Financial Statements
June 30, 2011

Benton County

Benton County

Name	Title	Term Expires
David Vermedahl	Board of Supervisors	December 2012
Ron Buch	Board of Supervisors	December 2012
Jason Sanders	Board of Supervisors	December 2014
Jill Marlow	County Auditor	December 2012
Kelly Rae Geater	County Treasurer	December 2014
Lexa Speidel	County Recorder	December 2014
Randall L. Forsyth	County Sheriff	December 2012
David C. Thompson	County Attorney	December 2014
Larry Andreesen	County Assessor	Appointed

Independent Auditor's Report

To the Officials of Benton County
Vinton, Iowa

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, 2011, 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 as of June 30, 2011, 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.

As described in Note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

As discussed in Note 14 to the financial statements, the County has recorded a material restatement of beginning equity.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2012, 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 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining nonmajor fund financial statements and the Schedule of Revenues by Source and Expenditures by Function are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining nonmajor fund financial statements, the Schedule of Revenues by Source and Expenditures by Function, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The list of County Officials has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Eide Bailly LLP

Dubuque, Iowa
March 9, 2012

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, 2011. 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 18.74%, or approximately 3.506 million from 2010 to 2011.

Property taxes levied increased 16% from $7.089 million in 2010 to 8.218 million in 2011. Net property taxes increased approximately 20% or $1.129 million. Net property taxes are levied taxes less credits. The credits are generally paid by the State.

Intergovernmental revenues including, grants and contributions, increased approximately $3.136 million from $8.463 million in 2010 to $11.599 million in 2011, or a little more than 37%.

Governmental activities program expenses increased in 2011 when compared to 2010, by approximately $4.5 million. Capital Projects saw the largest increase rising from $1.516 million in 2010 to slightly over $7.115 million in 2011 or approximately $5.599 million. Increases in Mental Health program expense followed with an increase of approximately $67,000 over 2010. Decreases were realized in several areas with the most prominent being in Roads and Transportation with a decrease of approximately $781,000 in 2011 compared to 2010.

Benton County continued with recovery efforts throughout 2011 from the damage incurred during the 2008 flood. The most significant disaster recovery effort was recognized in the construction of the law enforcement center, which had reached substantial completion by fiscal year end. The new facility, which includes a new emergency operations center, had an approximate project cost of slightly over $8 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 County began moving into the new facility in June 2011. There continued to be residual flood disaster related projects carried into fiscal year 2012; however, all flood related expenses were completed by December 2011.

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
   d. The Debt Service 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
   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 $38.1 million in 2010 to 45.9 million in 2011. 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)

	2011	2010
Current and other assets	$ 22,596,631	$ 20,175,784
Capital assets	37,014,045	30,702,441
Total assets	59,610,676	50,878,225
Long-term debt outstanding	2,999,493	2,131,247
Other liabilities	10,643,738	10,584,458
Total liabilities	13,643,231	12,715,705
Net assets:		
Invested in capital assets	35,949,045	30,332,441
Restricted	5,846,286	5,716,167
Unrestricted	4,172,114	2,113,912
Total net assets	$ 45,967,445	$ 38,162,520

Net assets of the County's governmental activities increased by approximately 20 percent ($45,967,445 compared to $38,162,520). The largest portion of the County's net assets is invested in capital assets. The increase is due primarily to the completion of 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)

	2011	2010
Revenues:		
Program Revenues		
Charges for service	$ 1,399,210	$ 1,336,152
Operating grants and contributions	6,196,845	6,195,366
Capital grants and contributions	6,557,449	2,676,319
General Revenues		
Property taxes	8,218,757	7,089,624
Penalty and interest on property tax	92,234	57,550
State tax credits	953,757	1,017,246
Local option sales tax	827,920	689,153
Unrestricted investment earnings	122,479	127,197
Permanent fund contributions	306	820,143
Gain on disposal of capital assets	-	35,259
Other general revenues	75,727	107,623
Total revenues	24,444,684	20,151,632
Program Expenses:		
Public safety and legal services	2,882,396	2,937,681
Physical health and social services	837,742	971,815
Mental health	1,881,220	1,820,948
County environment and education	1,790,555	1,820,903
Roads and transportation	8,117,100	7,388,738
Governmental services to residents	591,745	640,824
Administration	736,428	1,354,393
Interest on long-term debt	11,230	-
Total expenses	16,848,416	16,935,302
Increase in net assets	7,596,268	3,216,330
Net assets beginning of year (restated)	38,371,177	34,946,190
Net assets end of year	$ 45,967,445	$ 38,162,520

Benton County’s total revenues increased in 2011 with the largest increase recognized in capital grants and contributions, reflective of the disaster funding received for the construction of the new law enforcement center. The total cost of all programs and services decreased from 2010 to 2011. This is the second year in a row that the County experienced overall decreases in total program expenses. The largest changes in program expenses from the previous year were recognized with an increase in roads and transportation expense and a decrease in administration expense.

Governmental Activities

The results of governmental activities for the year resulted in Benton County's net assets increasing by approximately $7.596 million. Revenues for governmental activities increased by approximately $4.3 million over the prior year, with property taxes increasing from the prior year by approximately $1.1 million, or about 16%. The major increase in revenues for governmental activities was in capital 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 2011 increased from 2010. 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.

	FY2011	FY2010
Countywide taxable value	1,117,095,292	1,079,066,255
Countywide levy rate less debt	5.67338	5.01466
Dollars levied less debt	6,337,709	5,411,149
Countywide taxable debt service value	1,157,722,678	1,122,592,344
Countywide debt service levy rate	.12956	0.00
Dollars levied for debt service	150,000	0.00
Total countywide levy rate	**5.80294**	**5.01466**
Total dollars levied countywide	6,487,709	5,411,149
Rural taxable value	723,790,482	708,590,290
Rural tax levy rate	2.90374	2.90374
Dollars levied for rural area only	2,101,699	2,057,561
Total dollars levied	8,589,408	7,468,710

The cost of all governmental activities this year was $16.848 million compared to $16.935 million last year. However, as shown in the Statement of Activities on Page 16, the amount that our taxpayers ultimately financed for these activities through County taxes was only $8.311 million because some of the cost was paid by those directly benefiting from the programs ($1.339 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($12.754 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 $9,592,581, which is higher than last year's total, as restated, of $8,711,597. The County funds expended $130,984 less than we received in operating revenues for the year. The following are the major reasons for the changes in fund balances from the prior year.

General Fund

General Fund revenues increased in 2011 by $438,789 while expenditures decreased $336,478, when compared to the prior year. The ending fund balance increased from the prior year by $1,253,005 with $2,096,005 of that balance being unassigned. Unassigned funds are available for any legal use within the fund. The County continues to be reimbursed for disaster related expenses incurred in prior years relative to the 2008 flood. The County continues to designate a portion of the ending fund balance to address any hazardous material incident in Benton County in addition to capital improvements.

	2011	**2010**
Ending Fund Balances	$3,083,049	$1,830,044
Revenue	$7,101,518	$6,662,729
Other Financing Sources (Uses)	$54,744	($740,644)
Expenditures	$5,903,257	$6,239,735

Mental Health

The County continues to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $1.86 million, an increase of approximately 4% 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 decreased by $180,496 from the prior year; this was primarily the result of providing those services required by state law with state imposed revenue limitations. The State continues to look at ways to reorganize the delivery of mental health services in Iowa and enacted a law that eliminates the County's mental health levy, our primary funding source, beginning in FY14. The County is unable to make sound financial decisions relative to the delivery of mental health services due to the uncertainty of legislative action. The County continues to closely monitor discussions on the reorganization of the mental health service delivery system at the legislative level.

	2011	2010
Ending Fund Balances (restricted)	$ 1,312,323	$ 1,492,819
Revenue	1,677,507	2,430,648
Expenditures	1,858,003	1,790,594

Secondary Roads

Secondary Roads Fund expenditures decreased by approximately $724,000 over the prior year, which is due to decreased road maintenance costs and less equipment purchased. The fund also realized an increase in revenues from 2010 to 2011 of approximately $448,000, including other financing sources. This difference in revenue, other than other financing sources, was due to the reimbursement for work performed at the Landfill and receipt of LOSST funds. Nonspendable fund balance, which generally accounts for inventory reserves, decreased approximately $10,000 from 2010 to 2011. These factors have resulted in an increase in the Secondary Roads Fund ending balance of $748,000 or approximately 46%. The County continues to plan for long-range projects including several grading and 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.

	2011	**2010**
Ending Fund Balance	$2,381,392	$1,633,164
Fund Balance Nonspendable	$321,490	$332,084
Fund Balance Restricted	$2,059,902	$1,301,080
Revenue	$4,546,310	$4,381,861
Other Financing Sources	$2,376,299	$2,092,496
Expenditures	$6,174,381	$6,899,012

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 two times during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
At the end of FY11 Benton County had $37.014 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 $195,000 in outstanding revenue bonds for the construction of a new cell at the sanitary disposal facility, a $120,000 loan for a used road grader, and $750,000 to finance a portion of the law enforcement center.

Tax increment debt for internal loans stood at $59,310 as of June 30, 2011. 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. The agreement will expire in FY13.

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 $112.265 million, based on 2011 values.

100% Assessed Values
for Calculating Debt Capacity

2011	2010	2009
$2,245,302,155	$2,082,608,985	$2,033,671,186

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 2012 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 6.3 percent in December 2011 compared with the State's December 2011 unemployment rate of 5.6 percent and the national rate of 8.5 percent.

Inflation in the State is comparable to the increase in the national Consumer Price Index. The Midwest's CPI increase was 2.8 percent for the 12-month period ending January 2012 compared with the national rate of 2.9 percent.

At the time the 2012 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 FY2012. 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. Overall budgeted program disbursements are expected to decrease by approximately $342,000 in FY12 in comparison to actual disbursements for FY11. However, increases are being experienced in virtually all programs; however the largest increase is in public safety. This is due to returning to an occupied and fully operational law enforcement facility. The overall decrease in budgeted disbursements is due to a significant decrease in capital projects, which is reflective of the law enforcement center construction project being completed. If these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2012.

Benton County experienced another weather related disaster in July 2011, when a derecho with sustained winds of 100+ miles per hour raced through the County. Benton County incurred significant structural damage as well as considerable tree damage. Fortunately, Benton County was insured for all structural damage, less a deductible, plus $100,000 in debris removal. It is not expected that the 2011 disaster, although declared a federal disaster by the Federal Emergency Management Agency, will have a significant impact on the financial condition of Benton County. 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 FY2011, the County's management was able to reduce actual expenditures when compared to budgeted expense. The County continues to evaluate ways to reduce costs through the continued organizational restructuring started in FY10. The County's management actively looks for alternate ways to deliver services that would improve efficiency and reduce expense. The State legislature has determined that the delivery of mental health services in Iowa needs to be restructured and began the process in 2011. It is uncertain at this time the impact the restructuring will have on Benton County and those persons being served. Property tax reform is also at the forefront of the state legislature. Property tax is the primary source of funding for County services. Until these two significant issues are resolved, it will be difficult for Benton County to make sound financial plans for the future.

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

		Governmental Activities
Assets		
Cash and Pooled Investments	$	10,583,234
Receivables:		
Property tax:		
Delinquent		12,935
Succeeding year		8,880,987
Interest and penalty on property tax		24,614
Accounts		50,712
Accrued interest		15,380
Due from Other Governments		2,571,314
Inventories		325,737
Prepaid Expenses		98,062
Loan Receivable		33,656
Capital Assets:		
Capital assets, not being depreciated		3,182,445
Capital assets (net of accumulated depreciation)		33,831,600
Total assets		59,610,676
Liabilities		
Accounts Payable		990,157
Salaries and Benefits Payable		205,284
Accrued Interest Payable		1,282
Due to Other Governments		365,221
Unearned Revenue:		
Succeeding year property tax		8,880,987
Other		200,807
Long-Term Liabilities:		
Portion due or payable within one year:		
Revenue note payable		50,000
Note payable		870,000
Compensated absences		309,602
Termination benefits		23,800
Portion due or payable after one year:		
Revenue note payable		145,000
Net OPEB liability		126,033
Landfill closure and postclosure care		1,379,858
Termination benefits		95,200
Total liabilities		13,643,231

	Governmental Activities
Net Assets	
Invested in Capital Assets, Net of Related Debt	$ 35,949,045
Restricted for:	
Supplemental levy purposes	596,334
Mental health purposes	1,312,323
Secondary roads purposes	2,381,392
Conservation	16,395
Debt service	144,885
Endowments:	
Expendable	18,151
Nonexpendable	847,658
Other purposes	529,148
Unrestricted	4,172,114
Total net assets	$ 45,967,445

		Expenses		Charges for Service
Functions/Programs:				
Governmental Activities:				
Public safety and legal services	$	2,882,396	$	295,976
Physical health and social services		837,742		115,241
Mental health		1,881,220		21,103
County environment and education		1,790,555		260,829
Roads and transportation		8,117,100		156,779
Governmental services to residents		591,745		462,825
Adminstration		736,428		86,457
Interest on long-term debt		11,230		-
Total Governmental Activities	$	16,848,416	$	1,399,210
General Revenues:				
Property and other County tax levied for:				
General purposes				
Debt service				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Unrestricted investment earnings				
Miscellaneous				
Perrmanent fund contributions				
Total General Revenues				
Change in Net Assets				
Net Assets Beginning of Year, as Restated				
Net Assets End of Year				

See Notes to Financial Statements

Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
$ 371,448	$ 5,442,314	$ 3,227,342
380,496	-	(342,005)
103,750	-	(1,756,367)
404,252	23,312	(1,102,162)
4,166,993	1,091,823	(2,701,505)
5,600	-	(123,320)
764,306	-	114,335
-	-	(11,230)
$ 6,196,845	$ 6,557,449	$ (2,694,912)
		8,075,444
		143,313
		92,234
		953,757
		827,920
		122,479
		75,727
		306
		10,291,180
		7,596,268
		38,371,177
		$ 45,967,445

	General	Rural Services
Assets		
Cash and Pooled Investments	$ 3,384,618	$ 236,536
Receivables:		
Property tax:		
Delinquent	8,020	2,896
Succeeding year	5,420,956	2,210,820
Interest and penalty on property tax	24,614	-
Accounts	32,965	-
Accrued interest	13,707	-
Due from Other Funds	-	-
Due from Other Governments	1,486,272	-
Loan Receivable	-	-
Inventories	4,247	-
Advances to Other Funds	-	-
Prepaids	10,000	-
Total assets	$ 10,385,399	$ 2,450,252
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 57,052	$ 669
Salaries and benefits payable	126,062	2,076
Due to other funds	4,794	-
Due to other governments	14,411	-
Advance from other funds	-	-
Deferred revenue:		
Succeeding year property tax	5,420,956	2,210,820
Other	1,679,075	2,638
Total liabilities	7,302,350	2,216,203
Fund Balances:		
Nonspendable	14,247	-
Restricted	596,334	234,049
Committed	376,463	-
Unassigned	2,096,005	-
Total fund balances	3,083,049	234,049
Total liabilities and fund balances	$ 10,385,399	$ 2,450,252

See Notes to Financial Statements

Special Revenue				
Secondary Roads	Mental Health	Capital Projects	Nonmajor Governmental Funds	Total
$ 2,299,903	$ 1,698,157	$ 143,880	$ 2,668,720	$ 10,431,814
-	1,735	-	284	12,935
-	899,172	-	350,039	8,880,987
-	-	-	-	24,614
195	-	-	16,836	49,996
-	-	-	1,673	15,380
4,794	-	-	-	4,794
629,422	12,835	305,770	137,015	2,571,314
-	-	-	33,656	33,656
321,490	-	-	-	325,737
-	-	-	330,000	330,000
-	-	-	-	10,000
$ 3,255,804	$ 2,611,899	$ 449,650	$ 3,538,223	$ 22,691,227
$ 473,365	$ 59,554	$ 371,292	$ 28,225	$ 990,157
67,173	3,357	-	6,616	205,284
-	-	-	-	4,794
2,395	336,008	-	12,407	365,221
-		-	330,000	330,000
-	899,172	-	350,039	8,880,987
331,479	1,485	305,770	1,756	2,322,203
874,412	1,299,576	677,062	729,043	13,098,646
321,490	-	-	881,314	1,217,051
2,059,902	1,312,323	-	1,944,161	6,146,769
-	-	-	-	376,463
-	-	(227,412)	(16,295)	1,852,298
2,381,392	1,312,323	(227,412)	2,809,180	9,592,581
$ 3,255,804	$ 2,611,899	$ 449,650	$ 3,538,223	$ 22,691,227

Total Governmental Fund Balances		$ 9,592,581
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.		37,014,045
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		2,121,396
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.		240,198
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, 2011, are:		
Compensated absences	$ (309,602)	
Liability for landfill closure and postclosure care	(1,379,858)	
Net OPEB liability	(126,033)	
Revenue note payable	(195,000)	
Note payable	(870,000)	
Accrued interest	(1,282)	
Termination benefits	(119,000)	
Total long-term liabilities		(3,000,775)
Net Assets of Governmental Activities		$ 45,967,445

	General	Rural Services
Revenues:		
Property and other County tax	$ 5,194,803	$ 2,001,426
Interest and penalty on property tax	68,851	-
Intergovernmental	802,141	84,762
Licenses and permits	22,764	-
Charges for service	746,884	4,756
Use of money and property	160,142	-
Miscellaneous	105,933	-
Total revenues	7,101,518	2,090,944
Expenditures:		
Operating:		
Public safety and legal services	2,702,104	52,929
Physical health and social services	820,386	-
Mental health	-	-
County environment and education	666,842	154,372
Roads and transportation	-	-
Governmental services to residents	546,557	6,503
Administration	1,167,368	2,157
Debt service	-	-
Capital projects	-	-
Total expenditures	5,903,257	215,961
Excess (Deficiency) of Revenues over (Under) Expenditures	1,198,261	1,874,983
Other Financing Sources (Uses):		
Issuance of long-term debt	-	-
Transfers in	600,000	202,304
Transfers out	(545,256)	(2,043,916)
Total other financing sources (uses)	54,744	(1,841,612)
Net Change in Fund Balances	1,253,005	33,371
Fund Balances Beginning of Year, as Restated	1,830,044	200,678
Fund Balances End of Year	$ 3,083,049	$ 234,049

See Notes to Financial Statements

Special Revenue				
Secondary Roads	Mental Health	Capital Projects	Nonmajor Governmental Funds	Total
$ -	$ 856,465	$ -	$ 987,771	$ 9,040,465
-	-	-	-	68,851
4,341,896	775,479	5,183,922	410,691	11,598,891
5,665	-	-	-	28,429
71	23,768	-	143,276	918,755
-	-	-	52,472	212,614
198,678	21,795	-	18,295	344,701
4,546,310	1,677,507	5,183,922	1,612,505	22,212,706
-	-	-	21,747	2,776,780
-	-	-	5,655	826,041
-	1,858,003	-	-	1,858,003
-	-	-	999,650	1,820,864
5,884,434	-	-	-	5,884,434
-	-	-	2,920	555,980
-	-	-	8,529	1,178,054
-	-	-	66,230	66,230
289,947	-	6,256,661	568,728	7,115,336
6,174,381	1,858,003	6,256,661	1,673,459	22,081,722
(1,628,071)	(180,496)	(1,072,739)	(60,954)	130,984
-	-	750,000	-	750,000
2,376,299	-	503,766	654,261	4,336,630
-	-	(600,000)	(1,147,458)	(4,336,630)
2,376,299	-	653,766	(493,197)	750,000
748,228	(180,496)	(418,973)	(554,151)	880,984
1,633,164	1,492,819	191,561	3,363,331	8,711,597
$ 2,381,392	$ 1,312,323	$ (227,412)	$ 2,809,180	$ 9,592,581

Net change in fund balances - total governmental funds		$ 880,984
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	$ 7,616,494	
Contributed capital assets	922,988	
Depreciation expense	(2,216,166)	
		6,323,316
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.		(11,712)
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. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.		
Proceeds	(750,000)	
Repaid	55,000	
		(695,000)
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	4,123	
Miscellaneous	293,595	
Grants	974,522	
		1,272,240
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	3,435	
Change in net OPEB liability	(43,946)	
Change in accrued interest payable	702	
Change in landfill closure and postclosure liability	(13,735)	
Change in termination benefits	(119,000)	
		(172,544)

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.	$	(1,016)
Change in net assets of governmental activities	$	7,596,268

	Internal Service - Benton County Co-Insurance
Assets	
Cash and pooled investments	$ 151,420
Accounts receivable	716
Prepaid expense	88,062
Total assets	240,198
Liabilities	-
Net Assets	
Unrestricted	$ 240,198

		Internal Service - Benton County Co-Insurance
Operating Revenues:		
Charges for service	$	921,116
Miscellaneous		61,461
Total operating revenues		982,577
Operating Expenses:		
Insurance premiums		878,603
Claims and administrative expenses		104,990
Total operating expenses		983,593
Change in Net Assets		(1,016)
Net Assets Beginning of Year		241,214
Net Assets End of Year	$	240,198

	Internal Service - Benton County Co-Insurance
Cash Flows from Operating Activities:	
Cash received from employees and others	$ 982,577
Cash paid for administrative fees and supplies	(105,611)
Cash paid for insurance claims/premiums	(888,601)
Net Cash used for Operating Activities	(11,635)
Cash and Pooled Investments at Beginning of Year	163,055
Cash and Pooled Investments at End of Year	$ 151,420
Reconciliation of Change in Net Assets to Net Cash used for Operating Activities:	
Change in net assets	$ (1,016)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Increase in prepaid expense	(9,996)
Increase in accounts receivable	(623)
	(10,619)
Net Cash used for Operating Activities	$ (11,635)

Assets	
Cash and pooled investments	$ 1,822,793
Receivables:	
Property tax:	
Delinquent	74,585
Succeeding year	25,895,330
Accounts	26,497
Accrued interest	203
Special assessments	150,350
Interest on special assessments	5,347
Due from other governments	11,651
Total assets	27,986,756
Liabilities	
Accounts payable	23,350
Salaries and benefits payable	9,012
Due to other governments	27,913,355
Trusts payable	41,039
Total liabilities	27,986,756
Net Assets	$ -

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, 2011.

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.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary 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 nonexchange transactions.

The Statement of Net Assets presents the County’s nonfiduciary 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 and reduced by outstanding debt balances attributable to the acquisition, construction or improvement of those assets.

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 nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

Capital Projects:

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

Additionally, the County reports the following funds:

Debt Service – The Debt Service Fund is utilized to account for property tax and other revenues to used for the payment of interest and principal on the County's general long-term debt

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.

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.

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, 2009, assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2010.

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, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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:

Asset Class	Estimated Useful Lives (In Years)
Infrastructure	15 - 65
Intangibles	2 - 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.

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, 2011. 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 – Beginning with fiscal year 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Supervisors has provided otherwise in its commitment of assignment actions.

Fund Balance Classification	Purpose	Fund		Amount
Nonspendable	Prepaids	General	$	10,000
	Inventories	General		4,247
		Secondary Roads		321,490
	Loan Receivable	LOST		33,656
	Donor Restricted	Carol Sue Donovan Conservation Fund		847,658
			$	1,217,051
Restricted	General Supplemental	General Fund	$	596,334
	Rural Services	Rural Services		234,049
	Secondary Roads	Secondary Roads		2,059,902
	Mental Health	Mental Health		1,312,323
	Records Management	County Recorder Record Management		42,967
	Conservation	REAP		8,914
	Sanitary Disposal	Sanitary Disposal		1,300,806
	Water	Ground Water		6,357
	Emergency Food and Shelter	Emergency Food and Shelter Program		495
	Enviroment	Enviromental Projects		10,000
	Roads, Conservation, Libraries, Emergency Services	LOST		361,383
	Electronic Transactions	County Recorder's Electronic Transaction		564
	Forfeiture's	County Sheriff's Forfeiture Fund		27,711
	Commissary	County Sheriff's Commissary Fund		5,533
	Conservation	County Conservation Donation Fund		16,395
	Conservation	Carol Sue Donovan Conservation Fund		18,151
	Debt Payments	Debt Service		144,885
			$	6,146,769
Committed	Vehicle Replacement	General Fund	$	51,463
	Courthouse Renovations	General Fund		250,000
	DHS Renovations	General Fund		75,000
			$	376,463

<u>Budgets and Budgetary Accounting</u> – 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, 2011, 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 such investments at June 30, 2011.

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.

Note 3 - Interfund Balances and Transfers

The detail of due from and due to other funds at June 30, 2011, is as follows:

Receivable Fund	Payable Fund	Amount
Secondary Roads	General	$ 4,794

These balances result from the time lag between the dates interfund goods and services are provided and payments between funds are made.

The detail of advances to and from other funds at June 30, 2011, is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	$ 330,000

This balance represents a loan from the Carol Sue Donavan Conservation Fund for the purchase of nature center property. The loan will be repaid in installments of $46,024, including interest, from local option sales tax revenue through fiscal year 2018.

The detail of interfund transfers for the year ended June 30, 2011, is as follows:

Transfer To	Transfer From	Amount
General	Capital Projects	$ 600,000
Rural Services	Nonmajor Governmental	202,304
Secondary Roads	General	41,383
	Rural Services	1,799,836
	Nonmajor Governmental	535,080
Capital Projects	General	503,766
Nonmajor Governmental	General	107
	Rural Services	244,080
	Nonmajor Governmental	410,074
Total		$ 4,336,630

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

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
Governmental:		
General	Services	$ 14,411
Secondary roads	Services	2,395
Mental health	Services	336,008
Nonmajor governmental	Services	12,407
Total for governmental funds		365,221
Agency:	Collections	
County Recorder		17,540
County Recorder's Electronic Fee		1,179
Agricultural Extension		204,339
County Assessor		786,293
Schools		17,443,195
Community Colleges		1,204,101
Corporations		6,694,306
Townships		352,993
Auto License and Use Tax		603,024
Brucellosis and Tuberculosis Eradication		3,795
Fire Districts		97,875
E911 Surcharge		263,695
Joint Disaster Services		56,779
City Special Assessments		162,487
Empowerment Board		21,754
Total for agency funds		27,913,355
Total		$ 28,278,576

Note 5 - Capital Assets

Capital assets activity for the year ended June 30, 2011, 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	6,143,679	7,652,133	(12,600,443)	1,195,369
Total capital assets not being depreciated	8,130,755	7,652,133	(12,600,443)	3,182,445
Capital assets being depreciated:				
Buildings	3,427,137	5,490,307	(21,071)	8,896,373
Equipment	9,981,077	2,916,451	(203,348)	12,694,180
Infrastructure	33,478,836	5,094,127	-	38,572,963
Total capital assets being depreciated	46,887,050	13,500,885	(224,419)	60,163,516
Less accumulated depreciation for:				
Buildings	1,301,937	141,731	(16,377)	1,427,291
Equipment	7,011,060	754,116	(183,237)	7,581,939
Infrastructure	16,002,367	1,320,319	-	17,322,686
Total accumulated depreciation	24,315,364	2,216,166	(199,614)	26,331,916
Total capital assets being depreciated, net	22,571,686	11,284,719	(24,805)	33,831,600
Governmental Activities Capital Assets, Net	$ 30,702,441	$ 18,936,852	$ (12,625,248)	$ 37,014,045

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	$ 164,754
Physical health and social services	1,547
Mental health	58,222
County environment and education	148,247
Roads and transportation	1,618,948
Governmental services to residents	44,560
Administration	179,888
Total Depreciation Expense – Governmental Activities	$ 2,216,166

Note 6 - Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011, is as follows:

	Compensated Absences	Liability for Landfill Closure and Postclosure Care	Termination Benefits	Net OPEB Liability	Revenue Note Payable	Note Payable	Total
Balance Beginning of Year	$ 313,037	$ 1,366,123	$ -	$ 82,087	$ 250,000	$ 120,000	$ 2,131,247
Increases	309,602	90,543	119,000	43,946	-	750,000	1,313,091
Decreases	(313,037)	(76,808)	-	-	(55,000)	-	(444,845)
Balance End of Year	$ 309,602	$ 1,379,858	$ 119,000	$ 126,033	$ 195,000	$ 870,000	$ 2,999,493
Due Within One Year	$ 309,602	$ -	$ 23,800	$ -	$ 50,000	$ 870,000	$ 1,253,402

Notes Payable

In fiscal year 2010, the County issued a $250,000 solid waste disposal revenue note, with interest rates ranging from 2.0% to 3.5%, to finance land fill improvements. Also in fiscal year 2010, the County issued a $120,000 note payable, with no stated interest rate, to finance a secondary roads equipment purchase. Additionally in fiscal year 2011, the County issued a $750,000 general obligation note payable, with a 1.3% interest rate, to finance the cost of the new law enforcement center.

A summary of the County's June 30, 2011, notes payable indebtedness is as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 920,000	$ 25,250	$ 945,250
2013	50,000	4,625	54,625
2014	50,000	3,375	53,375
2015	45,000	1,750	46,750
Total	$ 1,065,000	$ 35,000	$ 1,100,000

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.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered payroll. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009, were $355,935, $344,378, and $327,907, 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 Plan does not issue a stand–alone financial report.

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.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the Plan and changes in the County's net OPEB obligation:

Annual Required Contribution	$ 65,746
Interest on Net OPEB Obligation	3,283
Adjustments to Annual Required Contribution	(3,262)
Annual OPEB cost	65,767
Contributions Made	(21,821)
Increase in net OPEB obligation	43,946
Net OPEB Obligation, Beginning of Year	82,087
Net OPEB Obligation, End of Year	$ 126,033

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, 2011.

For the year ended June 30, 2011, the County contributed $21,821 to the medical plan. Plan members eligible for benefits contributed $23,211 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, 2011, are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 65,767	33.2%	$ 126,033
2010	57,817	32.4%	82,087
2009	54,698	21.4%	42,982

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was $690,021, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $690,021. The covered payroll (annual payroll of active employees covered by the Plan) was approximately $4,468,967 and the ratio of the UAAL to covered payroll was 15.4%. As of June 30, 2011, 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.

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 include 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%. The medical trend rate is reduced 0.5% each year until reaching the 5% 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 - Termination Benefits

The County offered an early retirement benefit to non-union employees who met certain requirements, such as age and years of service. Those who participated in the benefit will receive $425 per month towards the cost of a single premium under the County's health insurance plan until the retiree turns 65.

As of June 30, 2011, the County has seven participants in the plan for a net obligation of $119,000.

Note 10 - 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.

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, 2011, 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, 2011, 2010, and 2009, 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, 2011, 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 fifth fiscal year of any five-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, 2010, until July 1, 2015. 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 11 - 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 $1,379,857 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 89 percent of the estimated capacity. Total estimated closure and postclosure costs are $340,620 and $1,361,716, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of $322,479 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, 2011. 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.

During the year ended June 30, 2011, expenditures of $76,808 were made for landfill closure and postclosure care. The liability in the Statement of Net Assets for closure and postclosure care increased by $13,735 for the year.

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 $80,000 to the fund during the fiscal year and the balance of this fund at June 30, 2011, is $1,269,238. 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 12 - Deficit Fund Balance

The Capital Projects Fund and the Capital Projects – Land Acquisition Trust Fund had deficit fund balances at June 30, 2011, of $227,412, and $16,295, respectively.

Note 13 - 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 14 - Restatement of Equity

The beginning equity for the Secondary Roads Fund and Governmental Activities were restated to reflect corrections for unrecorded receivables in the prior year.

	Secondary Roads Fund Balance	Governmental Activities Net Assets
Equity as of June 30, 2010, as Previously Reported	$ 1,424,507	$ 38,162,520
Restatement of Receivable	208,657	208,657
Equity as of June 30, 2010, as Restated	$ 1,633,164	$ 38,371,177

Note 15 - Prospective Accounting Pronouncement

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

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued December 2009, will be effective for the fiscal year ending June 30, 2012. This Statement permits an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; issued December 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, will be effective for the fiscal year ending June 30, 2013. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision – an amendment to GASB Statement No. 53,* issued June 2011, will be effective for the fiscal year ending June 30, 2012. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

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

Required Supplementary Information
June 30, 2011

Benton County

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	Governmental Fund Types Actual	Budgeted Amounts Original	Final
Receipts:			
Property and other County tax	$ 8,947,370	$ 9,086,375	$ 9,086,375
Interest and penalty on property tax	67,583	52,350	52,350
Intergovernmental	11,480,896	12,920,188	13,553,848
Licenses and permits	28,308	23,195	23,195
Charges for service	859,009	758,005	758,005
Use of money and property	223,460	214,622	280,188
Miscellaneous	337,816	343,686	340,686
Total receipts	21,944,442	23,398,421	24,094,647
Disbursements:			
Operating:			
Public safety and legal services	2,753,313	3,422,547	3,482,547
Physical health and social services	850,271	930,247	945,247
Mental health	1,774,635	2,118,376	2,118,376
County environment and education	1,837,601	1,581,186	1,981,307
Roads and transportation	6,029,602	6,293,500	6,293,500
Governmental services to residents	548,776	581,860	591,860
Administration	1,196,451	1,403,897	1,413,897
Debt service	66,232	578,000	148,000
Capital projects	7,176,682	9,945,338	10,118,022
Total disbursements	22,233,563	26,854,951	27,092,756
Excess (Deficiency) of Receipts over (Under) Disbursements	(289,121)	(3,456,530)	(2,998,109)
Other Financing Sources, Net	764,982	1,795,500	855,500
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	475,861	(1,661,030)	(2,142,609)
Balance Beginning of Year	9,820,121	9,820,121	9,820,121
Balance End of Year	$ 10,295,982	$ 8,159,091	$ 7,677,512

Variance- Over (Under) Budget	Actual as % of Final Budget
$ (139,005)	98%
15,233	129
(2,072,952)	85
5,113	122
101,004	113
(56,728)	80
(2,870)	99
(2,150,205)	91
(729,234)	79%
(94,976)	90
(343,741)	84
(143,706)	93
(263,898)	96
(43,084)	93
(217,446)	85
(81,768)	45
(2,941,340)	71
(4,859,193)	82
2,708,988	
(90,518)	
2,618,470	
-	
$ 2,618,470	

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 21,944,442	$ 268,264	$ 22,212,706
Expenditures	22,233,563	(151,841)	22,081,722
Net	(289,121)	420,105	130,984
Other Financing Sources, Net	764,982	(14,982)	750,000
Beginning Fund Balances	9,820,121	(1,108,524)	8,711,597
Ending Fund Balances	$ 10,295,982	$ (703,401)	$ 9,592,581

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, two budget amendments increased budgeted disbursements by $237,805. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted for any function.

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%
2011	07/01/08	$ -	$ 690,021	$ 690,021	0.0%	$ 4,468,967	15.4%

Other Supplementary Information

Benton County

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						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	$ 42,954	$ 10,680	$ 1,315,704	$ 2,268	$ 495	$ 10,000
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accounts	-	-	11,613	5,216	-	-
Accrued interest	13	3	1,445	-	-	-
Due from Other Governments	-	-	1,569	-	-	-
Advances to Other Funds	-	-	-	-	-	-
Loan Receivable	-	-	-	-	-	-
Total assets	$ 42,967	$ 10,683	$ 1,330,331	$ 7,484	$ 495	$ 10,000
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ 1,769	$ 8,934	$ 1,127	$ -	$ -
Salaries and benefits payable	-	-	6,616	-	-	-
Due to other governments	-	-	12,406	-	-	-
Advance from other funds	-	-	-	-	-	-
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	1,569	-	-	-
Total liabilities	-	1,769	29,525	1,127	-	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	42,967	8,914	1,300,806	6,357	495	10,000
Unassigned	-	-	-	-	-	-
Total fund balances	42,967	8,914	1,300,806	6,357	495	10,000
Total liabilities and fund balances	$ 42,967	$ 10,683	$ 1,330,331	$ 7,484	$ 495	$ 10,000

Funds

Urbana TIF	CDBG	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund
$ -	$ -	$ 555,930	$ 565	$ 27,702	$ 5,533	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7	-	-	-	-
-	-	-	-	9	-	-
-	-	135,446	-	-	-	-
-	-	-	-	-	-	-
-	-	33,656	-	-	-	-
$ -	$ -	$ 725,039	$ 565	$ 27,711	$ 5,533	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	1	-	-	-
-	-	330,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	330,000	1	-	-	-
-	-	33,656	-	-	-	-
-	-	361,383	564	27,711	5,533	-
-	-	-	-	-	-	-
-	-	395,039	564	27,711	5,533	-
$ -	$ -	$ 725,039	$ 565	$ 27,711	$ 5,533	$ -

	Special Revenue Funds: County Conservation Donation Fund	Capital Projects Fund: Conservation Land Acquisition Fund	Permanent Fund: Carol Sue Donovan Conservation Fund	Debt Service	Total Nonmajor Governmental Funds
Assets					
Cash and Pooled Investments	$ 16,390	$ 100	$ 535,611	$ 144,788	$ 2,668,720
Receivables:					
Property tax:					
Delinquent	-	-	-	284	284
Succeeding year	-	-	-	350,039	350,039
Accounts	-	-	-	-	16,836
Accrued interest	5	-	198	-	1,673
Due from Other Governments	-	-	-	-	137,015
Advances to Other Funds	-	-	330,000	-	330,000
Loan Receivable	-	-	-	-	33,656
Total assets	$ 16,395	$ 100	$ 865,809	$ 495,111	$ 3,538,223
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ 16,395	$ -	$ -	$ 28,225
Salaries and benefits payable	-	-	-	-	6,616
Due to other governments	-	-	-	-	12,407
Advance from other funds	-	-	-	-	330,000
Deferred revenue:					
Succeeding year property tax	-	-	-	350,039	350,039
Other	-	-	-	187	1,756
Total liabilities	-	16,395	-	350,226	729,043
Fund balances:					
Nonspendable	-	-	847,658	-	881,314
Restricted	16,395	-	18,151	144,885	1,944,161
Unassigned	-	(16,295)	-	-	(16,295)
Total fund balances	16,395	(16,295)	865,809	144,885	2,809,180
		-	-	-	
Total liabilities and fund balances	$ 16,395	$ 100	$ 865,809	$ 495,111	$ 3,538,223

	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	-	17,345	367,775	17,380	7,127	-
Charges for service	5,655	-	137,621	-	-	-
Use of money and property	158	162	42,113	-	5	-
Miscellaneous	-	-	7,352	-	-	10,000
Total revenues	5,813	17,507	554,861	17,380	7,132	10,000
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	-	-
Physical health and social services	-	-	-	-	5,655	-
County environment and education	-	-	928,788	17,825	-	-
Governmental services to residents	2,672	-	248	-	-	-
Administration	-	-	8,529	-	-	-
Debt service	-	-	63,193	-	-	-
Capital projects	-	60,664	-	-	-	-
Total expenditures	2,672	60,664	1,000,758	17,825	5,655	-
Excess (Deficiency) of Revenues over (Under) Expenditures	3,141	(43,157)	(445,897)	(445)	1,477	10,000
Other Financing Sources (Uses)						
Transfers in	-	-	324,080	-	-	-
Transfers out	-	-	(80,000)	-	-	-
Total other financing sources (uses)	-	-	244,080	-	-	-
Net change in fund balances	3,141	(43,157)	(201,817)	(445)	1,477	10,000
Fund Balances Beginning of Year	39,826	52,071	1,502,623	6,802	(982)	-
Fund Balances End of Year	$ 42,967	$ 8,914	$ 1,300,806	$ 6,357	$ 495	$ 10,000

Funds

Urbana TIF	CDBG	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund
$ 11,929	$ -	$ 827,920	$ -	$ -	$ -	$ -
-	-	64	-	-	-	-
-	-	-	-	-	-	-
-	-	773	1	105	-	2
-	-	-	-	111	-	-
11,929	-	828,757	1	216	-	2
-	-	20,000	-	111	-	1,636
-	-	-	-	-	-	-
5,965	108	46,964	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	29,023	-	-	-	-
5,965	108	95,987	-	111	-	1,636
5,964	(108)	732,770	1	105	-	(1,634)
-	108	-	-	-	-	-
(5,964)	-	(1,061,420)	-	-	-	-
(5,964)	108	(1,061,420)	-	-	-	-
-	-	(328,650)	1	105	-	(1,634)
-	-	723,689	563	27,606	5,533	1,634
$ -	$ -	$ 395,039	$ 564	$ 27,711	$ 5,533	$ -

	Special Revenue Funds	Capital Projects Fund	Permanent Fund		
	County Conservation Donation Fund	Conservation Land Acquisition Fund	Carol Sue Donovan Conservation Fund	Debt Service	Total Nonmajor Governmental Funds
Revenues:					
Property and other County tax	$ -	$ -	$ -	$ 147,922	$ 987,771
Intergovernmental	-	1,000	-	-	410,691
Charges for service	-	-	-	-	143,276
Use of money and property	152	-	9,001	-	52,472
Miscellaneous	-	526	306	-	18,295
Total revenues	152	1,526	9,307	147,922	1,612,505
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	21,747
Physical health and social services	-	-	-	-	5,655
County environment and education	-	-	-	-	999,650
Governmental services to residents	-	-	-	-	2,920
Administration	-	-	-	-	8,529
Debt service	-	-	-	3,037	66,230
Capital projects	181,036	298,005	-	-	568,728
Total expenditures	181,036	298,005	-	3,037	1,673,459
Excess (Deficiency) of Revenues over (Under) Expenditures	(180,884)	(296,479)	9,307	144,885	(60,954)
Other Financing Sources (Uses):					
Transfers in	50,206	279,867	-	-	654,261
Transfers out	-	(74)	-	-	(1,147,458)
Total other financing sources (uses)	50,206	279,793	-	-	(493,197)
Net change in fund balances	(130,678)	(16,686)	9,307	144,885	(554,151)
Fund Balances Beginning of Year	147,073	391	856,502	-	3,363,331
Fund Balances End of Year	$ 16,395	$ (16,295)	$ 865,809	$ 144,885	$ 2,809,180

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
County Auditor				
Assets:				
Cash and pooled investments	$ 497	$ -	$ -	$ 497
Liabilities:				
Trusts payable	$ 497	$ -	$ -	$ 497
County Recorder				
Assets:				
Cash and pooled investments	$ 21,194	$ 453,321	$ 456,975	$ 17,540
Accounts receivable	116	-	116	-
Total assets	$ 21,310	$ 453,321	$ 457,091	$ 17,540
Liabilities:				
Due to other funds	$ -	$ 170,700	$ 170,700	$ -
Due to other governments	21,310	282,621	286,391	17,540
Total liabilities	$ 21,310	$ 453,321	$ 457,091	$ 17,540
County Recorder's Electronic Fee				
Assets:				
Cash and pooled investments	$ 1,252	$ 16,708	$ 16,781	$ 1,179
Liabilities:				
Due to other governments	$ 1,252	$ 16,708	$ 16,781	$ 1,179
County Sheriff				
Assets:				
Cash and pooled investments	$ -	$ 202,354	$ 202,354	$ -
Accounts receivable	1,464	4,549	1,464	4,549
Total assets	$ 1,464	$ 206,903	$ 203,818	$ 4,549
Liabilities:				
Due to other funds	$ -	$ 81,511	$ 81,511	$ -
Due to other governments	-	81,423	81,423	-
Trusts payable	1,464	4,549	1,464	4,549
Total liabilities	$ 1,464	$ 167,483	$ 164,398	$ 4,549

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Agricultural Extension Education Fund				
Assets:				
Cash and pooled investments	$ 2,903	$ 192,258	$ 192,265	$ 2,896
Property tax receivable:				
Delinquent	324	377	324	377
Succeeding year	194,914	201,066	194,914	201,066
Total assets	$ 198,141	$ 393,701	$ 387,503	$ 204,339
Liabilities:				
Due to other governments	$ 198,141	$ 393,701	$ 387,503	$ 204,339
County Assessor Fund				
Assets:				
Cash and pooled investments	$ 426,232	$ 313,698	$ 265,273	$ 474,657
Property tax receivable:				
Delinquent	586	615	586	615
Succeeding year	341,138	318,099	341,138	318,099
Total assets	$ 767,956	$ 632,412	$ 606,997	$ 793,371
Liabilities:				
Accounts payable	$ 225	$ 209	$ 225	$ 209
Salaries and benefits payable	6,012	6,869	6,012	6,869
Due to other governments	761,719	625,334	600,760	786,293
Total liabilities	$ 767,956	$ 632,412	$ 606,997	$ 793,371
Schools Fund				
Assets:				
Cash and pooled investments	$ 241,511	$ 16,349,450	$ 16,344,411	$ 246,550
Property tax receivable:				
Delinquent	26,440	32,716	26,440	32,716
Succeeding year	16,586,523	17,163,929	16,586,523	17,163,929
Total assets	$ 16,854,474	$ 33,546,095	$ 32,957,374	$ 17,443,195
Liabilities:				
Due to other governments	$ 16,854,474	$ 33,546,095	$ 32,957,374	$ 17,443,195

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Community Colleges Fund				
Assets:				
Cash and pooled investments	$ 14,119	$ 1,033,098	$ 1,031,709	$ 15,508
Property tax receivable:				
Delinquent	1,571	2,017	1,571	2,017
Succeeding year	1,047,418	1,186,576	1,047,418	1,186,576
Total assets	$ 1,063,108	$ 2,221,691	$ 2,080,698	$ 1,204,101
Liabilities:				
Due to other governments	$ 1,063,108	$ 2,221,691	$ 2,080,698	$ 1,204,101
Corporations Fund				
Assets:				
Cash and pooled investments	$ 92,883	$ 6,139,081	$ 6,154,110	$ 77,854
Property tax receivable:				
Delinquent	11,909	38,194	11,909	38,194
Succeeding year	6,304,511	6,578,258	6,304,511	6,578,258
Total assets	$ 6,409,303	$ 12,755,533	$ 12,470,530	$ 6,694,306
Liabilities:				
Due to other governments	$ 6,409,303	$ 12,755,533	$ 12,470,530	$ 6,694,306
Townships Fund				
Assets:				
Cash and pooled investments	$ 4,881	$ 329,178	$ 329,054	$ 5,005
Property tax receivable:				
Delinquent	663	653	663	653
Succeeding year	331,845	347,335	331,845	347,335
Total assets	$ 337,389	$ 677,166	$ 661,562	$ 352,993
Liabilities:				
Due to other governments	$ 337,389	$ 677,166	$ 661,562	$ 352,993
Auto License and Use Tax Fund				
Assets:				
Cash and pooled investments	$ 556,643	$ 7,078,361	$ 7,031,980	$ 603,024
Liabilities:				
Due to other governments	$ 556,643	$ 7,078,361	$ 7,031,980	$ 603,024

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Brucellosis and Tuberculosis Eradication Fund				
Assets:				
Cash and pooled investments	$ 50	$ 3,744	$ 3,738	$ 56
Property tax receivable:				
Delinquent	6	7	6	7
Succeeding year	3,796	3,732	3,796	3,732
Total assets	$ 3,852	$ 7,483	$ 7,540	$ 3,795
Liabilities:				
Due to other governments	$ 3,852	$ 7,483	$ 7,540	$ 3,795
Fire Districts Fund				
Assets:				
Cash and pooled investments	$ 1,412	$ 93,234	$ 93,112	$ 1,534
Property tax receivable:				
Delinquent	12	6	12	6
Succeeding year	93,638	96,335	93,638	96,335
Total assets	$ 95,062	$ 189,575	$ 186,762	$ 97,875
Liabilities:				
Due to other governments	$ 95,062	$ 189,575	$ 186,762	$ 97,875
E911 Surcharge Fund				
Assets:				
Cash and pooled investments	$ 174,184	$ 170,817	$ 113,530	$ 231,471
Receivables:				
Accounts	25,675	21,948	25,675	21,948
Accrued interest	163	72	163	72
Due from other governments	-	11,533	-	11,533
Total assets	$ 200,022	$ 204,370	$ 139,368	$ 265,024
Liabilities:				
Accounts payable	$ 4,658	$ 1,329	$ 4,658	$ 1,329
Due to other governments	195,364	203,041	134,710	263,695
Total liabilities	$ 200,022	$ 204,370	$ 139,368	$ 265,024

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Joint Disaster Services Fund				
Assets:				
Cash and pooled investments	$ 67,609	$ 99,835	$ 106,185	$ 61,259
Due from other governments	17,717	-	17,717	-
Total assets	$ 85,326	$ 99,835	$ 123,902	$ 61,259
Liabilities:				
Accounts payable	$ 1,563	$ 2,337	$ 1,563	$ 2,337
Salaries and benefits payable	1,842	2,143	1,842	2,143
Due to other governments	81,921	95,355	120,497	56,779
Total liabilities	$ 85,326	$ 99,835	$ 123,902	$ 61,259
City Special Assessments Fund				
Assets:				
Cash and pooled investments	$ 20,165	$ 62,245	$ 75,620	$ 6,790
Receivables:				
Special assessments	176,344	150,350	176,344	150,350
Interest on special assessment	7,062	5,347	7,062	5,347
Total assets	$ 203,571	$ 217,942	$ 259,026	$ 162,487
Liabilities:				
Due to other governments	$ 203,571	$ 217,942	$ 259,026	$ 162,487
Treasurer's Trust Fund				
Assets:				
Cash and pooled investments	$ 40,381	$ 300,202	$ 304,590	$ 35,993
Liabilities:				
Trusts payable	$ 40,381	$ 300,202	$ 304,590	$ 35,993
Empowerment Board Fund				
Assets:				
Cash and pooled investments	$ 44,516	$ 213,804	$ 217,340	$ 40,980
Accrued interest receivable	98	131	98	131
Due from other governments	-	118	-	118
Total assets	$ 44,614	$ 214,053	$ 217,438	$ 41,229
Liabilities:				
Accounts payable	$ 12,125	$ 19,475	$ 12,125	$ 19,475
Due to other governments	32,489	194,578	205,313	21,754
Total liabilities	$ 44,614	$ 214,053	$ 217,438	$ 41,229

Total Combined Funds	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Assets:				
Cash and pooled investments	$ 1,710,432	$ 33,051,388	$ 32,939,027	$ 1,822,793
Receivables:				
Property tax:				
Delinquent	41,511	74,585	41,511	74,585
Succeeding year	24,903,783	25,895,330	24,903,783	25,895,330
Accounts	27,255	26,497	27,255	26,497
Accrued interest	261	203	261	203
Special assessments	176,344	150,350	176,344	150,350
Interest on special assessments	7,062	5,347	7,062	5,347
Due from other governments	17,717	11,651	17,717	11,651
Total assets	$ 26,884,365	$ 59,215,351	$ 58,112,960	$ 27,986,756
Liabilities:				
Accounts payable	$ 18,571	$ 23,350	$ 18,571	$ 23,350
Salaries and benefits payable	7,854	9,012	7,854	9,012
Due to other funds	-	252,211	252,211	-
Due to other governments	26,815,598	58,586,607	57,488,850	27,913,355
Trusts payable	42,342	304,751	306,054	41,039
Total liabilities	$ 26,884,365	$ 59,175,931	$ 58,073,540	$ 27,986,756

	Modified Accrual Basis			
	2011	2010	2009	2008
Revenues:				
Property and other County tax	$ 9,040,465	$ 7,789,764	$ 7,569,896	$ 6,525,469
Interest and penalty on property tax	68,851	71,665	61,120	58,381
Intergovernmental	11,598,891	8,463,098	7,110,465	6,628,717
Licenses and permits	28,429	26,552	36,023	21,153
Charges for service	918,755	938,342	918,653	804,952
Use of money and property	212,614	167,459	226,983	351,193
Miscellaneous	344,701	1,249,374	435,863	371,763
Total	$ 22,212,706	$ 18,706,254	$ 16,359,003	$ 14,761,628
Expenditures:				
Operating:				
Public safety and legal services	$ 2,776,780	$ 2,944,413	$ 3,404,479	$ 2,688,409
Physical health and social services	826,041	870,817	680,759	647,780
Mental health	1,858,003	1,790,594	1,768,492	1,828,868
County environment and education	1,820,864	1,817,202	1,798,472	1,448,612
Roads and transportation	5,884,434	6,665,097	6,169,023	6,257,448
Governmental services to residents	555,980	587,292	585,539	498,175
Administration	1,178,054	1,307,990	1,491,420	1,454,672
Debt service	66,230	-	-	-
Capital projects	7,115,336	1,516,791	1,294,315	824,059
Total	$ 22,081,722	$ 17,500,196	$ 17,192,499	$ 15,648,023

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
$ 6,256,778	$ 5,758,137	$ 5,267,750	$ 5,120,351	$ 5,102,144	$ 5,352,576
55,253	51,873	52,646	59,856	29,079	60,454
5,782,973	5,826,833	5,858,586	5,538,004	5,927,953	5,894,202
22,973	23,073	22,670	24,704	19,744	19,926
818,345	772,606	796,898	751,130	738,538	658,388
355,305	296,817	219,435	253,989	293,096	428,427
533,102	470,000	402,828	425,577	416,093	374,609
$ 13,824,729	$ 13,199,339	$ 12,620,813	$ 12,173,611	$ 12,526,647	$ 12,788,582
$ 2,544,185	$ 2,514,156	$ 2,164,766	$ 2,319,768	$ 2,010,361	$ 1,993,841
665,196	659,292	545,343	587,215	612,349	633,033
1,696,472	1,625,894	1,563,761	1,478,349	1,546,983	1,405,714
1,294,735	1,178,235	1,062,444	1,206,933	1,388,615	1,255,508
5,533,679	5,169,822	5,482,892	4,730,145	4,977,374	4,348,320
459,681	722,844	438,177	454,203	400,895	386,932
1,396,253	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
126,239	433,254	1,142,180	349,294	293,039	445,615
$ 13,716,440	$ 13,701,844	$ 13,791,884	$ 12,574,314	$ 12,658,082	$ 11,699,854

Information Provided to Comply with *Government Auditing Standards* and OMB Circular A-133
June 30, 2011

Benton County

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

To the Officials of Benton County:

We have audited the 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, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 9, 2012. 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 Benton 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-11 and II-B-11 to be material weaknesses.

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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-11, II-D-11, and II-E-11 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011, 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.

Eide Bailly LLP

Dubuque, Iowa
March 9, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each 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 U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. The County's major federal programs are 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 each of its major federal programs 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 each of its major federal program for the year ended June 30, 2011.

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Internal Control over Compliance

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 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Cost as item III-A-11. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County’s response to the finding identified in our audit is 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 response and, accordingly, we express no opinion on it.

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 9, 2012

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		$ 17,586
U.S. Department of Transportation			
Pass-Through Program From			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	BROS CO06(77)	210,556
East Central Iowa Council of Governments			
Formula Grants for Other Than Urbanized Areas	20.509		50,659
Total U.S. Department of Transportation			261,215
U.S. Department of Health and Human Services			
Pass-Through Program From			
Iowa Department of Human Services			
Public Health Emergency Preparedness	93.069	5880BT06	4,772
Public Health Emergency Preparedness	93.069	5881BT06	19,548
Public Health Emergency Preparedness	93.069	5881BT306	11,152
			35,472
Refugee and Entrant Assistance-State			
Administered Programs	93.566		11
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		4,292
Foster Care - Title IV-E	93.658		6,952
Adoption Assistance	93.659		1,686
Social Services Block Grant	93.667		6,005
Social Services Block Grant	93.667		78,875
			84,880
Children's Health Insurance Program	93.767		80
Medical Assistance Program	93.778		16,858
Total U.S. Department of Health and Human Services			150,231

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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	$ 7,127
Iowa Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1763-DR-IA	5,276,390
Hazard Mitigation Grant	97.039	1763-0006-01	27,277
Emergency Operations Centers	97.052	2010-EO-MX-0007	305,780
Total U.S. Department of Homeland Security			5,616,574
Total			$ 6,045,606

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.

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 programs:	
Material weakness identified	No
Significant deficiency	Yes
Type of auditor’s report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.052	Emergency Operations Centers

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-11 **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.

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

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

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-11 **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.

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

Significant Deficiencies

II-C-11 **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-11 **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.

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-11 **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: Findings and Questioned Costs for Federal Awards:

Significant Deficiency:

CFDA Number 97.052: Emergency Operations Centers
Pass-through Agency Numbers: 2010-EO-MX-0007
U.S. Department of Homeland Security
Passed Through the Iowa Department of Homeland Security

III-A-11 **Davis-Bacon Act Noncompliance**

Criteria – Federal Regulations require investigations be made of all contracts to assure compliance with the labor standard clauses. Investigation shall include interviews with employees and examinations of payroll data.

Condition – The County obtained certified payroll data from the contractors, but did not examine the payroll data. The County did not perform employee interviews.

Cause – County staff assigned to monitor the requirements of the Davis-Bacon Act have not received the proper training needed to comply with the requirements.

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Effect – Since the investigations were not made in accordance with DOL regulations, it is possible that contractors were not in compliance with the labor standards.

Recommendation – We recommend County staff attend training to obtain the required knowledge to correctly and completely monitor the requirements of the Davis-Bacon Act.

Response – Another governmental agency had successfully applied for and received this grant, but subsequently discovered that county had to be the recipient. The county relegated the administration of the grant to said agency at their request. The county was not aware that the agency did not have the proper knowledge to perform the necessary grant requirements. In the future, the county will take steps to insure grant administration is done by agencies with skills to monitor and comply with the requirements of the grants.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 **Certified Budget** – Disbursements during the year ended June 30, 2011, did not exceed the amounts budgeted by function.

IV-B-11 **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.

IV-C-11 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-11 **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Kipp Schoettner, owner of John's Tire Service, spouse of Melinda Schoettner, Deputy Treasurer	Auto services	$ 6,897
David Vermedahl, member of Board of Supervisors, owner of Three Rivers Insurance	Insurance	1,900
Laverne Halstead, owner of Halstead Auto, spouse of Mary Halstead, Transportation Director for Benton County	Auto services	150

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

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Laverne Halstead does not appear to represent a conflict of interest since the total transaction was 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 of the Code of Iowa. The transaction with David Vermedahl may represent a conflict of interest.

Recommendation – We recommend the County review the transaction with David Vermedahl with the County Attorney.

Response – Response: Benton County Conservation purchases insurance from Three Rivers Insurance at a cost of $950.00 per year. The $1900.00 paid to Three Rivers Insurance in one year is the result of payment erroneously not being made in FY10.

Conclusion – Response accepted

IV-E-11 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-11 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

APPROVED

IV-G-11 **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-11 **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-11 **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.

IV-J-11 **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, 2011, for the County Extension Office did not exceed the amount budgeted.