



Financial Statements
June 30, 2014

Benton County

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Benton County

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Don Frese	Board of Supervisors	December 2016
Terry Hertle	Board of Supervisors	December 2016
Todd Wiley	Board of Supervisors	December 2014
Jill Marlow	County Auditor	December 2016
Kelly Rae Geater	County Treasurer	December 2014
Lexa Speidel	County Recorder	December 2014
Randall L. Forsyth	County Sheriff	December 2016
David C. Thompson	County Attorney	December 2014
Larry Andreesen	County Assessor	Appointed



Independent Auditor's Report

To the Officials of Benton County:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended June 30, 2014, the County adopted GASB 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities as deferred revenues. These items are now reported in deferred inflows of resources as unavailable revenues. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County, Iowa's financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The list of county officials, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The list of county officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, 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* in considering the County's internal control over financial reporting and compliance.



Dubuque, Iowa
December 16, 2014

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, 2014. 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 activities remained relatively unchanged from 2013 to 2014. There was a slight decrease of less than one tenth of one percent.

Property tax revenue increased 2.9% from \$8.252 million in 2013 to 8.494 million in 2014.

Intergovernmental revenues including, grants and contributions, decreased approximately \$129 thousand from \$7.06 million in 2013 to 6.934 million in 2014, or a little less than 2%.

Governmental activities program expenses increased in 2014 when compared to 2013, by approximately \$1.06 million. Mental Health saw the largest decrease from \$894 thousand in 2013 to approximately \$719 thousand in 2014 or down approximately \$174.8 thousand. Decreases in the County Environment and Education program expense followed with approximately \$166 thousand less in 2014 when compared to the 2013 expense. Increases were realized in several areas with the most prominent being in Roads and Transportation with an increase of approximately \$1.22 million in 2014 compared to 2013.

Benton County enjoyed an uneventful year in 2014 when considering conditions that impacted the financial position of the County. The County awarded a bid for replacing the windows and doors on the courthouse for \$364,350, a project that was originally bid in 2008 but placed on hold due to the 2008 flood event. Regionalization of the mental health system continues to progress with the Mental Health/Disability Services of the East Central Region assuming responsibility for the provision and payment of services on July 1, 2014. The County retains the financial responsibility for services received prior to June 30, 2014. The County will also continue to employ staff whom provides administrative services to the Region; however the Region will fully reimburse the County for those costs.

Benton County relinquished the ownership and control of the solid waste facility on July 1, 2014, to the Benton County Solid Waste Disposal Commission. Benton County remains a member of the commission. The County transferred all assets to the commission as reflected in the financial statements.

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the 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 position and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration 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 Rural Services, Secondary Roads, and other nonmajor funds
 - c. The Capital Projects Fund (Nonmajor Fund)
 - d. The Debt Service Fund (Nonmajor Fund)
 - e. Permanent Funds (Nonmajor 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 position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others 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

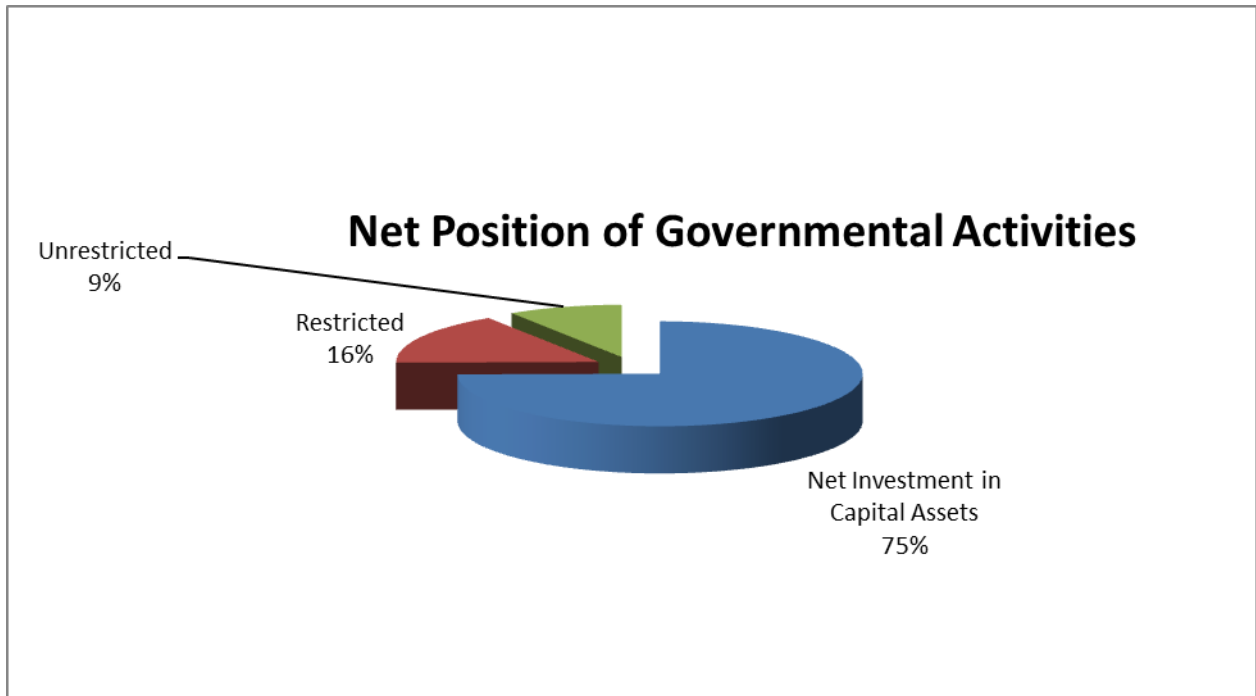
As noted earlier, net position may serve over time as a useful indicator of the County's financial position.

The County's combined net position increased from \$51.4 million in 2013 to 52.7 million in 2014. Our analysis below focuses on the net position and changes in net position of the County's governmental activities.

NET POSITION OF GOVERNMENTAL ACTIVITIES (as shown in the Statement of Net Position)

	2014	2013
Current and other Assets	\$25,845,174	\$24,155,569
Capital Assets	\$39,432,547	\$40,029,158
Total Assets	\$65,277,721	\$64,184,727
Other Liabilities	\$955,982	\$1,256,254
Long-Term Liabilities	\$2,595,815	\$2,543,617
Total Liabilities	\$3,551,797	\$3,799,871
Deferred Inflows of Resources	\$9,063,444	\$9,002,153
Net Position		
Net Investment in Capital Assets	\$39,382,547	\$39,929,158
Restricted	\$8,455,919	\$6,759,737
Unrestricted	\$4,824,014	\$4,693,808
Total Net Position	\$52,662,480	\$51,382,703

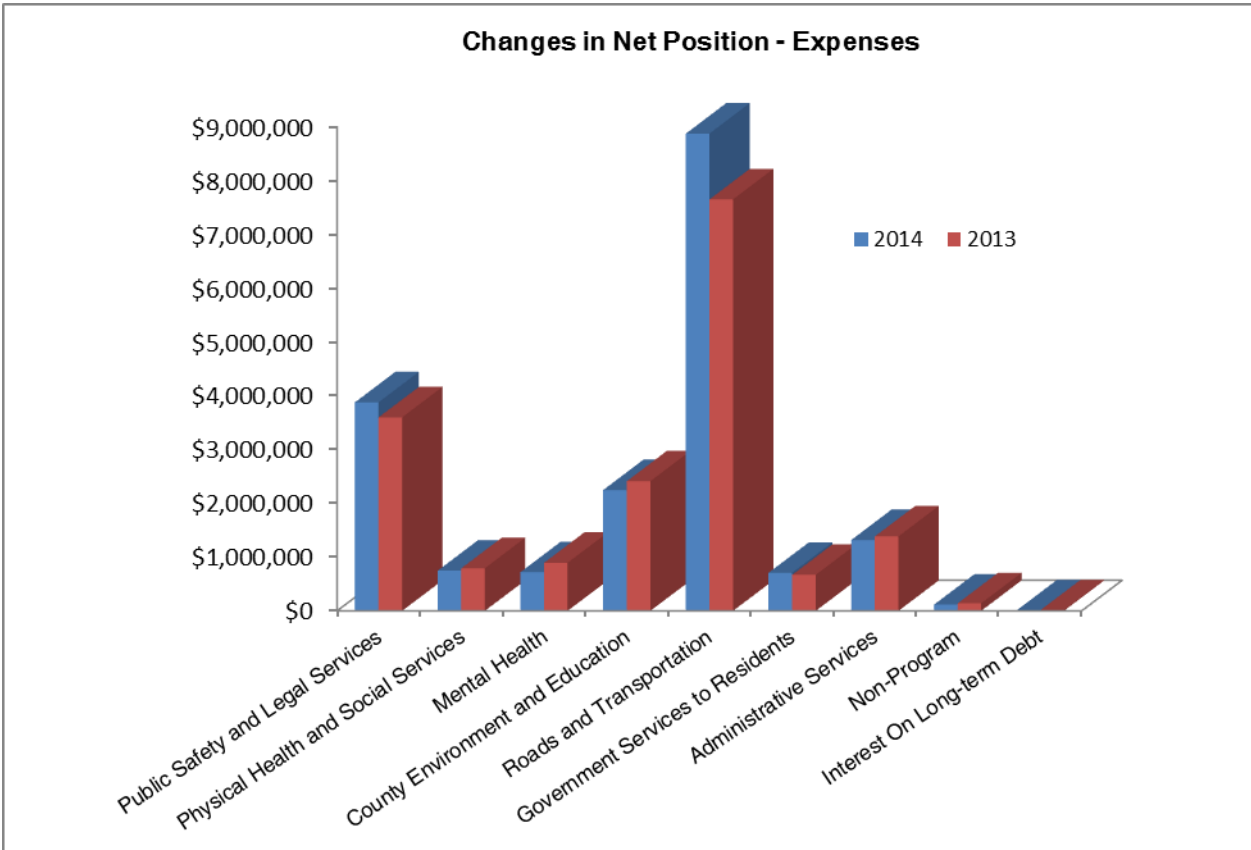
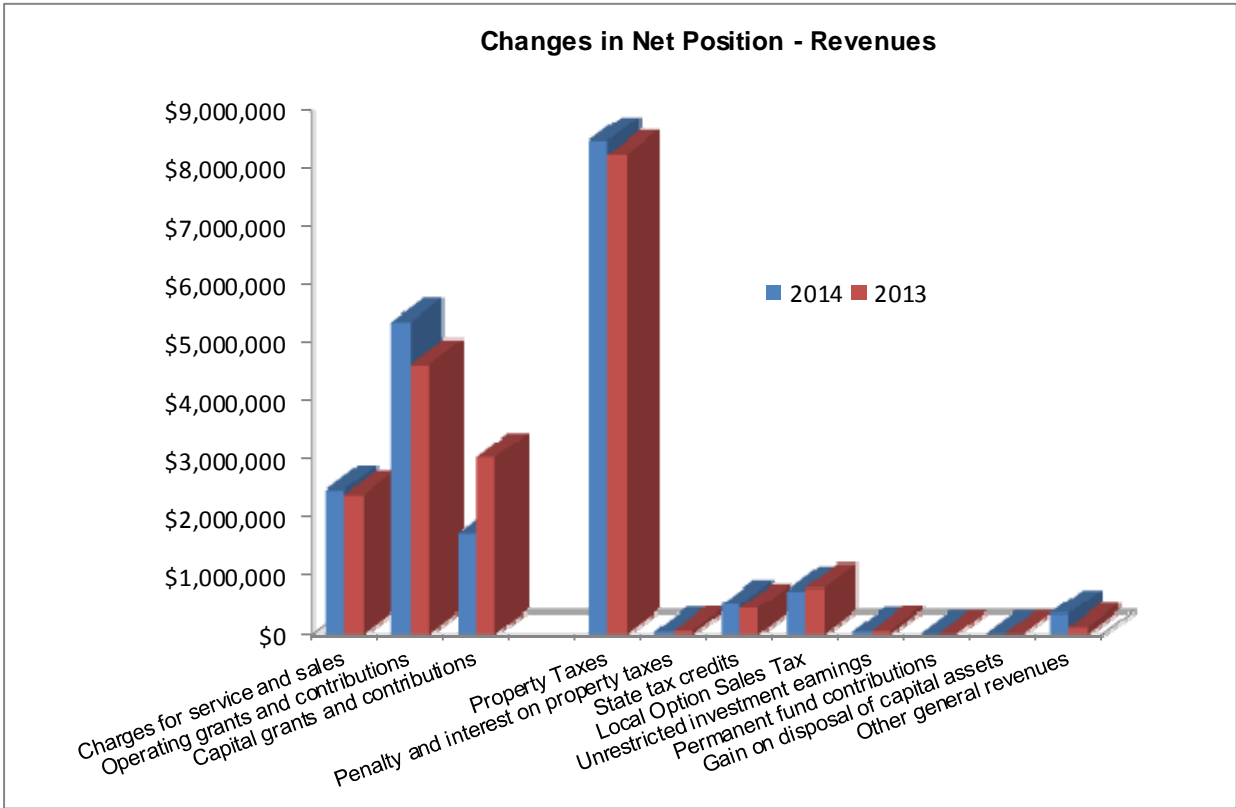
The Net Position of the County's governmental activities increased by approximately 2.5 percent from 51,382,703 in 2013 to \$52,662,480 in 2014. The largest portion of the County's net position is invested in capital assets. The change in total net position is due to an increase in restricted funds held at year-end primarily for Mental Health purposes and Other purposes. Unrestricted net position are that part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.



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

	<u>2014</u>	<u>2013</u>
Program Revenues:		
Charges for service and sales	\$2,509,867	\$2,423,821
Operating grants and contributions	\$5,384,878	\$4,644,308
Capital grants and contributions	\$1,748,200	\$3,048,338
General Revenues:		
Property Taxes	\$8,494,182	\$8,252,136
Penalty and interest on property taxes	\$60,165	\$74,270
State tax credits	\$522,011	\$458,659
Local Option Sales Tax	\$768,452	\$814,651
Unrestricted investment earnings	\$56,997	\$73,131
Other general revenues	\$367,714	\$134,003
	<u>\$19,912,466</u>	<u>\$19,923,317</u>
Program Expenses:		
Public Safety and Legal Services	\$3,881,327	\$3,602,378
Physical Health and Social Services	\$747,831	\$792,028
Mental Health	\$719,184	\$894,001
County Environment and Education	\$2,247,342	\$2,412,898
Roads and Transportation	\$8,885,523	\$7,661,350
Government Services to Residents	\$708,136	\$669,900
Administrative Services	\$1,318,868	\$1,385,952
Non-Program	\$114,899	\$139,267
Interest On Long-term Debt	\$9,579	\$11,826
Total Expenses	<u>\$18,632,689</u>	<u>\$17,569,600</u>
Increase in Net Position	\$1,279,777	\$2,353,717
Net Position beginning of year	<u>\$51,382,703</u>	<u>\$49,028,986</u>
Net Position end of year	<u><u>\$52,662,480</u></u>	<u><u>\$51,382,703</u></u>

Benton County's total revenues decreased slightly in 2014. The largest decrease was recognized in capital grants and contributions. The total cost of all programs and services increased from 2013 to 2014. The largest changes in program expenses from the previous year were recognized within roads and transportation and public safety and legal services. Increases in county public safety and legal services are in part due to the 2013 payroll reporting for public safety as well as an increase in staffing costs in public safety and legal services. Increases in roads and transportation expense are the direct result of more construction projects and increased maintenance expense.



Governmental Activities

The results of governmental activities for the year resulted in Benton County's net position increasing by approximately \$1.28 million. Total revenues for governmental activities remained relatively unchanged from the prior year, although property taxes increased from the prior year by approximately \$242 thousand, or about 2.9%. The major decrease in revenues for governmental activities was in capital grants and contributions; this is in part a result of the timing of secondary roads project reimbursements.

The county-wide property tax rates in 2014 decreased from 2013; however, the overall county-wide property tax dollars levied increased approximately \$173,000 from 2013 to 2014, including gas and electric property tax dollars. This is a result of the increased taxable valuation.

	<u>FY2014</u>	<u>FY2013</u>
Countywide taxable value	1,254,621,469	1,205,079,318
Countywide levy rate less debt	5.29058	5.36419
Dollars levied less debt	6,637,667	6,464,269
Countywide taxable debt service value	1,306,009,190	1,252,650,687
Countywide debt service levy rate	-----	-----
Dollars levied for debt service	-----	-----
Total countywide levy rate	5.29058	5.36419
Total dollars levied countywide	6,637,667	6,464,269
Rural taxable value	821,896,042	784,648,356
Rural tax levy rate	2.86947	2.81714
Dollars levied for rural area only	2,358,406	2,210,461
Total dollars levied	8,996,073	8,674,730

The cost of all governmental activities this year was \$18.632 million compared to \$17.569 million last year. However, as shown in the Statement of Activities on Page 18, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$8.554 million because some of the cost was paid by those directly benefiting from the programs (\$2.509 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.133 million). The County paid for the remaining "public benefit" portion of governmental activities with other revenues, such as interest and general entitlements.

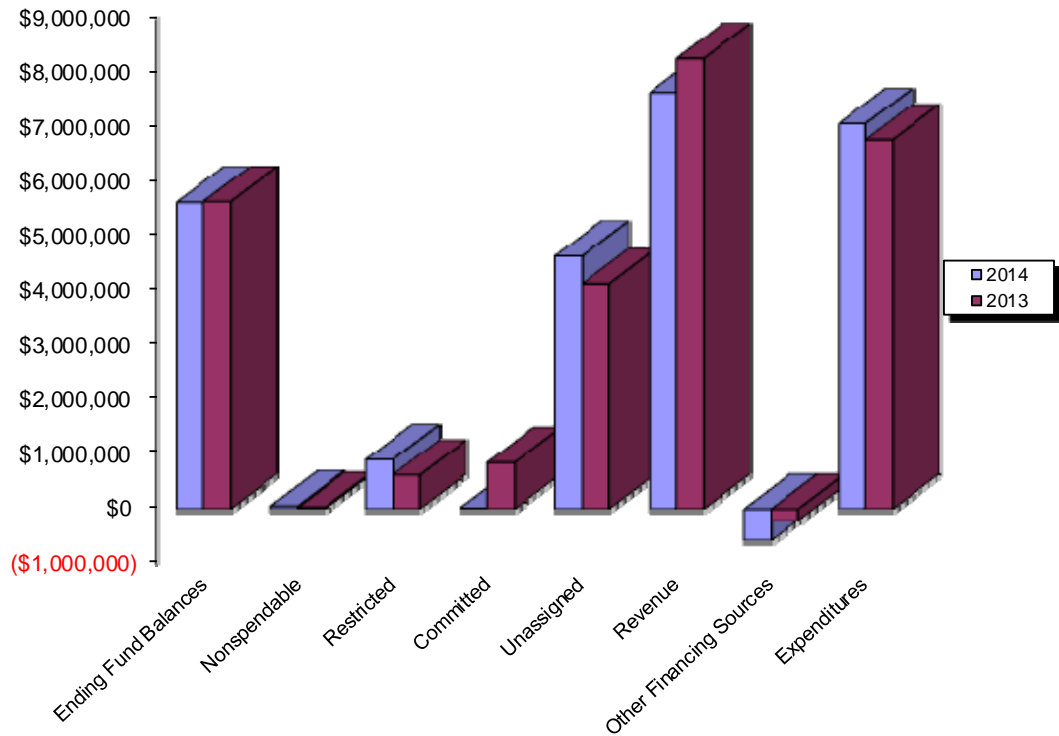
THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$14,928,381, which is higher than last year's total of \$13,224,190. The County funds expended \$1,699,353 less than we received in operating revenues for the year. The following are the changes in the major funds from the prior year.

General Fund

General Fund revenues decreased in 2014 by \$622,473 and expenditures increased \$293,678, when compared to the prior year. The ending fund balance remained relatively unchanged from 2013 to 2014 with a slight decrease of approximately \$13,000 to \$5,619,015 with \$4,635,174 of that balance being unassigned. Unassigned funds are available for any legal use within the fund. The County continues to commit a portion of the ending fund balance to address any hazardous material incident in Benton County in addition to capital improvements and equipment replacement.

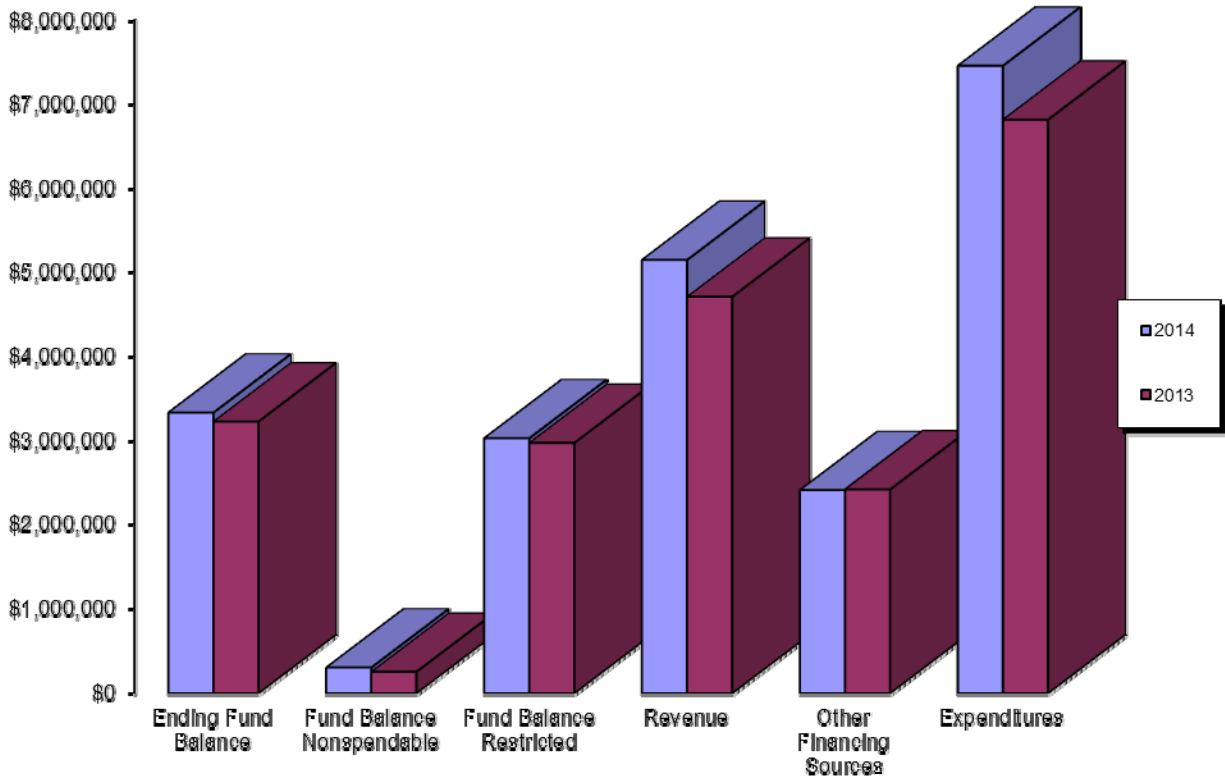
	<u>2014</u>	<u>2013</u>
Ending Fund Balances	\$5,619,015	\$5,632,311
Nonspendable	\$60,614	\$32,096
Restricted	\$905,227	\$622,931
Committed	\$18,000	\$852,000
Unassigned	\$4,635,174	\$4,125,284
Revenue	\$7,631,581	\$8,254,054
Other Financing Sources	(\$583,586)	(\$210,896)
Expenditures	\$7,061,291	\$6,767,613



Secondary Roads

Secondary Roads Fund expenditures increased by approximately \$640,430 over the prior year, which is due to more construction projects and increases in road maintenance costs. The fund also realized an increase in revenues from 2013 to 2014 of approximately \$428,800, including other financing sources. This difference in revenue, other than other financing sources, was due to insurance reimbursement for fire damaged building and equipment and disaster aid for flash flooding. Nonspendable fund balance, which generally accounts for inventory reserves, increased approximately \$50,470 from 2013 to 2014. These factors have resulted in an increase in the Secondary Roads Fund ending balance of \$105,054 or approximately 3.25%. 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-design current projects to reduce costs, yet still meet the needs and safety of the traveling public. However, without additional revenue, all of these projects cannot be fully funded.

	<u>2014</u>	<u>2013</u>
Ending Fund Balance	\$3,333,666	\$3,228,612
Fund Balance Nonspendable	\$304,415	\$253,943
Fund Balance Restricted	\$3,029,251	\$2,974,669
Revenue	\$5,149,309	\$4,711,352
Other Financing Sources	\$2,412,237	\$2,421,387
Expenditures	\$7,456,492	\$6,816,062



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 one time during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY14 Benton County had \$39.432 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 \$50,000 in outstanding revenue bonds for the construction of a new cell at the sanitary disposal facility.

Tax increment debt for internal loans stood at \$41,552 as of June 30, 2014. 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 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 \$132 million, based on 2013 values.

100% Assessed Values for Calculating Debt Capacity

<u>2013 for 14/15 collections</u>	<u>2012 for 13/14 collections</u>	<u>2012 for 12/13 collections</u>
\$2,645,711,924	\$2,283,325,008	\$2,245,302,155

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 2015 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 3.8 percent in October 2014 compared with the State's October 2014 unemployment rate of 4.5 percent and the national rate of 5.8 percent.

Inflation in the State is comparable to the increase in the national Consumer Price Index. The Midwest's CPI increase was 1.6 percent for the 12-month period ending October 2014 compared with the national rate of 1.7 percent.

At the time the 2015 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 FY2015. 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 of inflation on program costs. Overall budgeted program disbursements are expected to increase by approximately \$6.68 million in FY15 in comparison to actual disbursements for FY14. A significant increase of approximately \$2.04 million is reflected in County Environment and Education, which reflects transferring cash assets to the new Solid Waste Sanitary Disposal Commission (the "landfill"). In addition to quarterly payments to the landfill, the County continues to provide the day-to-day labor services resulting in an increased budget expense. There is also a significant increase of approximately \$1.1 million in Mental Health expense, which exhibits funding for the mental health region. If these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2015.

The County's finances will continue to be impacted as a result of Federal and State action. We 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. The County's management actively looks for alternate ways to deliver services that would improve efficiency and reduce expenses. The County continues to re-evaluate the effectiveness of programs versus the cost. Property tax reform continues to be an area that requires the County's constant vigilance. The first phase of the legislated business property tax credit and property assessment limitations and replacement will be implemented in fiscal year 2015. The legislation requires future property tax reforms including but not limited to changes in multi-residential property and telecommunications company property assessments. Property tax is the primary source of funding for County services and the full effect of this legislation on the County's ability to provide services may not be recognized for several years. It continues to be difficult for Benton County to make sound financial plans for the future with the uncertainty of federal and state legislative action. The County's management team continues to monitor these changes and their potential impact and many financial decisions made today are based on the future impact of legislation. The County must also be financially prepared to respond to natural and man-made disasters with the ability to protect the safety and welfare of its citizens while continuing to provide essential services.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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



Basic Financial Statements
Benton County

Benton County
Exhibit A – Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash and Pooled Investments	\$ 15,072,423
Receivables:	
Property tax:	
Delinquent	16,531
Succeeding year	9,063,444
Interest and penalty on property tax	41,547
Accounts	422,120
Accrued interest	2,782
Due from Other Governments	744,918
Inventories	304,415
Prepaid Expenses	176,994
Capital Assets:	
Capital assets, not being depreciated	3,772,375
Capital assets (net of accumulated depreciation)	35,660,172
Total assets	65,277,721
Liabilities	
Accounts Payable	638,815
Salaries and Benefits Payable	277,886
Accrued Interest Payable	146
Due to Other Governments	39,135
Long-Term Liabilities:	
Portion due or payable within one year:	
Revenue note payable	50,000
Compensated absences	329,148
Termination benefits	25,500
Portion due or payable after one year:	
Net OPEB liability	189,160
Landfill closure and postclosure care	1,989,682
Termination benefits	12,325
Total liabilities	3,551,797
Deferred Inflows of Resources	
Unavailable Property Tax Revenue	9,063,444

Benton County
Exhibit A – Statement of Net Position
June 30, 2014

	Governmental Activities
Net Position	
Net Investment in Capital Assets	\$ 39,382,547
Restricted for:	
Secondary roads purposes	3,924,766
Mental health purposes	1,414,832
Supplemental levy purposes	905,227
Other purposes	1,291,843
Endowments:	
Expendable	71,286
Nonexpendable	847,965
Unrestricted	4,824,014
Total net position	\$ 52,662,480

	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental Activities:		
Public safety and legal services	\$ 3,881,327	\$ 439,814
Physical health and social services	747,831	228,929
Mental health	719,184	15,051
County environment and education	2,247,342	962,341
Roads and transportation	8,885,523	305,850
Governmental services to residents	708,136	510,734
Administration	1,318,868	47,148
Non-program	114,899	-
Interest on long-term debt	9,579	-
Total Governmental Activities	<u>\$ 18,632,689</u>	<u>\$ 2,509,867</u>
General Revenues:		
Property and other County tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position Beginning of Year		
Net Position End of Year		

Benton County
Exhibit B - Statement of Activities
Year Ended June 30, 2014

<u>Program Revenues</u>		
Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
\$ 16,554	\$ -	\$ (3,424,959)
223,293	-	(295,609)
348,753	-	(355,380)
227,676	1,518	(1,055,807)
4,453,703	1,746,682	(2,379,288)
-	-	(197,402)
114,899	-	(1,156,821)
-	-	(114,899)
-	-	(9,579)
<u>\$ 5,384,878</u>	<u>\$ 1,748,200</u>	<u>\$ (8,989,744)</u>

8,494,182
60,165
522,011
768,452
56,997
367,714

10,269,521

1,279,777
51,382,703

\$ 52,662,480

	General	Special Rural Services
Assets		
Cash and Pooled Investments	\$ 5,759,028	\$ 129,376
Receivables:		
Property tax:		
Delinquent	11,228	3,522
Succeeding year	5,726,749	2,428,411
Interest and penalty on property tax	41,547	-
Accounts	6,167	-
Accrued interest	2,782	-
Due from Other Funds	714	-
Due from Other Governments	69,121	-
Inventories	-	-
Advances to Other Funds	-	-
Prepays	60,614	-
Total assets	\$ 11,677,950	\$ 2,561,309
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$ 87,064	\$ 5,685
Salaries and benefits payable	174,442	2,722
Due to other funds	5,993	-
Due to other governments	13,577	-
Advance from other funds	-	-
Total liabilities	281,076	8,407
Deferred Inflows of Resources:		
Unavailable revenues		
Succeeding year property tax	5,726,749	2,428,411
Other	51,110	3,077
Total deferred inflows of resources	5,777,859	2,431,488
Fund Balances:		
Nonspendable	60,614	-
Restricted	905,227	121,414
Committed	18,000	-
Unassigned	4,635,174	-
Total fund balances	5,619,015	121,414
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,677,950	\$ 2,561,309

See Notes to Financial Statements

Benton County
Exhibit C – Balance Sheet
Governmental Funds
June 30, 2014

<u>Revenue</u>	Nonmajor Governmental Funds	<u>Total</u>
Secondary Roads		
\$ 3,287,580	\$ 5,762,213	\$ 14,938,197
-	1,781	16,531
-	908,284	9,063,444
-	-	41,547
379,076	36,877	422,120
-	-	2,782
5,825	5,644	12,183
534,498	141,299	744,918
304,415	-	304,415
-	213,821	213,821
-	-	60,614
<u>\$ 4,511,394</u>	<u>\$ 7,069,919</u>	<u>\$ 25,820,572</u>
\$ 479,720	\$ 66,346	\$ 638,815
90,467	10,255	277,886
-	6,190	12,183
16,441	9,117	39,135
-	213,821	213,821
<u>586,628</u>	<u>305,729</u>	<u>1,181,840</u>
-	908,284	9,063,444
591,100	1,620	646,907
<u>591,100</u>	<u>909,904</u>	<u>9,710,351</u>
304,415	847,965	1,212,994
3,029,251	4,641,532	8,697,424
-	364,789	382,789
-	-	4,635,174
<u>3,333,666</u>	<u>5,854,286</u>	<u>14,928,381</u>
<u>\$ 4,511,394</u>	<u>\$ 7,069,919</u>	<u>\$ 25,820,572</u>

Benton County
 Exhibit D – Reconciliation of the Balance Sheet –
 Governmental Funds to the Statement of Net Position
 June 30, 2014

Total Governmental Fund Balances		\$ 14,928,381
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		39,432,547
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as deferred infows of resources in the governmental funds.		646,907
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 Position.		250,606
<p>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 Position. Balances at June 30, 2014, are:</p>		
Compensated absences	\$ (329,148)	
Liability for landfill closure and postclosure care	(1,989,682)	
Net OPEB liability	(189,160)	
Revenue note payable	(50,000)	
Accrued interest	(146)	
Termination benefits	(37,825)	
Total long-term liabilities	(2,595,961)	(2,595,961)
Net Position of Governmental Activities		\$ 52,662,480

	General	Special Rural Services
Revenues:		
Property and other County tax	\$ 5,411,838	\$ 2,224,532
Interest and penalty on property tax	54,401	-
Intergovernmental	1,089,963	138,482
Licenses and permits	19,706	-
Charges for service	802,885	6,575
Use of money and property	183,984	-
Miscellaneous	68,804	-
Total revenues	<u>7,631,581</u>	<u>2,369,589</u>
Expenditures:		
Operating:		
Public safety and legal services	3,303,005	59,188
Physical health and social services	772,894	-
Mental health	-	-
County environment and education	892,061	183,262
Roads and transportation	-	-
Governmental services to residents	663,827	4,021
Administration	1,314,605	4,948
Non-program	114,899	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>7,061,291</u>	<u>251,419</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>570,290</u>	<u>2,118,170</u>
Other Financing Sources (Uses):		
Sale of capital assets	320	-
Transfers in	-	202,870
Transfers out	(583,906)	(2,359,145)
Total other financing sources (uses)	<u>(583,586)</u>	<u>(2,156,275)</u>
Net Change in Fund Balances	(13,296)	(38,105)
Fund Balances Beginning of Year	<u>5,632,311</u>	<u>159,519</u>
Fund Balances End of Year	<u>\$ 5,619,015</u>	<u>\$ 121,414</u>

See Notes to Financial Statements

Benton County
 Exhibit E – Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2014

<u>Revenue</u>		
Secondary Roads	Nonmajor Governmental Funds	Total
\$ -	\$ 1,626,795	\$ 9,263,165
-	-	54,401
4,574,258	1,131,595	6,934,298
31,210	-	50,916
10	229,792	1,039,262
-	46,197	230,181
<u>543,831</u>	<u>60,455</u>	<u>673,090</u>
<u>5,149,309</u>	<u>3,094,834</u>	<u>18,245,313</u>
-	9,890	3,372,083
-	-	772,894
-	717,608	717,608
-	783,547	1,858,870
6,587,736	-	6,587,736
-	8,800	676,648
-	34,649	1,354,202
-	-	114,899
-	59,714	59,714
<u>868,756</u>	<u>162,550</u>	<u>1,031,306</u>
<u>7,456,492</u>	<u>1,776,758</u>	<u>16,545,960</u>
<u>(2,307,183)</u>	<u>1,318,076</u>	<u>1,699,353</u>
-	4,518	4,838
2,412,237	755,690	3,370,797
-	(427,746)	(3,370,797)
<u>2,412,237</u>	<u>332,462</u>	<u>4,838</u>
105,054	1,650,538	1,704,191
<u>3,228,612</u>	<u>4,203,748</u>	<u>13,224,190</u>
<u>\$ 3,333,666</u>	<u>\$ 5,854,286</u>	<u>\$ 14,928,381</u>

Benton County

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 1,704,191

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	\$ 973,117	
Contributed capital assets	1,480,242	
Depreciation expense	<u>(2,943,603)</u>	(490,244)

In the Statement of Activities, only the gain or the loss on the disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of the assets being disposed. (106,367)

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 Position, 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 Position.

Repayments 50,000

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

Property tax	5,233	
Grants	<u>176,840</u>	182,073

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	9,818	
Change in net OPEB liability	(22,003)	
Change in accrued interest payable	135	
Change in landfill closure and postclosure liability	(115,513)	
Change in termination benefits	<u>25,500</u>	(102,063)

Benton County

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

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

\$ 42,187

Change in net position of governmental activities

\$ 1,279,777

Benton County
 Exhibit G – Statement of Net Position
 Proprietary Fund
 June 30, 2014

	<u>Internal Service - Benton County Co-Insurance</u>
Assets	
Cash and pooled investments	\$ 134,226
Prepaid expense	<u>116,380</u>
Total assets	250,606
Liabilities	
	<u>-</u>
Net Position	
Unrestricted	<u><u>\$ 250,606</u></u>

Benton County
 Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 Year Ended June 30, 2014

	Internal Service - Benton County <u>Co-Insurance</u>
Operating Revenues:	
Charges for service	\$ 1,431,115
Miscellaneous	<u>55,720</u>
Total operating revenues	<u>1,486,835</u>
Operating Expenses:	
Insurance premiums	1,339,807
Claims and administrative expenses	<u>104,841</u>
Total operating expenses	<u>1,444,648</u>
Change in Net Position	42,187
Net Position Beginning of Year	<u>208,419</u>
Net Position End of Year	<u><u>\$ 250,606</u></u>

Benton County
 Exhibit I – Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2014

	<u>Internal Service - Benton County Co-Insurance</u>
Cash Flows from Operating Activities:	
Cash received from employees and others	\$ 1,486,835
Cash paid for administrative fees and supplies	(104,841)
Cash paid for insurance claims/premiums	<u>(1,344,637)</u>
Net Cash used for Operating Activities	37,357
Cash and Pooled Investments at Beginning of Year	<u>96,869</u>
Cash and Pooled Investments at End of Year	<u><u>\$ 134,226</u></u>
Reconciliation of Change in Net Position to Net Cash used for Operating Activities:	
Change in net position	\$ 42,187
Adjustments to reconcile change in net position to net cash used for operating activities:	
Increase in prepaid expense	<u>(4,830)</u>
Net Cash used for Operating Activities	<u><u>\$ 37,357</u></u>

Benton County
Exhibit J – Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets	
Cash and pooled investments	\$ 1,908,806
Receivables:	
Property tax:	
Delinquent	94,353
Succeeding year	27,902,902
Special assessments	60,641
Interest on special assessments	1,324
Total assets	<u>29,968,026</u>
Liabilities	
Salaries and benefits payable	11,816
Due to other governments	29,875,576
Trusts payable	80,634
Total liabilities	<u>29,968,026</u>
Net Position	<u>\$ -</u>

Note 1 - Summary of Significant Accounting Policies

Benton County (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, 2014.

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, Benton County Joint E911 Service Board and Benton County Solid Waste Disposal Commission. 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 Position 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 Position presents the County's nonfiduciary assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has 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:

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 Funds - 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.

Additionally, the County reports the following fund types:

Capital Projects – The Capital Projects Funds are used to account for all resources used in the acquisition and construction of capital facilities.

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

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

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, Deferred Inflows of Resources, 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, 2012, assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2013.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

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, 2013, 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 Position. 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.

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, 2014. 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 Position.

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

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources 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 inflows of resources consists of succeeding year property tax receivable and other receivables not collected within sixty days after year end.

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

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

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

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

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	Prepays	General	\$ 60,614	
	Inventories	Secondary Roads	304,415	
	Donor Restricted	Carol Sue Donovan Conservation Fund	847,965	
			<u>\$ 1,212,994</u>	
Restricted	General Supplemental	General Fund	\$ 905,227	
	Rural Services	Rural Services	121,414	
	Secondary Roads	Secondary Roads	3,029,251	
	Mental Health	Mental Health	1,413,212	
	Records Management	County Recorder's Records Management	29,962	
	Conservation	REAP	34,847	
	Sanitary Disposal	Sanitary Disposal	1,935,551	
	Water	Ground Water	6,729	
	Emergency Food and Shelter	Emergency Food and Shelter Program	500	
	Environment	Environmental Projects	200	
	Roads, Conservation, Libraries, Emergency Services	LOST	996,284	
	CDGB	CDBG	41,708	
	Electronic Transactions	County Recorder's Electronic Transaction	568	
	Forfeiture	County Sheriff's Forfeiture Fund	71,247	
	Commissary	County Sheriff's Commissary Fund	11,903	
	Sheriff	County Sheriff's Donation Fund	40	
	Conservation	Land Acquisition Fund	27,495	
	Conservation	Carol Sue Donovan Conservation Fund	71,286	
			<u>\$ 8,697,424</u>	
	Committed	Historic Preservation	General Fund	\$ 15,000
		Equipment	General Fund	3,000
		Courthouse Renovations	Capital Projects Fund	364,789
				<u>\$ 382,789</u>

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

Note 2 - Cash and Pooled Investments

The County's deposits in banks at June 30, 2014, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County held no such investments at June 30, 2014.

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, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 714
Secondary Roads	General	5,825
Nonmajor Governmental	General	168
	Nonmajor Governmental	5,476
		<u>5,644</u>
		<u>\$ 12,183</u>

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, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental	Nonmajor Governmental	<u>\$ 213,821</u>

This balance represents a loan from the Carol Sue Donovan 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, 2014 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Rural Services	Nonmajor Governmental	<u>\$ 202,870</u>
Secondary Roads	General	158,906
	Rural Services	2,028,455
	Nonmajor Governmental	<u>224,876</u>
		<u>2,412,237</u>
Nonmajor Governmental	General	425,000
	Rural Services	<u>330,690</u>
		<u>755,690</u>
Total		<u>\$ 3,370,797</u>

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	Services	
General		\$ 13,577
Secondary Roads		16,441
Nonmajor Governmental		9,117
		<u>39,135</u>
Total for Governmental Funds		<u>39,135</u>
Agency	Collections	
County Recorder		20,715
County Recorder's Electronic Fee		815
Agricultural Extension		222,031
County Assessor		1,031,158
Schools		18,471,311
Community Colleges		1,392,681
Corporations		7,277,271
Townships		390,542
Auto License and Use Tax		642,559
Brucellosis and Tuberculosis Eradication		4,351
Fire Districts		104,311
E911 Surcharge		211,016
Joint Disaster Services		36,497
City Special Assessments		70,318
		<u>29,875,576</u>
Total for Agency Funds		<u>29,875,576</u>
Total		<u><u>\$ 29,914,711</u></u>

Note 5 - Capital Assets

Capital assets activity for the year ended June 30, 2014 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	5,691,679	2,047,400	(5,953,780)	1,785,299
Total capital assets not being depreciated	7,678,755	2,047,400	(5,953,780)	3,772,375
Capital assets being depreciated:				
Buildings	8,903,292	131,628	(25,095)	9,009,825
Equipment	13,632,969	274,331	(282,590)	13,624,710
Infrastructure	40,561,081	5,953,780	-	46,514,861
Total capital assets being depreciated	63,097,342	6,359,739	(307,685)	69,149,396
Less accumulated depreciation for:				
Buildings	1,811,350	194,187	(13,499)	1,992,038
Equipment	8,907,935	899,833	(187,819)	9,619,949
Infrastructure	20,027,654	1,849,583	-	21,877,237
Total accumulated depreciation	30,746,939	2,943,603	(201,318)	33,489,224
Total capital assets being depreciated, net	32,350,403	3,416,136	(106,367)	35,660,172
Governmental Activities Capital Assets, Net	\$ 40,029,158	\$ 5,463,536	\$ (6,060,147)	\$ 39,432,547

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	\$ 552,833
Physical health and social services	5,172
Mental health	26,546
County environment and education	334,127
Roads and transportation	1,936,198
Governmental services to residents	41,429
Administration	47,298
Total Depreciation Expense – Governmental Activities	\$ 2,943,603

Note 6 - Long-Term Liabilities

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

	Compensated Absences	Liability for Landfill Closure and Postclosure Care	Termination Benefits	Net OPEB Liability	Revenue Note Payable	Total
Balance Beginning of Year	\$ 338,966	\$ 1,874,169	\$ 63,325	\$ 167,157	\$ 100,000	\$ 2,543,617
Increases	329,148	115,513	-	22,003	-	466,664
Decreases	<u>(338,966)</u>	<u>-</u>	<u>(25,500)</u>	<u>-</u>	<u>(50,000)</u>	<u>(414,466)</u>
Balance End of Year	<u>\$ 329,148</u>	<u>\$ 1,989,682</u>	<u>\$ 37,825</u>	<u>\$ 189,160</u>	<u>\$ 50,000</u>	<u>\$ 2,595,815</u>
Due Within One Year	<u>\$ 329,148</u>	<u>\$ -</u>	<u>\$ 25,500</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 404,648</u>

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.

A summary of the County's June 30, 2014 notes payable indebtedness is as follows:

Year Ending June 30,	Principal	Interest	Total
2015	<u>\$ 50,000</u>	<u>\$ 1,750</u>	<u>\$ 51,750</u>

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 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013, and 2012 were \$487,506, \$466,321, and \$428,734, 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 104 active and 7 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, 2014, the amount actually contributed to the Plan and changes in the County’s net OPEB obligation:

Annual Required Contribution	\$ 54,549
Interest on Net OPEB Obligation	6,686
Adjustments to Annual Required Contribution	<u>(6,642)</u>
Annual OPEB cost	54,593
Contributions Made	<u>(32,590)</u>
Increase in net OPEB obligation	22,003
Net OPEB Obligation, Beginning of Year	<u>167,157</u>
Net OPEB Obligation, End of Year	<u><u>\$ 189,160</u></u>

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

For the year ended June 30, 2014, the County contributed \$32,590 to the medical plan. Plan members eligible for benefits contributed \$23,066 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, 2014, are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 54,593	59.7%	\$ 189,160
2013	53,649	60.7%	167,157
2012	51,562	61.1%	146,098

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$503,877, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$503,877. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$5,337,977 and the ratio of the UAAL to covered payroll was 9.4%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2011, 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 health care trend rate is 9.5%. The ultimate health care trend rate is 5%. The health care trend rate is reduced 0.5% each year until reaching the 5% ultimate medical trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP-2000 Combined Mortality Fully Generational Table.

Projected claim costs of the medical plan are \$645 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, 2014, the County has five participants in the plan for a net obligation of \$37,825.

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, 2014, 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. The pool also purchased a reinsurance policy for property coverage for losses in excess of \$100,000 to a maximum of \$30,000,000 in covered property (including the retention). In addition, the pool purchased a reinsurance policy 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, 2014, 2013, and 2012, 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, 2014, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

Initial membership into the risk pool was 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 \$1,989,682 reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity. Total estimated closure and postclosure costs are \$625,458 and \$1,435,608, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$71,384 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, 2014. 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.

The County has begun to accumulate resources to fund these costs in accordance with state and federal requirements. During the year ended June 30, 2000, a fund dedicated to closure and postclosure costs was established to demonstrate financial assurance. The County transferred \$185,000 to the fund during the fiscal year and the balance of this fund at June 30, 2014, is \$1,703,281. 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 - Donor-Restricted Endowment

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

Note 13 - Subsequent Events

On July 1, 2014, the Benton County Solid Waste Disposal Commission (the “Commission”) was created under Iowa Code Chapter 28E (the “Agreement”). The Commission is a voluntary joint undertaking of public entities in or near Benton County, Iowa and is an ongoing legal entity. The purpose of the Commission is to continuously study and implement methods and means to efficiently, economically and lawfully manage solid waste generated by the parties. Benton County is a party to the Agreement. A Memorandum of Understanding (the “MOU”) was subsequently entered into between Benton County, Iowa and the Commission wherein Benton County agreed to transfer to the Commission the ownership of real estate, equipment and machinery, including vehicles, and funds that were being held by the County relative to the current and future operation of the solid waste facility.

Federal and state laws require that solid waste facilities have funds available for closure and post closure activities. The amount of financial assurance is demonstrated by using the Local Government Financial Test. Prior to July 1, 2014, Benton County had met the financial assurance requirements, in part through a Local Government Guarantee. Benton County agreed to continue to provide the Local Government Guarantee in the amount of \$561,545, enabling the Commission to comply with the financial assurance requirements of the Iowa Department of Natural Resources.

Note 14 - Prospective Accounting Pronouncements

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

Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, Government Combinations and Disposals of Government Operations, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, issued November 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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, 2014

Benton County

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	Governmental		
	Fund Types	Budgeted Amounts	
		Actual	Original
Receipts:			
Property and other County tax	\$ 9,243,244	\$ 9,440,600	\$ 9,440,600
Interest and penalty on property tax	54,015	62,750	62,750
Intergovernmental	7,095,206	6,030,387	6,812,387
Licenses and permits	50,173	51,150	51,150
Charges for service	1,034,711	1,468,816	913,816
Use of money and property	280,890	151,594	281,594
Miscellaneous	641,250	280,223	567,223
Total receipts	<u>18,399,489</u>	<u>17,485,520</u>	<u>18,129,520</u>
Disbursements:			
Operating:			
Public safety and legal services	3,375,802	4,220,196	4,226,696
Physical health and social services	774,106	891,350	931,155
Mental health	743,028	1,232,400	1,232,400
County environment and education	2,029,100	2,147,213	2,308,006
Roads and transportation	6,842,491	6,633,000	6,883,000
Governmental services to residents	673,287	764,864	764,864
Administration	1,352,967	1,573,636	1,573,636
Non-program	110,078	165,000	165,000
Debt service	99,400	99,400	99,400
Capital projects	1,056,480	1,802,500	1,852,500
Total disbursements	<u>17,056,739</u>	<u>19,529,559</u>	<u>20,036,657</u>
Excess (Deficiency) of Receipts over (Under) Disbursements	1,342,750	(2,044,039)	(1,907,137)
Other Financing Sources, Net	<u>44,525</u>	<u>56,937</u>	<u>56,937</u>
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	1,387,275	(1,987,102)	(1,850,200)
Balance Beginning of Year	<u>13,460,802</u>	<u>13,460,802</u>	<u>13,460,802</u>
Balance End of Year	<u>\$ 14,848,077</u>	<u>\$ 11,473,700</u>	<u>\$ 11,610,602</u>

Benton County
 Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual
 (Cash Basis) – All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2014

Variance- Over (Under) Budget	Actual as % of Final Budget
\$ (197,356)	98%
(8,735)	86
282,819	104
(977)	98
120,895	113
(704)	100
74,027	113
269,969	101
(850,894)	80%
(157,049)	83
(489,372)	60
(278,906)	88
(40,509)	99
(91,577)	88
(220,669)	86
(54,922)	67
-	100
(796,020)	57
(2,979,918)	85
3,249,887	
(12,412)	
3,237,475	
-	
\$ 3,237,475	

Benton County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,399,489	\$ (154,176)	\$ 18,245,313
Expenditures	17,056,739	(510,779)	16,545,960
Net	1,342,750	356,603	1,699,353
Other Financing Sources, Net	44,525	(39,687)	4,838
Beginning Fund Balances	13,460,802	(236,612)	13,224,190
Ending Fund Balances	\$ 14,848,077	\$ 80,304	\$ 14,928,381

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$507,098. 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, 2014, 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)
2012	07/01/11	\$ -	\$ 475,516	\$ 475,516	0.0%	\$ 4,885,005	9.7%
2013	07/01/11	-	495,048	495,048	0.0%	5,031,555	9.8%
2014	07/01/11	-	503,877	503,877	0.0%	5,337,977	9.4%



Other Supplementary Information
Benton County

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		County Recorder's Records Management	Resource Enhancement and Protection	Sanitary Disposal	Ground Water	Special Revenue Emergency Food and Shelter Program
	Mental Health					
Assets						
Cash and Pooled Investments	\$ 1,458,682	\$ 29,962	\$ 34,847	\$ 1,929,795	\$ 1,468	\$ 500
Receivables:						
Property tax:						
Delinquent	1,781	-	-	-	-	-
Succeeding year	908,284	-	-	-	-	-
Accounts	-	-	-	36,877	-	-
Due from Other Funds	-	-	-	-	5,644	-
Due from Other Governments	6	-	-	9,817	-	-
Advances to Other Funds	-	-	-	-	-	-
Total assets	<u>\$ 2,368,753</u>	<u>\$ 29,962</u>	<u>\$ 34,847</u>	<u>\$ 1,976,489</u>	<u>\$ 7,112</u>	<u>\$ 500</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ 40,463	\$ -	\$ -	\$ 20,550	\$ 383	\$ -
Salaries and benefits payable	3,374	-	-	6,881	-	-
Due to other funds	329	-	-	5,861	-	-
Due to other governments	1,471	-	-	7,646	-	-
Advance from other funds	-	-	-	-	-	-
Total liabilities	<u>45,637</u>	<u>-</u>	<u>-</u>	<u>40,938</u>	<u>383</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenues						
Succeeding year property tax	908,284	-	-	-	-	-
Other	1,620	-	-	-	-	-
Total deferred inflows of resources	<u>909,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	1,413,212	29,962	34,847	1,935,551	6,729	500
Committed	-	-	-	-	-	-
Total fund balances	<u>1,413,212</u>	<u>29,962</u>	<u>34,847</u>	<u>1,935,551</u>	<u>6,729</u>	<u>500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,368,753</u>	<u>\$ 29,962</u>	<u>\$ 34,847</u>	<u>\$ 1,976,489</u>	<u>\$ 7,112</u>	<u>\$ 500</u>

Benton County
Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Funds						
Environmental Projects	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
\$ 200	\$ 36,082	\$ 1,084,255	\$ 568	\$ 71,247	\$ 11,903	\$ 40
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,626	125,850	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 200</u>	<u>\$ 41,708</u>	<u>\$ 1,210,105</u>	<u>\$ 568</u>	<u>\$ 71,247</u>	<u>\$ 11,903</u>	<u>\$ 40</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	213,821	-	-	-	-
-	-	213,821	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
200	41,708	996,284	568	71,247	11,903	40
-	-	-	-	-	-	-
<u>200</u>	<u>41,708</u>	<u>996,284</u>	<u>568</u>	<u>71,247</u>	<u>11,903</u>	<u>40</u>
<u>\$ 200</u>	<u>\$ 41,708</u>	<u>\$ 1,210,105</u>	<u>\$ 568</u>	<u>\$ 71,247</u>	<u>\$ 11,903</u>	<u>\$ 40</u>

(continued)

Benton County
Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund	
Assets				
Cash and Pooled Investments	\$ 27,495	\$ 369,739	\$ 705,430	\$ 5,762,213
Receivables:				
Property tax:				
Delinquent	-	-	-	1,781
Succeeding year	-	-	-	908,284
Accounts	-	-	-	36,877
Due from Other Funds	-	-	-	5,644
Due from Other Governments	-	-	-	141,299
Advances to Other Funds	-	-	213,821	213,821
Total assets	\$ 27,495	\$ 369,739	\$ 919,251	\$ 7,069,919
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 4,950	\$ -	\$ 66,346
Salaries and benefits payable	-	-	-	10,255
Due to other funds	-	-	-	6,190
Due to other governments	-	-	-	9,117
Advance from other funds	-	-	-	213,821
Total liabilities	-	4,950	-	305,729
Deferred Inflows of Resources				
Unavailable revenues				
Succeeding year property tax				
tax	-	-	-	908,284
Other	-	-	-	1,620
Total deferred inflows of resources	-	-	-	909,904
Fund balances:				
Nonspendable	-	-	847,965	847,965
Restricted	27,495	-	71,286	4,641,532
Committed	-	364,789	-	364,789
Total fund balances	27,495	364,789	919,251	5,854,286
Total liabilities, deferred inflows of resources, and fund balances	\$ 27,495	\$ 369,739	\$ 919,251	\$ 7,069,919

		County Recorder's Records Management	Resource Enhancement and Protection	Sanitary Disposal	Ground Water	Special Revenue Emergency Food and Shelter Program
	Mental Health					
Revenues:						
Property and other County tax	\$ 858,343	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	401,255	-	18,115	563,980	18,890	-
Charges for service	9,917	5,164	-	214,711	-	-
Use of money and property	-	39	35	30,369	-	-
Miscellaneous	5,134	-	-	40,433	-	-
Total revenues	<u>1,274,649</u>	<u>5,203</u>	<u>18,150</u>	<u>849,493</u>	<u>18,890</u>	<u>-</u>
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	-	-
Mental health	717,608	-	-	-	-	-
County environment and education	-	-	-	604,989	20,617	-
Governmental services to residents	-	8,800	-	-	-	-
Administration	-	-	-	16,485	-	-
Debt service	-	-	-	53,375	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>717,608</u>	<u>8,800</u>	<u>-</u>	<u>674,849</u>	<u>20,617</u>	<u>-</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>557,041</u>	<u>(3,597)</u>	<u>18,150</u>	<u>174,644</u>	<u>(1,727)</u>	<u>-</u>
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	4,518	-	-
Transfers in	-	-	-	330,690	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,208</u>	<u>-</u>	<u>-</u>
Net change in fund balances	557,041	(3,597)	18,150	509,852	(1,727)	-
Fund Balances Beginning of Year	<u>856,171</u>	<u>33,559</u>	<u>16,697</u>	<u>1,425,699</u>	<u>8,456</u>	<u>500</u>
Fund Balances End of Year	<u>\$ 1,413,212</u>	<u>\$ 29,962</u>	<u>\$ 34,847</u>	<u>\$ 1,935,551</u>	<u>\$ 6,729</u>	<u>\$ 500</u>

Benton County
 Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2014

Funds						
Environmental Projects	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
\$ -	\$ -	\$ 768,452	\$ -	\$ -	\$ -	\$ -
-	129,355	-	-	-	-	-
-	-	-	-	-	-	-
-	-	685	1	82	-	-
-	-	-	-	13,365	5	-
-	<u>129,355</u>	<u>769,137</u>	<u>1</u>	<u>13,447</u>	<u>5</u>	<u>-</u>
-	-	8,441	-	1,449	-	-
-	-	-	-	-	-	-
-	129,303	28,638	-	-	-	-
-	-	-	-	-	-	-
-	-	18,164	-	-	-	-
-	-	6,339	-	-	-	-
-	-	125,816	-	-	-	-
-	<u>129,303</u>	<u>187,398</u>	<u>-</u>	<u>1,449</u>	<u>-</u>	<u>-</u>
-	52	581,739	1	11,998	5	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(427,746)	-	-	-	-
-	-	(427,746)	-	-	-	-
-	52	153,993	1	11,998	5	-
<u>200</u>	<u>41,656</u>	<u>842,291</u>	<u>567</u>	<u>59,249</u>	<u>11,898</u>	<u>40</u>
<u>\$ 200</u>	<u>\$ 41,708</u>	<u>\$ 996,284</u>	<u>\$ 568</u>	<u>\$ 71,247</u>	<u>\$ 11,903</u>	<u>\$ 40</u>

(continued)

Benton County
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014

	Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund	
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ 1,626,795
Intergovernmental	-	-	-	1,131,595
Charges for service	-	-	-	229,792
Use of money and property	-	-	14,986	46,197
Miscellaneous	1,518	-	-	60,455
Total revenues	1,518	-	14,986	3,094,834
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	9,890
Mental health	-	-	-	717,608
County environment and education	-	-	-	783,547
Governmental services to residents	-	-	-	8,800
Administration	-	-	-	34,649
Debt service	-	-	-	59,714
Capital projects	1,523	35,211	-	162,550
Total expenditures	1,523	35,211	-	1,776,758
Excess (Deficiency) of Revenues over (Under) Expenditures	(5)	(35,211)	14,986	1,318,076
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	4,518
Transfers in	25,000	400,000	-	755,690
Transfers out	-	-	-	(427,746)
Total other financing sources (uses)	25,000	400,000	-	332,462
Net change in fund balances	24,995	364,789	14,986	1,650,538
Fund Balances Beginning of Year	2,500	-	904,265	4,203,748
Fund Balances End of Year	\$ 27,495	\$ 364,789	\$ 919,251	\$ 5,854,286

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
County Auditor				
Assets:				
Cash and pooled investments	\$ 497	\$ -	\$ -	\$ 497
Liabilities:				
Trusts payable	\$ 497	\$ -	\$ -	\$ 497
County Recorder				
Assets:				
Cash and pooled investments	\$ 18,577	\$ 454,202	\$ 452,064	\$ 20,715
Liabilities:				
Due to other funds	\$ -	\$ 161,327	\$ 161,327	\$ -
Due to other governments	18,577	292,875	290,737	20,715
Total liabilities	\$ 18,577	\$ 454,202	\$ 452,064	\$ 20,715
County Recorder's Electronic Fee				
Assets:				
Cash and pooled investments	\$ 1,058	\$ 5,713	\$ 5,956	\$ 815
Liabilities:				
Due to other governments	\$ 1,058	\$ 5,713	\$ 5,956	\$ 815
County Sheriff				
Assets:				
Cash and pooled investments	\$ 16,405	\$ 438,709	\$ 443,950	\$ 11,164
Liabilities:				
Due to other funds	\$ -	\$ 206,214	\$ 206,214	\$ -
Due to other governments	-	3,996	3,996	-
Trusts payable	16,405	228,499	233,740	11,164
Total liabilities	\$ 16,405	\$ 438,709	\$ 443,950	\$ 11,164

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Agricultural Extension Education Fund				
Assets:				
Cash and pooled investments	\$ 3,144	\$ 213,498	\$ 213,946	\$ 2,696
Property tax receivable:				
Delinquent	409	418	409	418
Succeeding year	213,138	218,917	213,138	218,917
Total assets	<u>\$ 216,691</u>	<u>\$ 432,833</u>	<u>\$ 427,493</u>	<u>\$ 222,031</u>
Liabilities:				
Due to other governments	<u>\$ 216,691</u>	<u>\$ 432,833</u>	<u>\$ 427,493</u>	<u>\$ 222,031</u>
County Assessor Fund				
Assets:				
Cash and pooled investments	\$ 584,777	\$ 331,946	\$ 307,968	\$ 608,755
Property tax receivable:				
Delinquent	628	649	628	649
Succeeding year	331,213	430,825	331,213	430,825
Total assets	<u>\$ 916,618</u>	<u>\$ 763,420</u>	<u>\$ 639,809</u>	<u>\$ 1,040,229</u>
Liabilities:				
Salaries and benefits payable	\$ 7,927	\$ 9,071	\$ 7,927	\$ 9,071
Due to other governments	908,691	754,349	631,882	1,031,158
Total liabilities	<u>\$ 916,618</u>	<u>\$ 763,420</u>	<u>\$ 639,809</u>	<u>\$ 1,040,229</u>
Schools Fund				
Assets:				
Cash and pooled investments	\$ 268,607	\$ 17,929,599	\$ 17,977,162	\$ 221,044
Property tax receivable:				
Delinquent	35,702	36,583	35,702	36,583
Succeeding year	17,899,012	18,213,684	17,899,012	18,213,684
Total assets	<u>\$ 18,203,321</u>	<u>\$ 36,179,866</u>	<u>\$ 35,911,876</u>	<u>\$ 18,471,311</u>
Liabilities:				
Due to other governments	<u>\$ 18,203,321</u>	<u>\$ 36,179,866</u>	<u>\$ 35,911,876</u>	<u>\$ 18,471,311</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Community Colleges Fund				
Assets:				
Cash and pooled investments	\$ 19,546	\$ 1,337,929	\$ 1,340,723	\$ 16,752
Property tax receivable:				
Delinquent	2,557	2,619	2,557	2,619
Succeeding year	1,335,709	1,373,310	1,335,709	1,373,310
Total assets	<u>\$ 1,357,812</u>	<u>\$ 2,713,858</u>	<u>\$ 2,678,989</u>	<u>\$ 1,392,681</u>
Liabilities:				
Due to other governments	<u>\$ 1,357,812</u>	<u>\$ 2,713,858</u>	<u>\$ 2,678,989</u>	<u>\$ 1,392,681</u>
Corporations Fund				
Assets:				
Cash and pooled investments	\$ 78,206	\$ 7,276,048	\$ 7,305,312	\$ 48,942
Property tax receivable:				
Delinquent	46,209	53,296	46,209	53,296
Succeeding year	7,265,318	7,175,033	7,265,318	7,175,033
Total assets	<u>\$ 7,389,733</u>	<u>\$ 14,504,377</u>	<u>\$ 14,616,839</u>	<u>\$ 7,277,271</u>
Liabilities:				
Due to other governments	<u>\$ 7,389,733</u>	<u>\$ 14,504,377</u>	<u>\$ 14,616,839</u>	<u>\$ 7,277,271</u>
Townships Fund				
Assets:				
Cash and pooled investments	\$ 6,079	\$ 382,874	\$ 383,312	\$ 5,641
Property tax receivable:				
Delinquent	736	765	736	765
Succeeding year	382,010	384,136	382,010	384,136
Total assets	<u>\$ 388,825</u>	<u>\$ 767,775</u>	<u>\$ 766,058</u>	<u>\$ 390,542</u>
Liabilities:				
Due to other governments	<u>\$ 388,825</u>	<u>\$ 767,775</u>	<u>\$ 766,058</u>	<u>\$ 390,542</u>
Auto License and Use Tax Fund				
Assets:				
Cash and pooled investments	<u>\$ 546,093</u>	<u>\$ 7,946,731</u>	<u>\$ 7,850,265</u>	<u>\$ 642,559</u>
Liabilities:				
Due to other governments	<u>\$ 546,093</u>	<u>\$ 7,946,731</u>	<u>\$ 7,850,265</u>	<u>\$ 642,559</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Brucellosis and Tuberculosis Eradication Fund				
Assets:				
Cash and pooled investments	\$ 60	\$ 4,150	\$ 4,158	\$ 52
Property tax receivable:				
Delinquent	8	8	8	8
Succeeding year	4,142	4,291	4,142	4,291
Total assets	<u>\$ 4,210</u>	<u>\$ 8,449</u>	<u>\$ 8,308</u>	<u>\$ 4,351</u>
Liabilities:				
Due to other governments	<u>\$ 4,210</u>	<u>\$ 8,449</u>	<u>\$ 8,308</u>	<u>\$ 4,351</u>
Fire Districts Fund				
Assets:				
Cash and pooled investments	\$ 1,414	\$ 92,167	\$ 91,991	\$ 1,590
Property tax receivable:				
Delinquent	34	15	34	15
Succeeding year	91,986	102,706	91,986	102,706
Total assets	<u>\$ 93,434</u>	<u>\$ 194,888</u>	<u>\$ 184,011</u>	<u>\$ 104,311</u>
Liabilities:				
Due to other governments	<u>\$ 93,434</u>	<u>\$ 194,888</u>	<u>\$ 184,011</u>	<u>\$ 104,311</u>
E911 Surcharge Fund				
Assets:				
Cash and pooled investments	<u>\$ 133,282</u>	<u>\$ 213,139</u>	<u>\$ 135,405</u>	<u>\$ 211,016</u>
Liabilities:				
Due to other governments	<u>\$ 133,282</u>	<u>\$ 213,139</u>	<u>\$ 135,405</u>	<u>\$ 211,016</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Joint Disaster Services Fund				
Assets:				
Cash and pooled investments	\$ 41,862	\$ 129,037	\$ 131,657	\$ 39,242
Liabilities:				
Salaries and benefits payable	\$ 2,452	\$ 2,745	\$ 2,452	\$ 2,745
Due to other governments	39,410	126,292	129,205	36,497
Total liabilities	<u>\$ 41,862</u>	<u>\$ 129,037</u>	<u>\$ 131,657</u>	<u>\$ 39,242</u>
City Special Assessments Fund				
Assets:				
Cash and pooled investments	\$ 4,532	\$ 51,323	\$ 47,502	\$ 8,353
Receivables:				
Special assessments	94,667	60,641	94,667	60,641
Interest on special assessments	2,426	1,324	2,426	1,324
Total assets	<u>\$ 101,625</u>	<u>\$ 113,288</u>	<u>\$ 144,595</u>	<u>\$ 70,318</u>
Liabilities:				
Due to other governments	<u>\$ 101,625</u>	<u>\$ 113,288</u>	<u>\$ 144,595</u>	<u>\$ 70,318</u>
Treasurer's Trust Fund				
Assets:				
Cash and pooled investments	<u>\$ 43,345</u>	<u>\$ 477,788</u>	<u>\$ 452,160</u>	<u>\$ 68,973</u>
Liabilities:				
Trusts payable	<u>\$ 43,345</u>	<u>\$ 477,788</u>	<u>\$ 452,160</u>	<u>\$ 68,973</u>

(continued)

Benton County
 Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Total Combined Funds				
Assets:				
Cash and pooled investments	\$ 1,767,484	\$ 37,284,853	\$ 37,143,531	\$ 1,908,806
Receivables:				
Property tax:				
Delinquent	86,283	94,353	86,283	94,353
Succeeding year	27,522,528	27,902,902	27,522,528	27,902,902
Special assessments	94,667	60,641	94,667	60,641
Interest on special assessments	2,426	1,324	2,426	1,324
Total assets	<u>\$ 29,473,388</u>	<u>\$ 65,344,073</u>	<u>\$ 64,849,435</u>	<u>\$ 29,968,026</u>
Liabilities:				
Salaries and benefits payable	\$ 10,379	\$ 11,816	\$ 10,379	\$ 11,816
Due to other funds	-	367,541	367,541	-
Due to other governments	29,402,762	64,258,429	63,785,615	29,875,576
Trusts payable	60,247	706,287	685,900	80,634
Total liabilities	<u>\$ 29,473,388</u>	<u>\$ 65,344,073</u>	<u>\$ 64,849,435</u>	<u>\$ 29,968,026</u>

	Modified Accrual Basis			
	2014	2013	2012	2011
Revenues:				
Property and other County tax	\$ 9,263,165	\$ 9,066,277	\$ 9,283,332	\$ 9,040,465
Interest and penalty on property tax	54,401	67,455	60,888	68,851
Intergovernmental	6,934,298	7,063,795	8,270,387	11,598,891
Licenses and permits	50,916	55,517	53,781	28,429
Charges for service	1,039,262	1,134,314	1,074,105	918,755
Use of money and property	230,181	229,341	242,838	212,614
Miscellaneous	673,090	312,031	480,803	344,701
Total	<u>\$ 18,245,313</u>	<u>\$ 17,928,730</u>	<u>\$ 19,466,134</u>	<u>\$ 22,212,706</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,372,083	\$ 3,094,449	\$ 3,378,100	\$ 2,776,780
Physical health and social services	772,894	791,283	727,188	826,041
Mental health	717,608	877,412	2,241,438	1,858,003
County environment and education	1,858,870	2,135,404	1,680,767	1,820,864
Roads and transportation	6,587,736	6,247,839	6,433,156	5,884,434
Governmental services to residents	676,648	797,697	586,446	555,980
Administration	1,354,202	1,399,113	1,365,671	1,178,054
Non-program	114,899	139,267	134,980	-
Debt service	59,714	61,930	819,476	66,230
Capital projects	1,031,306	618,578	269,161	7,115,336
Total	<u>\$ 16,545,960</u>	<u>\$ 16,162,972</u>	<u>\$ 17,636,383</u>	<u>\$ 22,081,722</u>

Benton County

Schedule 4 – Schedule of Revenues by Source and Expenditure by Function – All Governmental Funds
For the Last Ten Years

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
\$ 7,789,764	\$ 7,569,896	\$ 6,525,469	\$ 6,256,778	\$ 5,758,137	\$ 5,267,750
71,665	61,120	58,381	55,253	51,873	52,646
8,463,098	7,110,465	6,628,717	5,782,973	5,826,833	5,858,586
26,552	36,023	21,153	22,973	23,073	22,670
938,342	918,653	804,952	818,345	772,606	796,898
167,459	226,983	351,193	355,305	296,817	219,435
1,249,374	435,863	371,763	533,102	470,000	402,828
<u>\$ 18,706,254</u>	<u>\$ 16,359,003</u>	<u>\$ 14,761,628</u>	<u>\$ 13,824,729</u>	<u>\$ 13,199,339</u>	<u>\$ 12,620,813</u>
\$ 2,944,413	\$ 3,404,479	\$ 2,688,409	\$ 2,544,185	\$ 2,514,156	\$ 2,164,766
870,817	680,759	647,780	665,196	659,292	545,343
1,790,594	1,768,492	1,828,868	1,696,472	1,625,894	1,563,761
1,817,202	1,798,472	1,448,612	1,294,735	1,178,235	1,062,444
6,665,097	6,169,023	6,257,448	5,533,679	5,169,822	5,482,892
587,292	585,539	498,175	459,681	722,844	438,177
1,307,990	1,491,420	1,454,672	1,396,253	1,228,777	1,132,024
-	-	-	-	-	-
-	-	-	-	169,570	260,297
1,516,791	1,294,315	824,059	126,239	433,254	1,142,180
<u>\$ 17,500,196</u>	<u>\$ 17,192,499</u>	<u>\$ 15,648,023</u>	<u>\$ 13,716,440</u>	<u>\$ 13,701,844</u>	<u>\$ 13,791,884</u>



Information Provided to Comply with Government Auditing
Standards and OMB Circular A-133
June 30, 2014

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, 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, 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, 2014, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements, and have issued our report thereon dated December 16, 2014.

Internal Control Over Financial Reporting

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control 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 2014-A and 2014-B to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2014-C, 2014-D, 2014-E, and 2014-F to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. 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.

County's Responses to Findings

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

Purpose of this Report

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



Dubuque, Iowa
December 16, 2014

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

To the Officials of Benton County:

Report on Compliance for Each Major Federal Program

We have audited Benton County, Iowa's compliance with the types of compliance requirements described in the *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, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program

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 programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Benton County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings as 2014-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa
December 16, 2014

Benton County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

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		\$ 13,442
U.S. Department of Housing and Urban Development Pass-Through Program From Iowa Economic Development Authority Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	12-WS-024	129,355
U.S. Department of Transportation Pass-Through Program From Iowa Department of Transportation Highway Planning and Construction	20.205	BROS-C006(88)-8J-06	236,084
Highway Planning and Construction	20.205	BROS-C006(93)-8J-06	208,555
			444,639
East Central Iowa Council of Governments Formula Grants for Rural Areas	20.509		64,333
Total U.S. Department of Transportation			508,972
U.S. Department of Health and Human Services Pass-Through Program From Iowa Department of Human Services Public Health Emergency Preparedness	93.069	5883BT06	7,117
Refugee and Entrant Assistance State Administered Programs	93.566		33
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,928
Foster Care Title IV-E	93.658		5,161
Adoption Assistance	93.659		1,753
Social Services Block Grant	93.667		4,127
Children's Health Insurance Program	93.767		57
Medical Assistance Program	93.778		22,535
Total U.S. Department of Health and Human Services			44,711

Benton County
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Pass-Through Program From			
Iowa Department of Homeland Security			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters)	97.036	DR-4126	236,369
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters)	97.036	DR-4315	26,976
			<u>263,345</u>
 Total			 <u>\$ 959,825</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Benton County, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The County receives federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Governmental fund types account for the County’s federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The County’s summary of significant accounting policies is presented in Note 1 in the County’s basic financial statements.

Note 2 - Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 129,355

Part I: Summary of the Independent Auditor's Report

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228
Highway Planning and Construction	20.205
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

2014-A Preparation of Financial Statements

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

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

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

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.

2014-B 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.

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

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 and 1st Deputy perform the monthly bank statement reconciliations. Month end balancing is done by the Treasurer and that 1st Deputy, reconciliation is done by the Treasurer, but deposit verification is done by the 1st Deputy. Therefore, we are requiring a second set of eyes on each bank statement.

The 1st Deputy is also responsible for the monthly reconciliation with the State Motor Vehicle System, verifying that both the Motor Vehicles line item and the Use Tax line item are being cleared for the previous month, with the amount being transferred to the State of Iowa and the General Ledger Journal entry into the County financial system.

Significant Deficiencies

2014-C 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 – During FY13, there was only one full-time and one part-time employee in the office. When both persons were working, one person opened the mail and the other made the deposit. We now have two full-time employees and one part-time employee. The office now segregates the duties to provide more control over receipts and disbursements.

2014-D 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.

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

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.

2014-E 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 – In the past, there has only been one employee in the scale house. Beginning with FY15, the daily receivables are being deposited at the end of each day. When possible, an additional employee is present at the end of day to assist with cash receipts. The daily deposit information is faxed to the Treasurer at the end of each day also. The Treasurer performs the monthly bank statement reconciliation. On December 1, 2014, an additional employee was added, a Landfill Manager. The Landfill Commission will continue to review operating procedures and segregate duties to the extent financially feasible.

2014-F Conservation Camping 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 – The collection of camping fees is generally performed by the same park ranger that has performed the camper counts. In addition, the reconciliation process is performed by the Conservation Director, who also has access to the monies collected.

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

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

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 – We understand that the County has made improvements in the collection process. County officials should continue to review the operating procedures of collecting camper fees to obtain the maximum internal control possible under the circumstances.

Response – The rangers will continue to collect all of the camping fees onsite but not open them. However, we understand the issue with this and will continue to review our procedures and segregate this duty whenever fiscally feasible. The director will continue to utilize a second person for opening and counting, and a third person for delivering counted camping fees whenever possible, thus segregating the duties further.

Part III: Findings and Questioned Costs for Federal Awards:

Significant Deficiency

2014-001 Cash Management

U.S. Department of Housing and Urban Development

CFDA #14.228 Community Development Block Grant Grants/State's Program and Non-Entitlement Grants in Hawaii

Criteria – A properly designed system of internal control over compliance with the requirements of federal programs allows entities to meet those requirements set forth by the federal government in administering federal grants. The Cash Management Improvement Act of 1990-31 CFR 205.33 requires that when grant funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds and disbursement.

Condition – A late change in eligible grant expenditures, resulted in the County holding \$2,972 in excess grant funds. The excess funds were held for less than 30 days.

Cause – The project included several funding sources. At the time of the last funding request, the entire final payment due to the contractor was believed to be eligible for federal funding. It wasn't until after the funds were requested that it was determined that a portion of the final payment was not eligible.

Effect – The County did not comply with federal requirements regarding the Cash Management Improvement Act.

Recommendation – The County should put procedures in place to insure that they are following all requirements of federal grants related to the provisions of the Cash Management Improvement Act.

Response – This grant was for a portion of the project and was administered by a third-party vendor. The County also has procedures in place for monitoring grant receipts and expenditures by project. This deficiency was the result of the failure of both controls. The County is reviewing the existing controls and what additional controls can be implemented to address this type of failure in the future.

Part IV: Other Findings Related to Required Statutory Reporting:

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

2014-IA-B 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.

2014-IA-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2014-IA-D 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	Services	\$ 3,993
Terry Ehlinger, owner of Ehlinger’s Vinton Express, spouse of Bonnie Ehlinger, Sheriff’s Office	Supplies	830
Barb Campbell, sister of Deb Fleming County Attorney Office	Supplies	105
Winsor Concrete Designs, owned by Jeff Winsor, Secondary Roads Department	Supplies	60
Steve’s Stump Grinding, owned by Steve Helms, Secondary Roads Department	Services	50
Larry Yeager, owner of Jessy’s Gems, parent Danelle Fowler, Assessor’s Office	Supplies	11

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Terry Ehlinger, Barb Campbell, Jeff Winsor, Steve Helms, and Larry Yeager do not appear to represent conflicts of interest since the total of the transactions with each individual were less than \$1,500 during the fiscal year. The transaction with Kipp Schoettner does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 331.342 of the Code of Iowa.

2014-IA-E 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.

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

- 2014-IA-F Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2014-IA-G 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.
- 2014-IA-H 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).
- 2014-IA-I Solid Waste Tonnage Fees Retained** – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.
- 2014-IA-J Financial Assurance** – The County has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113-14(6) of the Iowa Administrative Code.
- 2014-IA-K County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2014, for the County Extension Office did not exceed the amount budgeted.
- 2014-IA-L Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
Findings Related to the Basic Financial Statements:				
2014-A	Preparation of Financial Statements	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jill Marlow, County Auditor 319-472-2365	Not determined at this date.
2014-B	Treasurer's Office – Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jill Marlow, County Auditor 319-472-2365	Not determined at this date
2014-C	Sheriff's Office – Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jill Marlow, County Auditor 319-472-2365	Not determined at this date
2014-D	Recorder's Office – Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jill Marlow, County Auditor 319-472-2365	Not determined at this date
2014-E	Landfill Gate Fees – Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jill Marlow, County Auditor 319-472-2365	Not determined at this date

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
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Findings Related to the Basic Financial Statements: (continued)

2014-F	Conservation Camping Fees – Segregation of Duties	The corrective action plan was documented in our response to the auditor’s comment. See the Schedule of Findings and Questioned Costs.	Jill Marlow, County Auditor 319-472-2365	Not determined at this date
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Findings Related to Federal Awards:

2014-001	Cash Management	The corrective action plan was documented in our response to the auditor’s comment. See the Schedule of Findings and Questioned Costs.	Jill Marlow, County Auditor 319-472-2365	Not determined at this date
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There were no prior year federal findings.