167,013	1,801,102
Increase (decrease) in reserve for inventories	<u>(1,608)</u>	<u>-</u>	<u>48,060</u>
Fund balances end of year	<u><u>\$ 1,830,044</u></u>	<u><u>\$ 200,678</u></u>	<u><u>\$ 1,424,507</u></u>

See notes to financial statements.

Mental Health	Nonmajor Governmental Funds	Total
\$ 854,254	\$ 696,964	\$ 7,789,764
-	-	71,665
1,520,857	1,370,032	8,463,098
-	-	26,552
37,732	225,091	938,342
-	49,218	167,459
17,805	832,832	1,249,374
2,430,648	3,174,137	18,706,254
-	95,969	2,944,413
-	10,723	870,817
1,790,594	-	1,790,594
-	893,263	1,817,202
-	-	6,665,097
-	20,849	587,292
-	40,335	1,307,990
-	1,282,876	1,516,791
1,790,594	2,344,015	17,500,196
640,054	830,122	1,206,058
-	-	82,200
-	250,000	370,000
-	974,609	3,783,372
-	(327,887)	(3,783,372)
-	896,722	452,200
640,054	1,726,844	1,658,258
852,765	1,828,047	6,798,229
-	-	46,452
\$ 1,492,819	\$ 3,554,891	\$ 8,502,939

BENTON COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Exhibit F

Net change in fund balances - Total governmental funds \$ 1,658,258

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	\$ 2,462,208	
Contributed capital assets	1,244,164	
Depreciation expense	<u>(1,794,644)</u>	
		1,911,728

In the Statement of Activities, only the gain or the loss of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the book value of the assets being disposed.

(46,941)

Bond proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities.

Proceeds		(370,000)
----------	--	-----------

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

Property tax	2,253	
Miscellaneous	(54,513)	
Grants	<u>242,437</u>	
		190,177

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:

Change in compensated absences	3,038	
Change in net OPEB liability	(39,105)	
Change in accrued interest payable	(1,984)	
Change in landfill closure and postclosure liability	<u>(112,816)</u>	
		(150,867)

(continued)

BENTON COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Exhibit F
(continued)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted.

\$ 46,452

The Internal Service Fund is used by the County to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

(22,477)

Change in net assets of governmental activities

\$ 3,216,330

BENTON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

Exhibit G

	<u>Internal Service - Benton County Co-Insurance</u>
ASSETS	
Cash and pooled investments	\$ 163,055
Accounts receivable	93
Prepaid expense	<u>78,064</u>
Total assets	241,212
 LIABILITIES	 <u>-</u>
 NET ASSETS	
Unrestricted	<u><u>\$ 241,212</u></u>

BENTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

Exhibit H

	Internal Service - Benton County Co-Insurance
Operating revenues:	
Charges for service	\$ 917,187
Miscellaneous	96,719
Total operating revenues	<u>1,013,906</u>
Operating expenses:	
Insurance premiums	908,742
Claims and administrative expenses	127,641
Total operating expenses	<u>1,036,383</u>
Change in net assets	(22,477)
Net assets beginning of year	<u>263,689</u>
Net assets end of year	<u><u>\$ 241,212</u></u>

BENTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

Exhibit I

	Internal Service - Benton County Co-Insurance
Cash flows from operating activities:	
Cash received from employees and others	\$ 1,013,906
Cash paid for administrative fees and supplies	(95,114)
Cash paid for insurance claims/premiums	(945,040)
	<hr/>
Net cash used for operating activities	(26,248)
Cash and pooled investments at beginning of year	189,303
	<hr/>
Cash and pooled investments at end of year	\$ 163,055
	<hr/> <hr/>
Reconciliation of change in net assets to net cash used for operating activities:	
Change in net assets	\$ (22,477)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Increase in prepaid expense	(3,678)
Increase in accounts receivable	(93)
	<hr/>
Net cash used for operating activities	\$ (26,248)
	<hr/> <hr/>

BENTON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

Exhibit J

ASSETS

Cash and pooled investments	\$ 1,710,432
Receivables:	
Property tax:	
Delinquent	41,511
Succeeding year	24,903,783
Accounts	27,255
Accrued interest	261
Special assessments	176,344
Interest on special assessments	7,062
Due from other governments	<u>17,717</u>
Total assets	<u>26,884,365</u>

LIABILITIES

Accounts payable	18,571
Salaries and benefits payable	7,854
Due to other governments	26,815,598
Trusts payable	<u>42,342</u>
Total liabilities	<u>26,884,365</u>

NET ASSETS

\$ -

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Benton 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.

Based on the above criteria, the County has determined that there are no potential component units which must be included in the County's financial statements as of and for the year ended June 30, 2010.

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: Benton County Assessor's Conference Board, Benton County Emergency Management Commission, and Benton County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

Government-wide Financial Statements

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

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The Statement of Net Assets presents the County's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories.

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

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

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major 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 Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

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

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

Additionally, the County reports the following funds:

Proprietary Fund – 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.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Fiduciary Funds – Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating 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.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Assets, Liabilities, and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds 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, 2008, assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2009.

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.

Special Assessments Receivable – Special assessments receivable represent amounts due from individuals for work done which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty 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. Assessments receivable represent assessments which are due and payable but have not been collected.

Due From and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Prepaid Expenses – Prepaid expenses represent certain payments to vendors that reflect costs applicable to future accounting periods.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$500 and estimated useful lives in excess of two years.

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Infrastructure	15 – 65
Intangibles	5 – 20
Buildings	20 – 50
Equipment	2 – 30

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as delinquent property tax receivable and amounts due from other governments not collected within sixty days after year-end and succeeding year property tax receivable.

Unearned revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation benefits payable to employees. 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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, Secondary Roads, and Sanitary Disposal Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

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

Budgets and Budgetary Accounting – The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 – CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2010, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County held no investments at June 30, 2010.

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

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2010, is as follows:

Transfer to	Transfer from	Amount
General	Nonmajor Governmental	\$ 45,925
General Supplemental	General	675,000
Rural Services	Nonmajor Governmental	197,542
Secondary Roads	General	136,569
	Rural Services	1,749,836
	Nonmajor Governmental	3,920
Nonmajor Governmental	General	650,000
	Rural Services	244,080
	Nonmajor Governmental	<u>80,500</u>
Total		<u>\$3,783,372</u>

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

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – 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. The agency funds also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 21,440
Secondary Roads	Services	1,248
Mental Health	Services	245,530
Nonmajor Governmental	Services	<u>7,689</u>
Total for governmental funds		<u>275,907</u>
Agency:	Collections	
County Recorder		21,310
County Recorder's Electronic Fee		1,252
Agricultural Extension Education		198,141
County Assessor		761,719
Schools		16,854,474
Community Colleges		1,063,108
Corporations		6,409,303
Townships		337,389
Auto License and Use Tax		556,643
Brucellosis and Tuberculosis Eradication		3,852
Fire Districts		95,062
E911 Surcharge		195,364
Joint Disaster Services		81,921
City Special Assessments		203,571
Empowerment Board		<u>32,489</u>
Total for agency funds		<u>26,815,598</u>
Total		<u>\$ 27,091,505</u>

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,987,076	\$ -	\$ -	\$ 1,987,076
Construction in progress	4,009,286	2,804,682	(670,289)	6,143,679
Total capital assets not being depreciated	5,996,362	2,804,682	(670,289)	8,130,755
Capital assets being depreciated:				
Buildings	2,756,848	670,289	-	3,427,137
Equipment	9,725,313	879,151	(623,387)	9,981,077
Infrastructure	33,456,297	22,539	-	33,478,836
Total capital assets being depreciated	45,938,458	1,571,979	(623,387)	46,887,050
Less accumulated depreciation for:				
Buildings	1,227,169	74,768	-	1,301,937
Equipment	6,924,357	663,149	(576,446)	7,011,060
Infrastructure	14,945,640	1,056,727	-	16,002,367
Total accumulated depreciation	23,097,166	1,794,644	(576,446)	24,315,364
Total capital assets being depreciated, net	22,841,292	(222,665)	(46,941)	22,571,686
Governmental activities capital assets, net	\$ 28,837,654	\$ 2,582,017	\$ (717,230)	\$ 30,702,441

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 124,294
Physical health and social services	2,278
Mental health	29,945
County environment and education	105,130
Roads and transportation	1,436,993
Governmental services to residents	45,144
Administration	50,860
Total depreciation expense – governmental activities	\$ 1,794,644

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2010, is as follows:

	Compensated Absences	Liability for Landfill Closure and Postclosure Care	Net OPEB Liability	Revenue Note Payable	Note Payable	Total
Balance beginning of year	\$ 316,075	\$ 1,253,307	\$ 42,982	\$ -	\$ -	\$ 1,612,364
Increases	313,037	112,816	39,105	250,000	120,000	834,958
Decreases	(316,075)	-	-	-	-	(316,075)
Balance end of year	<u>\$ 313,037</u>	<u>\$ 1,366,123</u>	<u>\$ 82,087</u>	<u>\$ 250,000</u>	<u>\$ 120,000</u>	<u>\$ 2,131,247</u>
Due within one year	<u>\$ 313,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 363,037</u>

Notes Payable

In fiscal year 2010, the County issued a \$250,000 solid waste disposal revenue note to finance land fill improvements and a \$120,000 note payable to finance a secondary roads equipment purchase. A summary of the County's June 30, 2010, notes payable indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2011	2.00%	\$ 50,000	\$ 8,194	\$ 58,194
2012	2.25%	170,000	5,750	175,750
2013	2.50%	50,000	4,625	54,625
2014	3.25%	50,000	3,375	53,375
2015	3.50%	<u>50,000</u>	<u>1,750</u>	<u>51,750</u>
Total		<u>\$ 370,000</u>	<u>\$ 23,694</u>	<u>\$ 393,694</u>

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 – PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 4.30% of their annual covered salary, and the County is required to contribute 6.65% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2010, are 7.62% for law enforcement employees and the County. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008, were \$344,378, \$327,907, and \$307,209, respectively, equal to the required contributions for each year.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 103 active and 2 retired members in the Plan. Participants must be age 55 or older at retirement.

The medical coverage, which is a fully-insured medical plan, is administered by Wellmark. A portion of the plan deductibles is self-insured by the County. Retirees under age 65 pay the same premium as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the Plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 57,806
Interest on net OPEB obligation	1,719
Adjustments to annual required contribution	<u>(1,708)</u>
Annual OPEB cost (expense)	57,817
Contributions made	<u>(18,712)</u>
Increase in net OPEB obligation	39,105
Net OPEB obligation, beginning of year	<u>42,982</u>
Net OPEB obligation, end of year	<u>\$ 82,087</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$18,712 to the medical plan. Plan members eligible for benefits contributed \$18,860 or 100% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2010, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 57,817	32.4%	\$ 82,087

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$536,158, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$536,158. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$4,338,803 and the ratio of the UAAL to covered payroll was 12.4%. As of June 30, 2010, there were no trust fund assets.

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

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

As of the July 1, 2008, actuarial valuation date, the Projected Unit Credit with linear proration to decrement cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 0.5% each year until reaching the 5.0% ultimate medical trend rate.

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$446 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 9 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Benton County has entered into an agreement, as allowed by Chapter 331.301 of the Code of Iowa, to become a member in a local government risk pool. The pool was formed July 1, 1987, to provide workers' compensation and property/casualty insurance to counties in the State of Iowa. At present, ten counties are members of the pool. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the premiums on the insurance policies when due; to pay claims in accordance with the various coverages and to make other payments as required by applicable law; to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool; and to pay all reasonable and necessary expenses for administering the risk pool.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Initial risk of loss for the self-insured coverages is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2010, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers' compensation, including the retention of the pool, and in excess of \$400,000 per occurrence up to a maximum of \$7,000,000 per occurrence, including the retention of the pool, for general liability, automobile liability, police professional, and errors and omissions. The risk pool fund records a liability for unpaid claims based on estimates of the costs of individual cases of losses and claims reported to year-end, plus a provision for losses incurred but not yet reported (IBNR). The IBNR estimates are based on the past experience of the Pool and upon the recommendations of By the Numbers Actuarial Consulting, Inc. who also performs an annual actuarial review of the entire program. At June 30, 2010, 2009, and 2008, the risk pool fund reported a surplus of pool assets over liabilities.

Member counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and/or the amount of surplus maintained in the risk pool, by means of an assessment that would be charged to the member county in addition to the premium contributions. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

Initial membership into the risk pool is for a mandatory three year period. Subsequent to the initial term, a member county may withdraw at the end of the third fiscal year of any three-year term, with a minimum of ninety (90) days written notice to the Chairman of the Board of Trustees. The initial membership period for the County commenced July 1, 1987. The County extended their membership for a five-year period, commencing July 1, 2005, until July 1, 2010. The County also carries commercial insurance purchased by the risk pool from other insurers for coverages associated with boiler/machinery. The Public Officials Bond and crime coverage is purchased through a local broker. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require Benton County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an increase in the long-term liability in each period based on landfill capacity used as of each balance sheet date. The \$1,366,123 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 86 percent of the estimated capacity. Total estimated closure and postclosure costs are \$336,249 and \$1,344,241, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$314,367 as the remaining estimated capacity is used.

These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2010. The County expects to close the entire landfill in the year 2017. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

No expenditures for landfill closure and postclosure care were made during the year ended June 30, 2010. The liability in the statement of net assets for closure and postclosure care increased by \$112,816 for the year.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The County has begun to accumulate resources to fund these costs in accordance with state and federal requirements. At June 30, 2000, a fund dedicated to closure and postclosure costs was established to demonstrate financial assurance. The County transferred \$80,500 to the fund during the fiscal year and the balance of this fund at June 30, 2010, is \$1,223,138. The County has demonstrated financial assurance for the landfill by using the Local Government Financial Test in combination with the Local Government Dedicated Fund.

NOTE 11 – DEFICIT FUND BALANCE

The Emergency Food and Shelter Program Fund had a deficit fund balance at June 30, 2010, of \$982.

NOTE 12 – DONOR-RESTRICTED ENDOWMENT

The County has a permanent endowment fund (Carol Sue Donovan Conservation Fund) established for the maintenance and operation of wildlife and other conservation areas, and to promote and preserve the health and general welfare of the people by encouraging the orderly development and conservation of natural resources. Any net earnings that are earned are required to be spent for the purposes for which the endowment was established.

NOTE 13 – SUBSEQUENT EVENTS

In July 2010, the County entered into a \$750,000 loan agreement to assist in the financing of the construction of the new law enforcement center. The interest rate on the loan is 1.34%. As of March 18, 2011, \$350,000 has been drawn upon. The loan is payable from a continuing annual levy against all taxable property of the County.

NOTE 14 – COMMITMENTS

The County has entered into a contract totaling \$5,862,487 for the new law enforcement center. As of June 30, 2010, costs of \$635,737 on the contract have been completed. The \$5,226,750 balance remaining on the contract at June 30, 2010, will be incurred as work on the project progresses.

During June 2010, the County entered into a \$270,000 purchase agreement for real estate. The real estate relates to the construction of a nature center. The purchase took place in July 2010 and was financed by a loan from funds endowed to the County's conservation department. The total endowment loan was for \$330,000. The loan will be paid back through fund raising events, and LOST revenue.

NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENT

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

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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



Required Supplementary Information

Benton County

BENTON 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, 2010

	Governmental		
	Fund Types	Budgeted Amounts	
	<u>Actual</u>	<u>Original</u>	<u>Final</u>
Receipts:			
Property and other County tax	\$ 7,897,062	\$ 7,734,037	\$ 7,966,174
Interest and penalty on property tax	72,929	52,100	52,100
Intergovernmental	8,413,187	12,645,267	12,695,267
Licenses and permits	27,183	16,500	16,500
Charges for service	955,009	735,770	735,770
Use of money and property	200,300	214,001	248,001
Miscellaneous	<u>1,233,786</u>	<u>332,450</u>	<u>1,152,450</u>
Total receipts	<u>18,799,456</u>	<u>21,730,125</u>	<u>22,866,262</u>
Disbursements:			
Public safety and legal services	3,011,873	4,500,530	4,503,030
Physical health and social services	838,020	851,413	906,413
Mental health	1,780,567	2,158,008	2,158,008
County environment and education	1,859,984	1,763,865	2,007,786
Roads and transportation	6,181,793	6,304,777	6,479,777
Governmental services to residents	588,418	627,560	627,560
Administration	1,284,715	1,539,662	1,496,616
Capital projects	<u>1,192,788</u>	<u>6,848,838</u>	<u>6,848,838</u>
Total disbursements	<u>16,738,158</u>	<u>24,594,653</u>	<u>25,028,028</u>
Excess (deficiency) of receipts over (under) disbursements	2,061,298	(2,864,528)	(2,161,766)
Other financing sources, net	<u>357,124</u>	<u>11,500</u>	<u>267,860</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,418,422	(2,853,028)	(1,893,906)
Balance beginning of year	<u>7,401,697</u>	<u>7,401,697</u>	<u>7,401,697</u>
Balance end of year	<u>\$ 9,820,119</u>	<u>\$ 4,548,669</u>	<u>\$ 5,507,791</u>

Variance- Over (Under) <u>Budget</u>	Actual as % of Final <u>Budget</u>
\$ (69,112)	99%
20,829	140
(4,282,080)	66
10,683	165
219,239	130
(47,701)	81
<u>81,336</u>	<u>107</u>
<u>(4,066,806)</u>	<u>82</u>
(1,491,157)	67%
(68,393)	92
(377,441)	83
(147,802)	93
(297,984)	95
(39,142)	94
(211,901)	86
<u>(5,656,050)</u>	<u>17</u>
<u>(8,289,870)</u>	<u>67</u>
4,223,064	
<u>89,264</u>	
4,312,328	
<u>-</u>	
<u>\$ 4,312,328</u>	

BENTON COUNTY
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,799,456	\$ (93,202)	\$ 18,706,254
Expenditures	<u>16,738,158</u>	<u>762,038</u>	<u>17,500,196</u>
Net	2,061,298	(855,240)	1,206,058
Other financing sources, net	357,124	95,076	452,200
Beginning fund balances	7,401,697	(603,468)	6,798,229
Increase in reserve for inventories	<u>-</u>	<u>46,452</u>	<u>46,452</u>
Ending fund balances	<u>\$ 9,820,119</u>	<u>\$ (1,317,180)</u>	<u>\$ 8,502,939</u>

BENTON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING JUNE 30, 2010

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 the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$433,375. The budget amendment is reflected in the final budgeted amounts.

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

BENTON COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2009	07/01/08	\$ -	\$493,280	\$493,280	0.0%	\$ 4,212,430	11.7%
2010	07/01/08	\$ -	\$536,158	\$536,158	0.0%	\$ 4,338,803	12.4%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost, net OPEB obligation, funded status and funding progress.



Other Supplementary Information

Benton County

BENTON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

						Special Revenue
	County Recorder's Records Management	Resource Enhancement and Protection	Sanitary Disposal	Ground Water	Emergency Food and Shelter Program	Environmental Projects
ASSETS						
Cash and pooled investments	\$ 40,391	\$ 52,022	\$ 1,539,144	\$ 3,925	\$ 494	\$ -
Receivables:						
Succeeding year property tax	-	-	-	-	-	-
Accounts	459	-	6,903	5,183	-	-
Accrued interest	37	49	1,724	-	1	-
Due from other governments	-	-	1,569	-	-	-
Loan receivable	-	-	-	-	-	-
Total assets	<u>\$ 40,887</u>	<u>\$ 52,071</u>	<u>\$ 1,549,340</u>	<u>\$ 9,108</u>	<u>\$ 495</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,061	\$ -	\$ 31,870	\$ 2,306	\$ 940	\$ -
Salaries and benefits payable	-	-	5,785	-	-	-
Due to other governments	-	-	7,152	-	537	-
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	1,910	-	-	-
Total liabilities	<u>1,061</u>	<u>-</u>	<u>46,717</u>	<u>2,306</u>	<u>1,477</u>	<u>-</u>
Fund balances:						
Reserved for or by:						
Landfill closure and postclosure care	-	-	1,233,138	-	-	-
Loan receivable	-	-	-	-	-	-
State statute	-	-	5,309	-	-	-
Endowments	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	39,826	52,071	264,176	6,802	(982)	-
Capital projects fund	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Total fund balances	<u>39,826</u>	<u>52,071</u>	<u>1,502,623</u>	<u>6,802</u>	<u>(982)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 40,887</u>	<u>\$ 52,071</u>	<u>\$ 1,549,340</u>	<u>\$ 9,108</u>	<u>\$ 495</u>	<u>\$ -</u>

Funds

Urbana TIF	CDBG	Local Option Sales Tax	Conservation Land Acquisition Trust Fund	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund
\$ -	\$ -	\$ 630,194	\$ 391	\$ 562	\$ 27,580	\$ 5,533	\$ 1,704
11,929	-	-	-	-	-	-	-
-	-	11	-	-	-	-	-
-	-	-	-	-	26	-	2
-	-	49,016	-	-	-	-	-
-	-	44,468	-	-	-	-	-
<u>\$ 11,929</u>	<u>\$ -</u>	<u>\$ 723,689</u>	<u>\$ 391</u>	<u>\$ 562</u>	<u>\$ 27,606</u>	<u>\$ 5,533</u>	<u>\$ 1,706</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,929	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>11,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>
-	-	-	-	-	-	-	-
-	-	44,468	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	679,221	391	562	27,606	5,533	1,634
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>723,689</u>	<u>391</u>	<u>562</u>	<u>27,606</u>	<u>5,533</u>	<u>1,634</u>
<u>\$ 11,929</u>	<u>\$ -</u>	<u>\$ 723,689</u>	<u>\$ 391</u>	<u>\$ 562</u>	<u>\$ 27,606</u>	<u>\$ 5,533</u>	<u>\$ 1,706</u>

(continued)

**BENTON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

**Schedule 1
(continued)**

	Special Revenue Funds		Permanent Fund		Total Nonmajor Governmental Funds
	County Conservation Donation Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund	Debt Service	
ASSETS					
Cash and pooled investments	\$ 146,936	\$ 638,853	\$ 856,502	\$ -	\$ 3,944,231
Receivables:					
Succeeding year property tax	-	-	-	149,933	161,862
Accounts	-	-	-	-	12,556
Accrued interest	137	-	-	-	1,976
Due from other governments	-	-	-	-	50,585
Loan receivable	-	-	-	-	44,468
Total assets	<u>\$ 147,073</u>	<u>\$ 638,853</u>	<u>\$ 856,502</u>	<u>\$ 149,933</u>	<u>\$ 4,215,678</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 447,292	\$ -	\$ -	\$ 483,541
Salaries and benefits payable	-	-	-	-	5,785
Due to other governments	-	-	-	-	7,689
Deferred revenue:					
Succeeding year property tax	-	-	-	149,933	161,862
Other	-	-	-	-	1,910
Total liabilities	<u>-</u>	<u>447,292</u>	<u>-</u>	<u>149,933</u>	<u>660,787</u>
Fund balances:					
Reserved for or by:					
Landfill closure and postclosure care	-	-	-	-	1,233,138
Loan receivable	-	-	-	-	44,468
State statute	-	-	-	-	5,309
Endowments	-	-	847,658	-	847,658
Unreserved, reported in:					
Special revenue funds	147,073	-	-	-	1,223,913
Capital projects fund	-	191,561	-	-	191,561
Permanent fund	-	-	8,844	-	8,844
Total fund balances	<u>147,073</u>	<u>191,561</u>	<u>856,502</u>	<u>-</u>	<u>3,554,891</u>
Total liabilities and fund balances	<u>\$ 147,073</u>	<u>\$ 638,853</u>	<u>\$ 856,502</u>	<u>\$ 149,933</u>	<u>\$ 4,215,678</u>

BENTON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Special Revenue					
	County Recorder's Records Management	Resource Enhancement and Protection	Sanitary Disposal	Ground Water	Emergency Food and Shelter Program	Environmental Projects
Revenues:						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	20,271	367,576	24,910	5,492	-
Charges for service	5,268	-	210,979	-	-	-
Use of money and property	443	411	45,465	-	25	-
Miscellaneous	-	-	6,834	-	-	-
Total revenues	<u>5,711</u>	<u>20,682</u>	<u>630,854</u>	<u>24,910</u>	<u>5,517</u>	<u>-</u>
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	-	-
Physical health and social services	-	-	-	-	10,723	-
County environment and education	-	-	740,871	20,412	-	35
Governmental services to residents	20,312	-	537	-	-	-
Administration	-	-	8,835	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>20,312</u>	<u>-</u>	<u>750,243</u>	<u>20,412</u>	<u>10,723</u>	<u>35</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,601)</u>	<u>20,682</u>	<u>(119,389)</u>	<u>4,498</u>	<u>(5,206)</u>	<u>(35)</u>
Other financing sources (uses)						
Proceeds from long-term debt	-	-	250,000	-	-	-
Transfers in	-	-	324,609	-	-	-
Transfers out	-	-	(80,500)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>494,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(14,601)	20,682	374,720	4,498	(5,206)	(35)
Fund balances beginning of year	<u>54,427</u>	<u>31,389</u>	<u>1,127,903</u>	<u>2,304</u>	<u>4,224</u>	<u>35</u>
Fund balances end of year	<u>\$ 39,826</u>	<u>\$ 52,071</u>	<u>\$ 1,502,623</u>	<u>\$ 6,802</u>	<u>\$ (982)</u>	<u>\$ -</u>

Funds

<u>Urbana TIF</u>	<u>CDBG</u>	<u>Local Option Sales Tax</u>	<u>Conservation Land Acquisition Trust Fund</u>	<u>County Recorder's Electronic Transaction</u>	<u>County Sheriff's Forfeiture Fund</u>	<u>County Sheriff's Commissary Fund</u>	<u>County Sheriff's Donation Fund</u>
\$ 7,811	\$ -	\$ 689,153	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	50	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,053	-	6	275	-	24
<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>5,539</u>	<u>-</u>	<u>300</u>
<u>7,811</u>	<u>-</u>	<u>690,256</u>	<u>16</u>	<u>6</u>	<u>5,814</u>	<u>-</u>	<u>324</u>
-	-	94,673	-	-	-	-	1,296
-	-	-	-	-	-	-	-
3,891	-	128,054	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,891</u>	<u>-</u>	<u>222,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,296</u>
<u>3,920</u>	<u>-</u>	<u>467,529</u>	<u>16</u>	<u>6</u>	<u>5,814</u>	<u>-</u>	<u>(972)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(3,920)</u>	<u>(45,925)</u>	<u>(197,542)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(3,920)</u>	<u>(45,925)</u>	<u>(197,542)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(45,925)	269,987	16	6	5,814	-	(972)
<u>-</u>	<u>45,925</u>	<u>453,702</u>	<u>375</u>	<u>556</u>	<u>21,792</u>	<u>5,533</u>	<u>2,606</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,689</u>	<u>\$ 391</u>	<u>\$ 562</u>	<u>\$ 27,606</u>	<u>\$ 5,533</u>	<u>\$ 1,634</u>

(continued)

BENTON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 2
(continued)

	Special Revenue Funds		Permanent Fund		Total Nonmajor Governmental Funds
	County Conservation Donation Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund	Debt Service	
Revenues:					
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ 696,964
Intergovernmental	-	951,733	-	-	1,370,032
Charges for service	-	-	8,844	-	225,091
Use of money and property	1,516	-	-	-	49,218
Miscellaneous	-	-	820,143	-	832,832
Total revenues	<u>1,516</u>	<u>951,733</u>	<u>828,987</u>	<u>-</u>	<u>3,174,137</u>
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	95,969
Physical health and social services	-	-	-	-	10,723
County environment and education	-	-	-	-	893,263
Governmental services to residents	-	-	-	-	20,849
Administration	-	31,500	-	-	40,335
Capital projects	<u>3,623</u>	<u>1,279,253</u>	<u>-</u>	<u>-</u>	<u>1,282,876</u>
Total expenditures	<u>3,623</u>	<u>1,310,753</u>	<u>-</u>	<u>-</u>	<u>2,344,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,107)</u>	<u>(359,020)</u>	<u>828,987</u>	<u>-</u>	<u>830,122</u>
Other Financing Sources (Uses):					
Issuance of long-term debt	-	-	-	-	250,000
Transfers in	-	650,000	-	-	974,609
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(327,887)</u>
Total other financing sources (uses)	<u>-</u>	<u>650,000</u>	<u>-</u>	<u>-</u>	<u>896,722</u>
Net change in fund balances	(2,107)	290,980	828,987	-	1,726,844
Fund balances beginning of year	<u>149,180</u>	<u>(99,419)</u>	<u>27,515</u>	<u>-</u>	<u>1,828,047</u>
Fund balances end of year	<u>\$ 147,073</u>	<u>\$ 191,561</u>	<u>\$ 856,502</u>	<u>\$ -</u>	<u>\$ 3,554,891</u>

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 3

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
COUNTY AUDITOR				
ASSETS:				
Cash and pooled investments	\$ 497	\$ -	\$ -	\$ 497
LIABILITIES:				
Trusts payable	\$ 497	\$ -	\$ -	\$ 497
COUNTY RECORDER				
ASSETS:				
Cash and pooled investments	\$ 14,047	\$ 453,321	\$ 446,174	\$ 21,194
Accounts receivable	28	116	28	116
Total assets	<u>\$ 14,075</u>	<u>\$ 453,437</u>	<u>\$ 446,202</u>	<u>\$ 21,310</u>
LIABILITIES:				
Due to other funds	\$ -	\$ 172,743	\$ 172,743	\$ -
Due to other governments	14,075	280,694	273,459	21,310
Total liabilities	<u>\$ 14,075</u>	<u>\$ 453,437</u>	<u>\$ 446,202</u>	<u>\$ 21,310</u>
COUNTY RECORDER'S ELECTRONIC FEE				
ASSETS:				
Cash and pooled investments	\$ 537	\$ 15,256	\$ 14,541	\$ 1,252
Accounts receivable	614	-	614	-
Total assets	<u>\$ 1,151</u>	<u>\$ 15,256</u>	<u>\$ 15,155</u>	<u>\$ 1,252</u>
LIABILITIES:				
Due to other governments	<u>\$ 1,151</u>	<u>\$ 15,256</u>	<u>\$ 15,155</u>	<u>\$ 1,252</u>
COUNTY SHERIFF				
ASSETS:				
Cash and pooled investments	\$ -	\$ 202,354	\$ 202,354	\$ -
Accounts receivable	1,464	1,464	1,464	1,464
Total assets	<u>\$ 1,464</u>	<u>\$ 203,818</u>	<u>\$ 203,818</u>	<u>\$ 1,464</u>
LIABILITIES:				
Due to other funds	\$ -	\$ 98,911	\$ 98,911	\$ -
Due to other governments	55	103,443	103,498	-
Trusts payable	1,409	1,464	1,409	1,464
Total liabilities	<u>\$ 1,464</u>	<u>\$ 203,818</u>	<u>\$ 203,818</u>	<u>\$ 1,464</u>

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 3
(continued)

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
AGRICULTURAL EXTENSION EDUCATION FUND				
ASSETS:				
Cash and pooled investments	\$ 3,237	\$ 188,605	\$ 188,939	\$ 2,903
Property tax receivable:				
Delinquent	458	324	458	324
Succeeding year	188,904	194,914	188,904	194,914
Total assets	<u>\$ 192,599</u>	<u>\$ 383,843</u>	<u>\$ 378,301</u>	<u>\$ 198,141</u>
LIABILITIES:				
Due to other governments	<u>\$ 192,599</u>	<u>\$ 383,843</u>	<u>\$ 378,301</u>	<u>\$ 198,141</u>
 COUNTY ASSESSOR FUND				
ASSETS:				
Cash and pooled investments	\$ 343,315	\$ 340,840	\$ 257,923	\$ 426,232
Property tax receivable:				
Delinquent	880	586	880	586
Succeeding year	341,138	341,138	341,138	341,138
Total assets	<u>\$ 685,333</u>	<u>\$ 682,564</u>	<u>\$ 599,941</u>	<u>\$ 767,956</u>
LIABILITIES:				
Accounts payable	\$ 332	\$ 225	\$ 332	\$ 225
Salaries and benefits payable	5,119	6,012	5,119	6,012
Due to other governments	679,882	676,327	594,490	761,719
Total liabilities	<u>\$ 685,333</u>	<u>\$ 682,564</u>	<u>\$ 599,941</u>	<u>\$ 767,956</u>
 SCHOOLS FUND				
ASSETS:				
Cash and pooled investments	\$ 253,678	\$ 15,403,524	\$ 15,415,691	\$ 241,511
Property tax receivable:				
Delinquent	36,527	26,440	36,527	26,440
Succeeding year	15,425,916	16,586,523	15,425,916	16,586,523
Total assets	<u>\$ 15,716,121</u>	<u>\$ 32,016,487</u>	<u>\$ 30,878,134</u>	<u>\$ 16,854,474</u>
LIABILITIES:				
Due to other governments	<u>\$ 15,716,121</u>	<u>\$ 32,016,487</u>	<u>\$ 30,878,134</u>	<u>\$ 16,854,474</u>

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 3
(continued)

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
COMMUNITY COLLEGES FUND				
ASSETS:				
Cash and pooled investments	\$ 15,676	\$ 920,511	\$ 922,068	\$ 14,119
Property tax receivable:				
Delinquent	2,221	1,571	2,221	1,571
Succeeding year	921,325	1,047,418	921,325	1,047,418
Total assets	<u>\$ 939,222</u>	<u>\$ 1,969,500</u>	<u>\$ 1,845,614</u>	<u>\$ 1,063,108</u>
LIABILITIES:				
Due to other governments	<u>\$ 939,222</u>	<u>\$ 1,969,500</u>	<u>\$ 1,845,614</u>	<u>\$ 1,063,108</u>
CORPORATIONS FUND				
ASSETS:				
Cash and pooled investments	\$ 67,278	\$ 5,920,387	\$ 5,894,782	\$ 92,883
Property tax receivable:				
Delinquent	13,138	11,909	13,138	11,909
Succeeding year	5,925,728	6,304,511	5,925,728	6,304,511
Total assets	<u>\$ 6,006,144</u>	<u>\$ 12,236,807</u>	<u>\$ 11,833,648</u>	<u>\$ 6,409,303</u>
LIABILITIES:				
Due to other governments	<u>\$ 6,006,144</u>	<u>\$ 12,236,807</u>	<u>\$ 11,833,648</u>	<u>\$ 6,409,303</u>
TOWNSHIPS FUND				
ASSETS:				
Cash and pooled investments	\$ 6,131	\$ 340,280	\$ 341,530	\$ 4,881
Property tax receivable:				
Delinquent	973	663	973	663
Succeeding year	340,467	331,845	340,467	331,845
Total assets	<u>\$ 347,571</u>	<u>\$ 672,788</u>	<u>\$ 682,970</u>	<u>\$ 337,389</u>
LIABILITIES:				
Due to other governments	<u>\$ 347,571</u>	<u>\$ 672,788</u>	<u>\$ 682,970</u>	<u>\$ 337,389</u>
AUTO LICENSE AND USE TAX FUND				
ASSETS:				
Cash and pooled investments	<u>\$ 562,069</u>	<u>\$ 6,706,867</u>	<u>\$ 6,712,293</u>	<u>\$ 556,643</u>
LIABILITIES:				
Due to other governments	<u>\$ 562,069</u>	<u>\$ 6,706,867</u>	<u>\$ 6,712,293</u>	<u>\$ 556,643</u>

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 3
(continued)

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
BRUCCELLOSIS AND TUBERCULOSIS ERADICATION FUND				
ASSETS:				
Cash and pooled investments	\$ 63	\$ 3,233	\$ 3,246	\$ 50
Property tax receivable:				
Delinquent	9	6	9	6
Succeeding year	3,235	3,796	3,235	3,796
Total assets	<u>\$ 3,307</u>	<u>\$ 7,035</u>	<u>\$ 6,490</u>	<u>\$ 3,852</u>
LIABILITIES:				
Due to other governments	<u>\$ 3,307</u>	<u>\$ 7,035</u>	<u>\$ 6,490</u>	<u>\$ 3,852</u>
FIRE DISTRICTS FUND				
ASSETS:				
Cash and pooled investments	\$ 1,684	\$ 91,692	\$ 91,964	\$ 1,412
Property tax receivable:				
Delinquent	36	12	36	12
Succeeding year	91,795	93,638	91,795	93,638
Total assets	<u>\$ 93,515</u>	<u>\$ 185,342</u>	<u>\$ 183,795</u>	<u>\$ 95,062</u>
LIABILITIES:				
Due to other governments	<u>\$ 93,515</u>	<u>\$ 185,342</u>	<u>\$ 183,795</u>	<u>\$ 95,062</u>
E911 SURCHARGE FUND				
ASSETS:				
Cash and pooled investments	\$ 166,509	\$ 175,175	\$ 167,500	\$ 174,184
Receivables:				
Accounts	19,792	25,675	19,792	25,675
Accrued interest	241	163	241	163
Total assets	<u>\$ 186,542</u>	<u>\$ 201,013</u>	<u>\$ 187,533</u>	<u>\$ 200,022</u>
LIABILITIES:				
Accounts payable	\$ 1,410	\$ 4,658	\$ 1,410	\$ 4,658
Due to other governments	185,132	196,355	186,123	195,364
Total liabilities	<u>\$ 186,542</u>	<u>\$ 201,013</u>	<u>\$ 187,533</u>	<u>\$ 200,022</u>

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 3
(continued)

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
JOINT DISASTER SERVICES FUND				
ASSETS:				
Cash and pooled investments	\$ 34,663	\$ 129,867	\$ 96,921	\$ 67,609
Accounts receivable	432	-	432	-
Due from other governments	<u>28,266</u>	<u>17,717</u>	<u>28,266</u>	<u>17,717</u>
Total assets	<u>\$ 63,361</u>	<u>\$ 147,584</u>	<u>\$ 125,619</u>	<u>\$ 85,326</u>
LIABILITIES:				
Accounts payable	\$ 4,631	\$ 1,563	\$ 4,631	\$ 1,563
Salaries and benefits payable	1,531	1,842	1,531	1,842
Due to other governments	<u>57,199</u>	<u>144,179</u>	<u>119,457</u>	<u>81,921</u>
Total liabilities	<u>\$ 63,361</u>	<u>\$ 147,584</u>	<u>\$ 125,619</u>	<u>\$ 85,326</u>
CITY SPECIAL ASSESSMENTS FUND				
ASSETS:				
Cash and pooled investments	\$ 5,842	\$ 85,712	\$ 71,389	\$ 20,165
Receivables:				
Special assessments	166,400	176,344	166,400	176,344
Interest on special assessments	<u>6,308</u>	<u>7,062</u>	<u>6,308</u>	<u>7,062</u>
Total assets	<u>\$ 178,550</u>	<u>\$ 269,118</u>	<u>\$ 244,097</u>	<u>\$ 203,571</u>
LIABILITIES:				
Due to other governments	<u>\$ 178,550</u>	<u>\$ 269,118</u>	<u>\$ 244,097</u>	<u>\$ 203,571</u>
TREASURER'S TRUST FUND				
ASSETS:				
Cash and pooled investments	<u>\$ 17,900</u>	<u>\$ 351,947</u>	<u>\$ 329,466</u>	<u>\$ 40,381</u>
LIABILITIES:				
Trusts payable	<u>\$ 17,900</u>	<u>\$ 351,947</u>	<u>\$ 329,466</u>	<u>\$ 40,381</u>
EMPOWERMENT BOARD FUND				
ASSETS:				
Cash and pooled investments	\$ 48,896	\$ 291,452	\$ 295,832	\$ 44,516
Accounts receivable	320	-	320	-
Accrued interest receivable	<u>70</u>	<u>98</u>	<u>70</u>	<u>98</u>
Total assets	<u>\$ 49,286</u>	<u>\$ 291,550</u>	<u>\$ 296,222</u>	<u>\$ 44,614</u>
LIABILITIES:				
Accounts payable	\$ 32,410	\$ 12,125	\$ 32,410	\$ 12,125
Due to other governments	<u>16,876</u>	<u>279,425</u>	<u>263,812</u>	<u>32,489</u>
Total liabilities	<u>\$ 49,286</u>	<u>\$ 291,550</u>	<u>\$ 296,222</u>	<u>\$ 44,614</u>

(continued)
55

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 3
(continued)

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
TOTAL COMBINED FUNDS				
ASSETS:				
Cash and pooled investments	\$ 1,542,022	\$ 31,621,023	\$ 31,452,613	\$ 1,710,432
Receivables:				
Property tax:				
Delinquent	54,242	41,511	54,242	41,511
Succeeding year	23,238,508	24,903,783	23,238,508	24,903,783
Accounts	22,650	27,255	22,650	27,255
Accrued interest	311	261	311	261
Special assessments	166,400	176,344	166,400	176,344
Interest on special assessments	6,308	7,062	6,308	7,062
Due from other governments	28,266	17,717	28,266	17,717
Total assets	<u>\$ 25,058,707</u>	<u>\$ 56,794,956</u>	<u>\$ 54,969,298</u>	<u>\$ 26,884,365</u>
LIABILITIES:				
Accounts payable	\$ 38,783	\$ 18,571	\$ 38,783	\$ 18,571
Salaries and benefits payable	6,650	7,854	6,650	7,854
Due to other funds	-	271,654	271,654	-
Due to other governments	24,993,468	56,143,466	54,321,336	26,815,598
Trusts payable	19,806	353,411	330,875	42,342
Total liabilities	<u>\$ 25,058,707</u>	<u>\$ 56,794,956</u>	<u>\$ 54,969,298</u>	<u>\$ 26,884,365</u>

BENTON COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION –
ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS

	Modified Accrual Basis			
	2010	2009	2008	2007
Revenues:				
Property and other County tax	\$ 7,789,764	\$ 7,569,896	\$ 6,525,469	\$ 6,256,778
Interest and penalty on property tax	71,665	61,120	58,381	55,253
Intergovernmental	8,463,098	7,110,465	6,628,717	5,782,973
Licenses and permits	26,552	36,023	21,153	22,973
Charges for service	938,342	918,653	804,952	818,345
Use of money and property	167,459	226,983	351,193	355,305
Miscellaneous	1,249,374	435,863	371,763	533,102
Total	\$ 18,706,254	\$ 16,359,003	\$ 14,761,628	\$ 13,824,729
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,944,413	\$ 3,404,479	\$ 2,688,409	\$ 2,544,185
Physical health and social services	870,817	680,759	647,780	665,196
Mental health	1,790,594	1,768,492	1,828,868	1,696,472
County environment and education	1,817,202	1,798,472	1,448,612	1,294,735
Roads and transportation	6,665,097	6,169,023	6,257,448	5,533,679
Governmental services to residents	587,292	585,539	498,175	459,681
Administration	1,307,990	1,491,420	1,454,672	1,396,253
Debt service	-	-	-	-
Capital projects	1,516,791	1,294,315	824,059	126,239
Total	\$ 17,500,196	\$ 17,192,499	\$ 15,648,023	\$ 13,716,440

Modified Accrual Basis				
2006	2005	2004	2003	2002
\$ 5,758,137	\$ 5,267,750	\$ 5,120,351	\$ 5,102,144	\$ 5,352,576
51,873	52,646	59,856	29,079	60,454
5,826,833	5,858,586	5,538,004	5,927,953	5,894,202
23,073	22,670	24,704	19,744	19,926
772,606	796,898	751,130	738,538	658,388
296,817	219,435	253,989	293,096	428,427
470,000	402,828	425,577	416,093	374,609
<u>\$ 13,199,339</u>	<u>\$ 12,620,813</u>	<u>\$ 12,173,611</u>	<u>\$ 12,526,647</u>	<u>\$ 12,788,582</u>
\$ 2,514,156	\$ 2,164,766	\$ 2,319,768	\$ 2,010,361	\$ 1,993,841
659,292	545,343	587,215	612,349	633,033
1,625,894	1,563,761	1,478,349	1,546,983	1,405,714
1,178,235	1,062,444	1,206,933	1,388,615	1,255,508
5,169,822	5,482,892	4,730,145	4,977,374	4,348,320
722,844	438,177	454,203	400,895	386,932
1,228,777	1,132,024	1,215,945	1,207,992	1,048,167
169,570	260,297	232,462	220,474	182,724
433,254	1,142,180	349,294	293,039	445,615
<u>\$ 13,701,844</u>	<u>\$ 13,791,884</u>	<u>\$ 12,574,314</u>	<u>\$ 12,658,082</u>	<u>\$ 11,699,854</u>



**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 Benton County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise Benton County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Benton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that 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 in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-10, II-D-10, and II-E-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III 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, 2010, 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.

The County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit the County's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Benton County and other parties to whom Benton County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa
March 18, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON ITS MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Officials of Benton County:

Compliance

We have audited the compliance of Benton County, Iowa, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2010. The County's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Benton County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Benton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Benton County and other parties to whom Benton County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Dubuque, Iowa
March 18, 2011

BENTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture Pass-Through Program From Iowa Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ <u>13,348</u>
U.S. Department of Transportation Pass-Through Program From Iowa Department of Transportation Highway Planning and Construction	20.205	BROS CO06(77)	83,033
East Central Iowa Council of Governments Formula Grants for Other Than Urbanized Areas	20.509		<u>51,656</u>
Total U.S. Department of Transportation			<u>134,689</u>
U.S. Department of Education Pass-Through Program From Iowa Department of Transportation ARRA - State Fiscal Stabilization (SFSF) - Government Services, Recovery Act	84.397	S397A090016A	<u>37,955</u>
U.S. Department of Health and Human Services Pass-Through Program From Iowa Department of Human Services Public Health Emergency Preparedness	93.069	5880BT06	63,083
Temporary Assistance for Needy Families	93.558		6,258
Refugee and Entrant Assistance-State Administered Programs	93.566		38
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,505
Foster Care - Title IV-E	93.658		7,069
Adoption Assistance	93.659		1,770
Social Services Block Grant	93.667		10,323
Social Services Block Grant	93.667		6,889
Social Services Block Grant	93.667		79,502
Children's Health Insurance Program	93.767		79
Medical Assistance Program	93.778		<u>14,994</u>
Total U.S. Department of Health and Human Services			<u>193,510</u>

BENTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security			
Pass-Through Program From			
United Way of America			
Emergency Food and Shelter National Board Program	97.024	20-2856-00	\$ 875
Iowa Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1763-DR-IA	1,575,026
Hazard Mitigation Grant	97.039	1763-0006-01	16,000
United Way of America			
ARRA-Emergency Food and Shelter National Board Program	97.114	20-2856-00	<u>5,492</u>
Total U.S. Department of Homeland Security			<u>1,597,393</u>
Total			<u>\$ 1,976,895</u>

BENTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Note 1. Basis of Presentation

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

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified Yes

Significant deficiency Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major program:

Material weakness identified No

Significant deficiency None reported

Type of auditor's report issued on compliance for the major program Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) No

Identification of major program:

CFDA Number

97.036

Name of Federal Program or Cluster

Disaster Grants – Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee No

Part II: Findings Related to the Basic Financial Statements:

MATERIAL WEAKNESSES

II-A-10 Preparation of Financial Statements

Criteria – A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition – As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause – We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements: (continued)

Effect – The effect of this condition is that the year-end financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Recommendation – We recommend that County officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

Response – The County will continue to review operating procedures and segregate employee duties to the extent financially feasible to maximize internal control. There will be no change until it is fiscally responsible to add additional staff.

Conclusion – Response accepted.

II-B-10 Treasurer’s Office – Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – Several persons in the Treasurer’s office take turns receipting funds, making deposits, and reconciling bank statements. This situation presents a lack of segregation of duties.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – The Treasurer has done a good job enhancing controls through supervision and review of work. We recommend that the Treasurer continue to look for opportunities to increase controls as staff changes.

Response – At this time, the Treasurer is doing the daily reconciling of the office with the state motor vehicle system and the County tax collection system. In addition, a mail log has been implemented, with the Treasurer verifying that the amounts are being properly distributed. The Treasurer also performs the monthly bank statement reconciliations.

Conclusion – Response acknowledged. We recommend the County continue to look for ways to strengthen controls.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements: (continued)

SIGNIFICANT DEFICIENCIES

II-C-10 Sheriff's Office – Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – In the Sheriff's Office there are generally only one or two individuals in the office with control over the receipts and disbursements areas for which no compensating controls exist.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – There are currently one full-time and one part-time person employed in the office. Due to budget constraints and a hiring freeze, additional staff cannot be hired. When both persons are working, one person opens the mail and the other makes the deposit.

Conclusion – Response acknowledged. We recommend the County continue to look for ways to strengthen controls.

II-D-10 Recorder's Office – Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – In the Recorder's Office there are generally only one or two individuals in the office with control over the receipts and disbursements areas for which no compensating controls exist.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – We understand and are aware of this. We have two employees in our office, and duties are split between daily balancing and preparing bank deposits.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements: (continued)

Conclusion – Response acknowledged. We recommend the County continue to look for ways to strengthen controls.

II-E-10 Landfill Gate Fees – Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – At the Landfill there is generally only one individual with control over the receipts area for which no compensating controls exist.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – The County will continue to review operating procedures and segregate employee duties to the extent financially feasible to maximize internal control. There will be no change until it is fiscally responsible to add additional staff.

Conclusion – Response acknowledged. We recommend the County continue to look for ways to strengthen controls.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-10 Certified Budget – Disbursements during the year ended June 30, 2010, did not exceed the amounts budgeted by function.

III-B-10 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

III-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Other Findings Related to Required Statutory Reporting: (continued)

III-D-10 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kipp Schoettner, owner of John’s Tire Service, spouse of Melinda Schoettner, Deputy Treasurer	Auto services	\$ 5,122
David Vermedahl, member of Board of Supervisors, owner of Three Rivers Insurance	Insurance	950
Marc Phelps, owner of Nature Tracks Taxidermy, spouse of Karen Phelps, Conservation Department	Taxidermy services	940

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with David Vermedahl and Marc Phelps do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transaction with Kipp Schoettner does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 331.342(4) of the Code of Iowa.

III-E-10 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.

III-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

III-G-10 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.

III-H-10 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).

III-I-10 Solid Waste Fees Retainage – The County used or retained the solid waste fees in accordance with Chapter 455E.11.2(a)(11), (13), and (15) of the Code of Iowa.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Other Findings Related to Required Statutory Reporting: (continued)

III-J-10 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010, for the County Extension Office did not exceed the amount budgeted.

III-K-10 Note Payable – During the year ended June 30, 2010, the County entered into an agreement for the purchase of a motor grader for the Secondary Roads Department. However, a public hearing was not held prior to the authorization of the note payable as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Recommendation – The County should consult legal counsel for the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of a note payable in accordance with Chapters 331.478 and 331.479 of the Code of Iowa.

Response – The County failed to hold a public hearing and will consult with legal counsel in the future if this matter presents itself again. The equipment dealer presented the offer to delay payment until following fiscal year including 0% finance fees to secure ownership of the used Benton County motor grader being replaced. Secondary Roads was unaware and did not intend to violate the indebtedness procedures required by Iowa Code.

Conclusion – Response accepted.