



Financial Statements
June 30, 2015
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 2018
Jill Marlow	County Auditor	December 2016
Kelly Rae Geater	County Treasurer	December 2018
Lexa Speidel	County Recorder	December 2018
Randall L. Forsyth	County Sheriff	December 2016
David C. Thompson	County Attorney	December 2018
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, 2015, 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, 2015, 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

As discussed in Notes 1 and 15 to the financial statements, the County has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. 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, 2014 (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 combining nonmajor fund financial statements and the schedule of revenues by source and expenditures by function 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 and the schedule of revenues by source and expenditures by function 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, 2015, 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, 2015

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, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

Total revenue for the County's governmental activities decreased from 2014 to 2015, approximately 8.77%.

Property tax revenue remained essentially unchanged with less than one-tenth of one percent of an increase from \$8.494 million in 2014 to 8.502 million in 2015.

Intergovernmental revenues including, grants and contributions, decreased approximately \$492 thousand from \$6.934 million in 2014 to 6.442 million in 2015, or approximately 7.1%.

Governmental activities program expenses decreased in 2015 when compared to 2014, by approximately \$669 thousand. County Environment and Education saw the largest decrease from \$2.247 million in 2014 to approximately \$1.969 million in 2015 or down approximately \$278.3 thousand. Decreases in the Administrative Services program expense followed with approximately \$226 thousand less in 2015 when compared to the 2014 expense. Increases were realized in several areas with the most prominent being in Public Safety and Legal Services with an increase of approximately \$52 thousand in 2015 when compared to 2014.

Benton County enjoyed another uneventful year in 2015 when considering conditions that impacted the financial position of the County. Regionalization of Mental Health/Disability Services was fully implemented at the beginning of the fiscal year. The County will continue to provide services on behalf of the mental health region and be reimbursed for the same, which is reflected in the County's financial statements. The County is contractually required to continue to levy the maximum possible for mental health/disability services.

The ownership and operation of the Benton County Solid Waste Facility, commonly known as the landfill, was placed under a commission formed through a 28E agreement during 2014. Benton County completed the transfer of all assets; however the County continued to provide staffing and fiscal agent services through much of the year. The Benton County Solid Waste Commission reimbursed the County for expenses incurred and took over full operations, including their own staff, in March of 2015.

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.

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

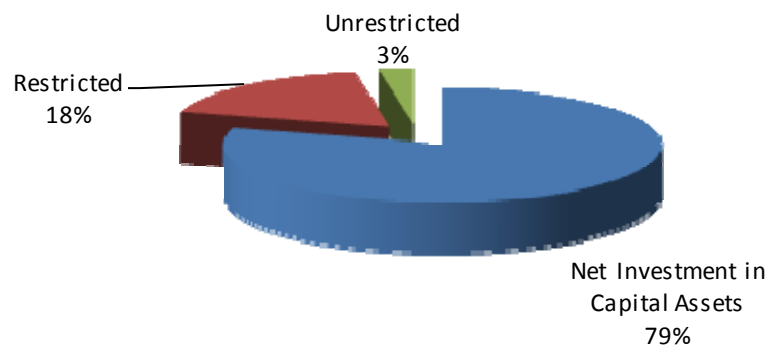
As noted earlier, net position may serve over time as a useful indicator of the County's financial position.

The County's combined net position decreased from \$49.260 million (restated) in 2014 to \$49.058 million in 2015. 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)

	2015	2014 (Not Restated)
Current and other Assets	<u>\$23,873,785</u>	<u>\$25,845,174</u>
Capital Assets	<u>\$38,960,533</u>	<u>\$39,432,547</u>
Total Assets	<u>\$62,834,318</u>	<u>\$65,277,721</u>
 Deferred Outflows of Resources	 <u>\$587,163</u>	 <u>\$0</u>
 Other Liabilities	 \$861,366	 \$955,982
Long-Term Liabilities	<u>\$2,886,553</u>	<u>\$2,595,815</u>
Total Liabilities	<u>\$3,747,919</u>	<u>\$3,551,797</u>
 Deferred Inflows of Resources	 <u>\$10,614,961</u>	 <u>\$9,063,444</u>
 Net Position		
Net Investment in Capital Assets	\$38,960,533	\$39,382,547
Restricted	\$8,811,401	\$8,455,919
Unrestricted	<u>\$1,286,667</u>	<u>\$4,824,014</u>
Total Net Assets	<u><u>\$49,058,601</u></u>	<u><u>\$52,662,480</u></u>

Net Position of Governmental Activities

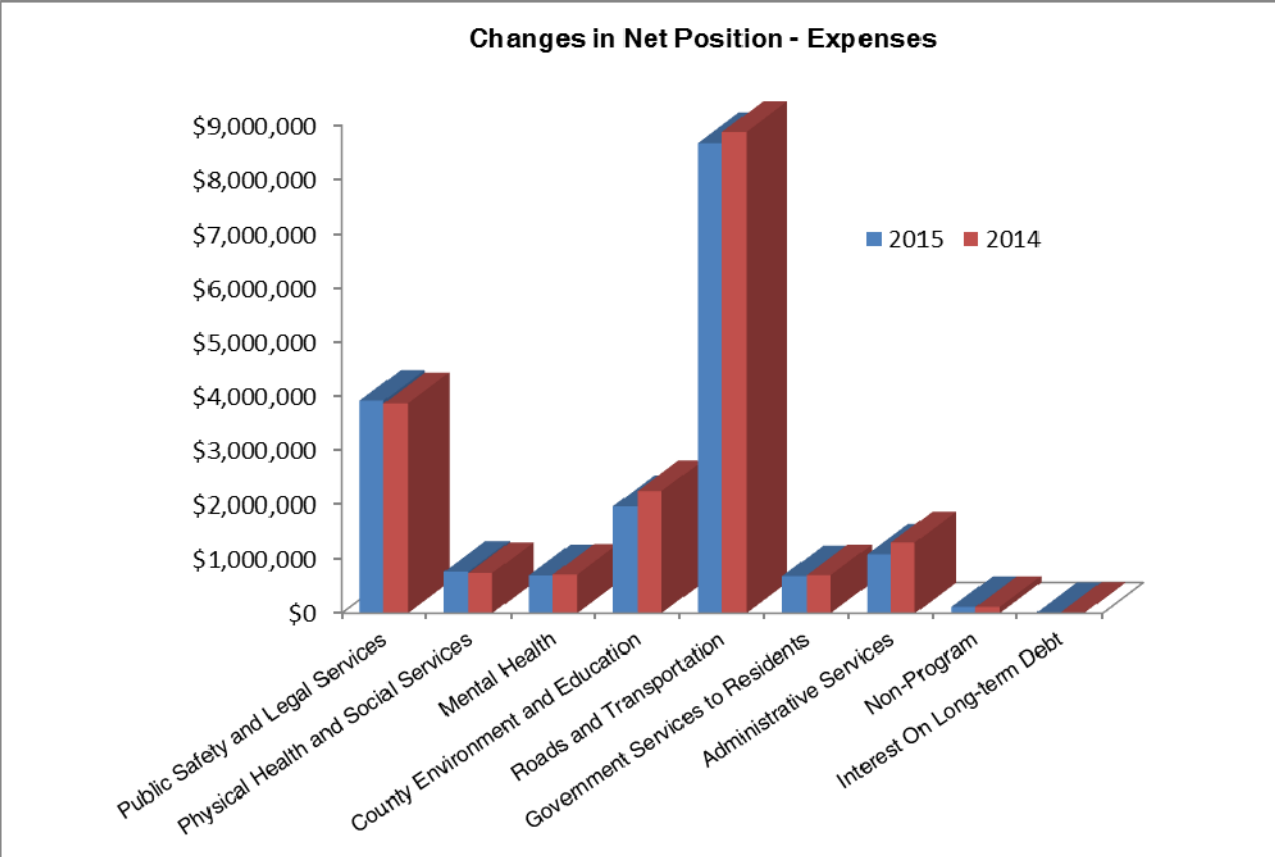
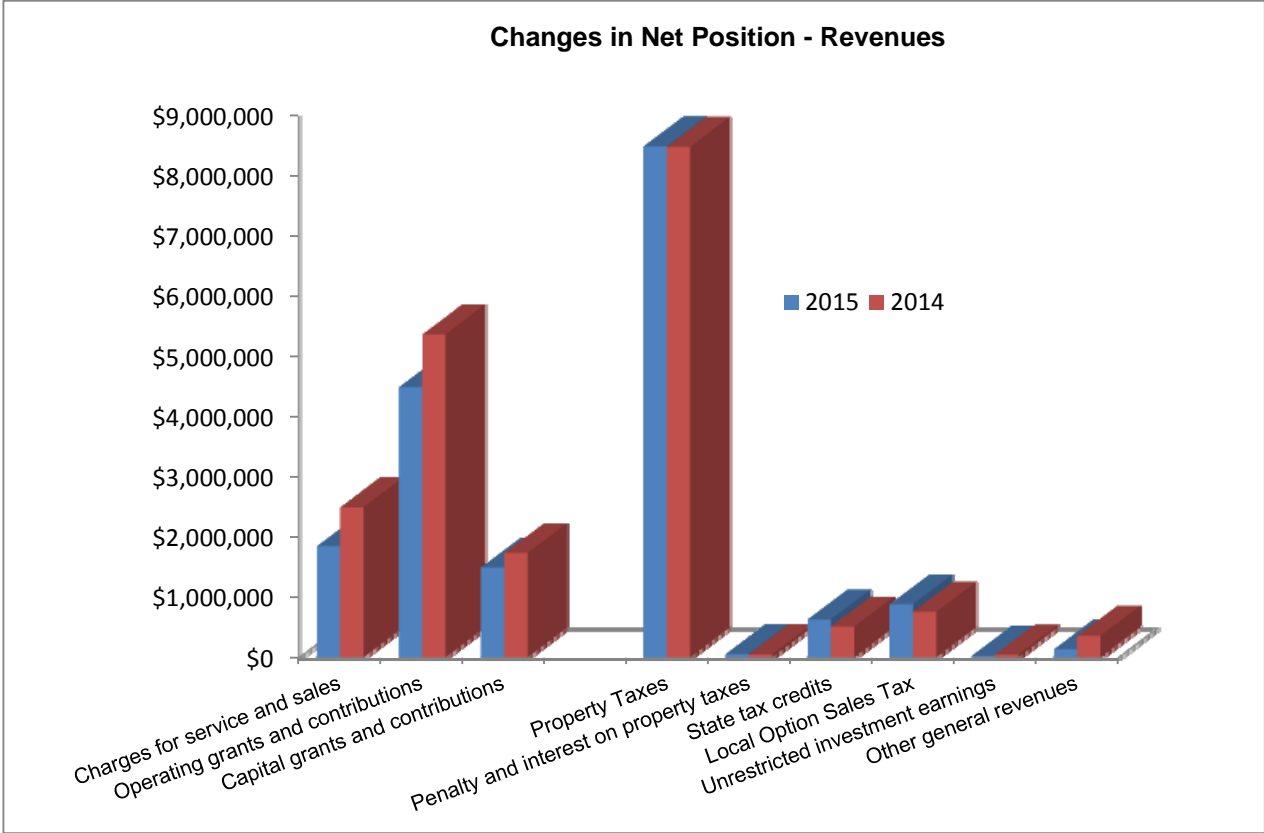


The Net Position of the County's governmental activities decreased by approximately .41 percent from 49,260,284 (restated) in 2014 to \$49,058,601 in 2015. The largest portion of the County's net position is invested in capital assets. The change in total net position is due largely to a decrease in unrestricted funds held at year-end; primarily due an increase in long-term liabilities and a decrease in cash and pooled investments. 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.

	2015	2014 (Not Restated)
Program Revenues:		
Charges for service and sales	\$1,863,089	\$2,509,867
Operating grants and contributions	\$4,511,069	\$5,384,878
Capital grants and contributions	\$1,506,675	\$1,748,200
General Revenues:		
Property Taxes	\$8,502,823	\$8,494,182
Penalty and interest on property taxes	\$66,174	\$60,165
State tax credits	\$641,238	\$522,011
Local Option Sales Tax	\$893,565	\$768,452
Unrestricted investment earnings	\$36,901	\$56,997
Other general revenues	\$145,211	\$367,714
	<u>\$18,166,745</u>	<u>\$19,912,466</u>
Program Expenses:		
Public Safety and Legal Services	\$3,933,437	\$3,881,327
Physical Health and Social Services	\$774,007	\$747,831
Mental Health	\$703,458	\$719,184
County Environment and Education	\$1,969,026	\$2,247,342
Roads and Transportation	\$8,678,027	\$8,885,523
Government Services to Residents	\$690,043	\$708,136
Administrative Services	\$1,092,591	\$1,318,868
Non-Program	\$116,134	\$114,899
Interest On Long-term Debt	\$6,935	\$9,579
Total Expenses	<u>\$17,963,658</u>	<u>\$18,632,689</u>
Special Item Transfer of Solid Waste Facility	-\$404,770	\$0
Increase in Net Position	-\$201,683	\$1,279,777
Net Position beginning of year (restated)	<u>\$49,260,284</u>	<u>\$51,382,703</u>
Net Position end of year	<u>\$49,058,601</u>	<u>\$52,662,480</u>

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

Benton County's total revenues decreased in 2015. The largest decrease was recognized in operating grants and contributions. The total cost of all programs and services also decreased from 2014 to 2015. The largest changes in program expenses from the previous year were all decreases and were recognized within Roads and Transportation, County Environment and Education, and Administrative Services. The large decrease in County Environment and Education is due to the transfer of ownership of the solid waste facility and its operations. The largest increase in program expense was 1.3 percent, which was recognized in Public Safety and Legal Service.



Governmental Activities

The results of governmental activities for the year resulted in Benton County's net position decreasing by approximately \$201.68 thousand. Total revenues for governmental activities decreased from the prior year, although property taxes remained relatively unchanged with only an increase of approximately \$8 thousand, or less than one-tenth of one percent (0.1%). The major decrease in revenues for governmental activities was in Operating Grants and Contributions with secondary roads experiencing the largest decrease.

The county-wide property tax rates in 2015 decreased from 2014; however, the overall county-wide property tax dollars levied remained the same in 2015 as in 2014, including gas and electric property tax dollars. This is a result of the increased taxable valuation.

	<u>FY2015</u>	<u>FY2014</u>
Countywide taxable value	1,300,964,309	1,254,621,469
Countywide levy rate less debt	5.10212	5.29058
Dollars levied less debt	6,637,667	6,637,667
Countywide taxable debt service value	1,346,142,467	1,306,009,190
Countywide debt service levy rate	-----	-----
Dollars levied for debt service	-----	-----
Total countywide levy rate	5.10212	5.29058
Total dollars levied countywide	6,637,667	6,637,667
Rural taxable value	846,506,859	821,896,042
Rural tax levy rate	2.86947	2.86947
Dollars levied for rural area only	2,429,026	2,358,406
Total dollars levied	9,066,693	8,996,073

The cost of all governmental activities this year was \$17.963 million compared to \$18.632 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 \$8.568 million because some of the cost was paid by those directly benefiting from the programs (\$1.863 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6.017 million). The County paid for the remaining "public benefit" portion of governmental activities with other revenues, such as interest and general entitlements.

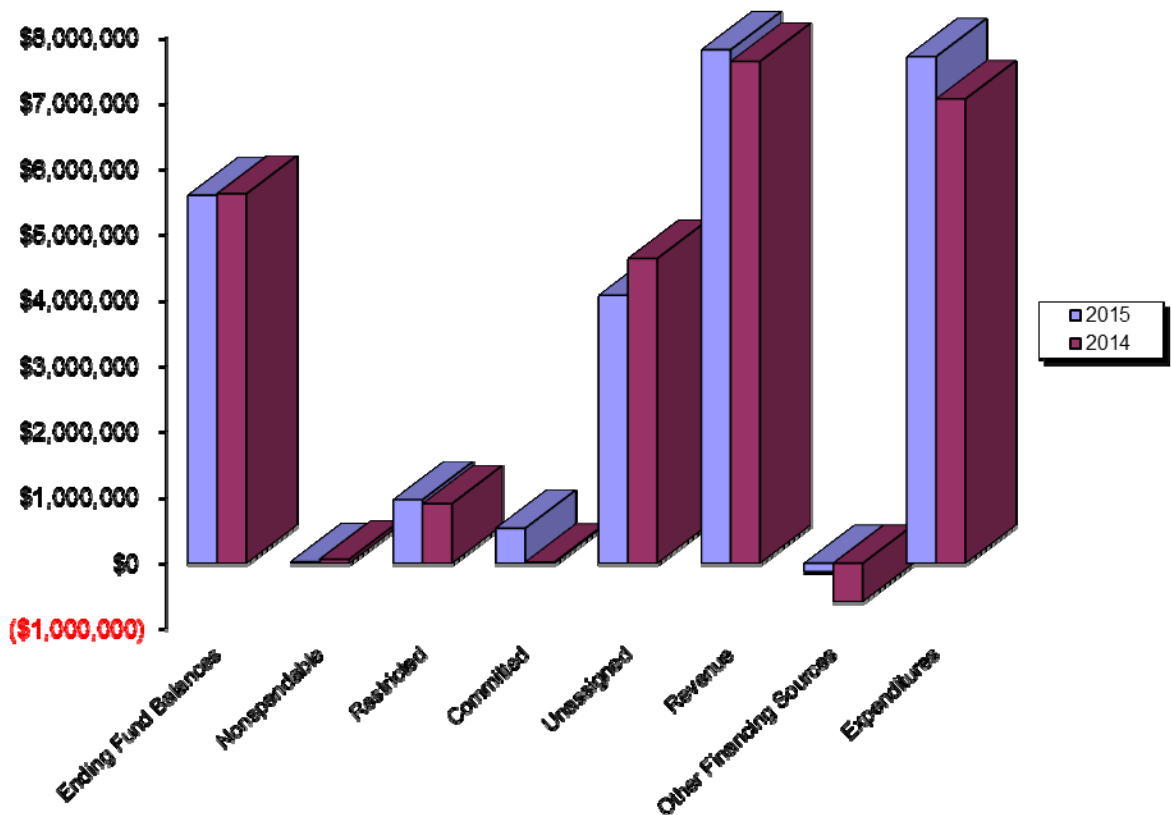
THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$13,388,741, which is lower than last year's total of \$14,928,381. The County funds expended \$402,213 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 increased in 2015 by \$177,098 and expenditures increased \$642,552, when compared to the prior year. The ending fund balance remained relatively unchanged from 2014 to 2015 with a slight decrease of approximately \$23,600 to \$5,595,366 with \$4,074,184 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.

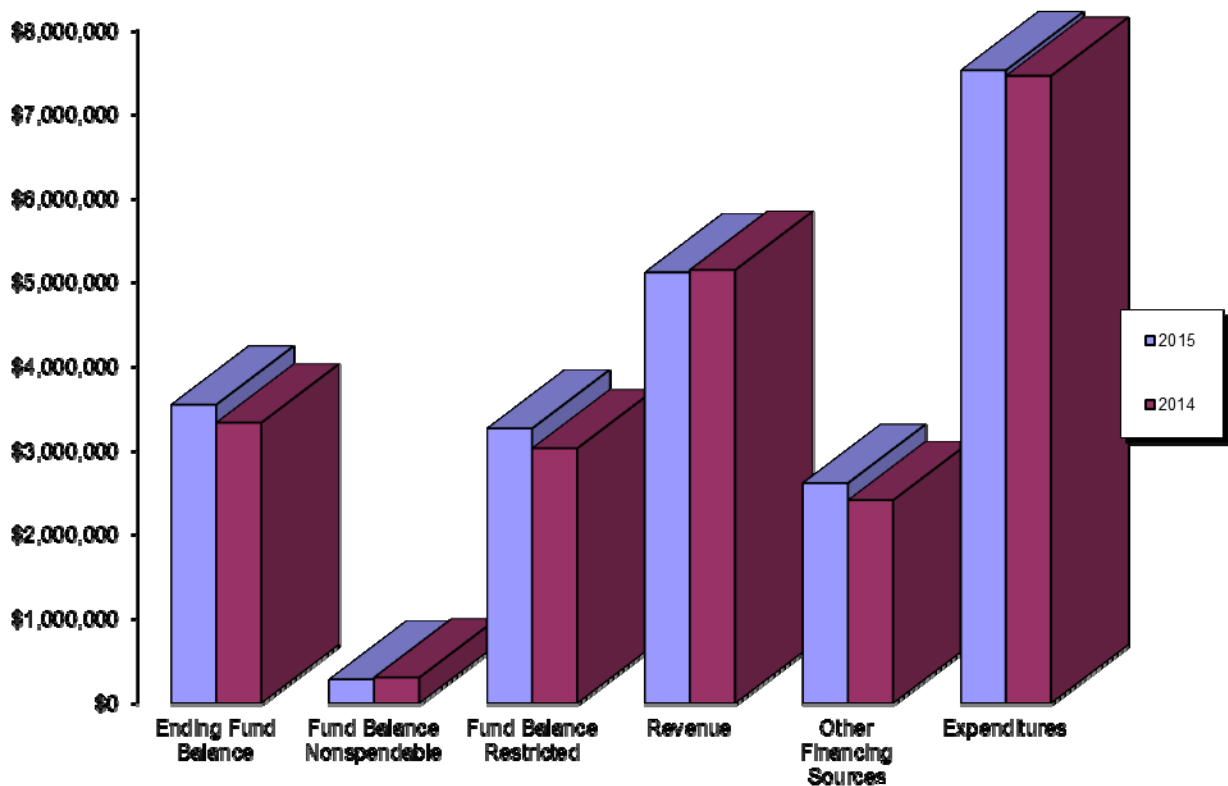
	<u>2015</u>	<u>2014</u>
Ending Fund Balances	\$5,595,366	\$5,619,015
Nonspendable	\$22,465	\$60,614
Restricted	\$966,217	\$905,227
Committed	\$532,500	\$18,000
Unassigned	\$4,074,184	\$4,635,174
Revenue	\$7,808,679	\$7,631,581
Other Financing Sources	(\$128,485)	(\$583,586)
Expenditures	\$7,703,843	\$7,061,291



Secondary Roads

Secondary Roads Fund expenditures increased slightly, by approximately \$66,000 over the prior year, which is due mostly to wage and salary increases. The fund also realized an increase in revenues from 2014 to 2015 of approximately \$175,000, including other financing sources. This difference in revenue less other financing sources was a decrease of approximately \$28,000. Nonspendable fund balance, which generally accounts for inventory reserves, decreased approximately \$21,750 from 2014 to 2015. These factors have resulted in an increase in the Secondary Roads Fund ending balance of \$214,180 or approximately 6.4%. Senate File 257 was signed into law increasing the fuel tax by 10 cents per gallon on March 1, 2015. The County started receiving the additional revenue at the very end of the year. 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 continue to be taken to re-design current projects to reduce costs, yet still meet the needs and safety of the traveling public.

	<u>2015</u>	<u>2014</u>
Ending Fund Balance	\$3,547,846	\$3,333,666
Fund Balance Nonspendable	\$282,663	\$304,415
Fund Balance Restricted	\$3,265,183	\$3,029,251
Revenue	\$5,121,072	\$5,149,309
Other Financing Sources	\$2,615,608	\$2,412,237
Expenditures	\$7,522,500	\$7,456,492



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 FY15 Benton County had \$38.96 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 no outstanding general obligation debt or revenue bonds. However, the County did subsequently incur \$402,642 in outstanding general obligation bonds. The proceeds of the bonds were provided to the Benton County Solid Waste Commission to be used for the construction of a new cell at the sanitary disposal facility.

Tax increment debt for internal loans stood at \$16,409 as of June 30, 2015. 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 \$133.8 million, based on 2014 values.

100% Assessed Values
for Calculating Debt Capacity

<u>2014 for 15/16 collections</u>	<u>2013 for 14/15 collections</u>	<u>2012 for 13/14 collections</u>
\$2,677,184,008	\$2,645,711,924	\$2,283,325,008

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 2016 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 3.1 percent in October 2015 compared with the State’s October 2015 unemployment rate of 3.5 percent and the national rate of 5.0 percent.

Inflation in the State is comparable to the increase in the national Consumer Price Index. The Midwest's CPI increase was -0.3 percent for the 12-month period ending October 2015 compared with the national rate of 0.2 percent.

At the time the 2016 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 FY2016. 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 \$1.996 million in FY16 in comparison to actual disbursements for FY15. A significant increase of approximately \$561 thousand is reflected in County Administrative Services, which includes costs for new aerial photography for the County's geographical information system. Other activities with relatively large increases include Public Safety and Legal Services and Mental Health. The County's mental health budget provides funding to the mental health region and the County will continue to fully budget for this activity until the region has a sound understanding of its financial needs or the County's fund balance is depleted. If all of these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2016.

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. Property tax reform continues to be an area that requires the County's constant vigilance. The business property tax credit was implemented for fiscal year 2015, and is reimbursed by the State at this time. Property assessment limitations for commercial and industrial property were applied to the 2014 values. The State replaced the lost tax revenue as a result of the assessment limitation; however the replacement will be capped and may not be fully funded in FY2018. A new multi-residential property classification and assessment limitation will be implemented on the 2015 property values. The legislation requires other property tax reforms including but not limited to changes in 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 are cautiously made today because of the unknown impact of future legislation. The County continues to perform long-term planning for capital improvements and other major expenses in an effort to moderate these impacts. However, 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, 2015

	Governmental Activities
Assets	
Cash and Pooled Investments	\$ 13,338,441
Receivables:	
Property tax:	
Delinquent	31,912
Succeeding year	9,224,326
Interest and penalty on property tax	42,774
Accounts	40,644
Accrued interest	2,749
Due from Other Governments	762,288
Inventories	282,663
Prepaid Expenses	147,988
Capital Assets:	
Capital assets, not being depreciated	4,217,032
Capital assets (net of accumulated depreciation)	34,743,501
Total assets	62,834,318
Deferred Outflows of Resources	
Pension Related Deferred Outflows of Resources	587,163
Liabilities	
Accounts Payable	538,058
Salaries and Benefits Payable	298,793
Due to Other Governments	24,515
Long-Term Liabilities:	
Portion due or payable within one year:	
Compensated absences	342,238
Termination benefits	10,200
Portion due or payable after one year:	
Net pension liability	2,263,600
Net OPEB liability	238,640
Termination benefits	31,875
Total liabilities	3,747,919

Benton County
Exhibit A – Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Succeeding Year Property Tax Revenue	\$ 9,224,326
Pension Related Deferred Inflows of Resources	<u>1,390,635</u>
Total deferred inflows of resources	<u>10,614,961</u>
 Net Position	
Net Investment in Capital Assets	\$ 38,960,533
Restricted for:	
Secondary roads purposes	3,595,316
Mental health purposes	1,862,244
Supplemental levy purposes	966,217
Other purposes	1,455,869
Endowments:	
Expendable	83,790
Nonexpendable	847,965
Unrestricted	<u>1,286,667</u>
Total net position	<u><u>\$ 49,058,601</u></u>

	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental Activities:		
Public safety and legal services	\$ 3,933,437	\$ 394,923
Physical health and social services	774,007	212,765
Mental health	703,458	990
County environment and education	1,969,026	353,354
Roads and transportation	8,678,027	372,349
Governmental services to residents	690,043	479,615
Administration	1,092,591	49,093
Non-program	116,134	-
Interest on long-term debt	6,935	-
Total Governmental Activities	<u>\$ 17,963,658</u>	<u>\$ 1,863,089</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		
Special Item		
Transfer of solid waste facility		
Change in Net Position		
Net Position Beginning of Year, as restated		
Net Position End of Year		

See Notes to Financial Statements

<u>Program Revenues</u>		
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
\$ 24,382	\$ -	\$ (3,514,132)
233,403	-	(327,839)
175,716	-	(526,752)
82,516	-	(1,533,156)
3,891,396	1,506,675	(2,907,607)
-	-	(210,428)
103,656	-	(939,842)
-	-	(116,134)
-	-	(6,935)
<u>\$ 4,511,069</u>	<u>\$ 1,506,675</u>	<u>\$ (10,082,825)</u>

8,502,823

66,174

641,238

893,565

36,901

145,211

10,285,912

(404,770)

(201,683)

49,260,284

\$ 49,058,601

	General	Special Rural Services
Assets		
Cash and Pooled Investments	\$ 5,800,131	\$ 116,526
Receivables:		
Property tax:		
Delinquent	20,618	8,024
Succeeding year	5,667,294	2,497,725
Interest and penalty on property tax	42,774	-
Accounts	26,759	90
Accrued interest	2,749	-
Due from Other Governments	105,011	-
Inventories	-	-
Advances to Other Funds	-	-
Prepays	22,465	-
Total assets	\$ 11,687,801	\$ 2,622,365
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$ 172,487	\$ 4,379
Salaries and benefits payable	194,063	3,031
Due to other governments	9,079	-
Advance from other funds	-	-
Total liabilities	375,629	7,410
Deferred Inflows of Resources:		
Unavailable revenues		
Succeeding year property tax	5,667,294	2,497,725
Other	49,512	2,507
Total deferred inflows of resources	5,716,806	2,500,232
Fund Balances:		
Nonspendable	22,465	-
Restricted	966,217	114,723
Committed	532,500	-
Unassigned	4,074,184	-
Total fund balances	5,595,366	114,723
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,687,801	\$ 2,622,365

See Notes to Financial Statements

Benton County
Exhibit C – Balance Sheet
Governmental Funds
June 30, 2015

Revenue			
Secondary Roads	Mental Health	Nonmajor Governmental Funds	Total
\$ 3,283,788	\$ 1,833,567	\$ 2,131,735	\$ 13,165,747
-	3,270	-	31,912
-	909,220	150,087	9,224,326
-	-	-	42,774
13,795	-	-	40,644
-	-	-	2,749
483,907	34,086	139,284	762,288
282,663	-	-	282,663
-	-	173,142	173,142
-	-	-	22,465
<u>\$ 4,064,153</u>	<u>\$ 2,780,143</u>	<u>\$ 2,594,248</u>	<u>\$ 23,748,710</u>
\$ 360,213	\$ 168	\$ 811	\$ 538,058
97,958	3,741	-	298,793
10,666	4,770	-	24,515
-	-	173,142	173,142
<u>468,837</u>	<u>8,679</u>	<u>173,953</u>	<u>1,034,508</u>
-	909,220	150,087	9,224,326
47,470	1,646	-	101,135
<u>47,470</u>	<u>910,866</u>	<u>150,087</u>	<u>9,325,461</u>
282,663	-	847,965	1,153,093
3,265,183	1,860,598	1,422,429	7,629,150
-	-	-	532,500
-	-	(186)	4,073,998
<u>3,547,846</u>	<u>1,860,598</u>	<u>2,270,208</u>	<u>13,388,741</u>
<u>\$ 4,064,153</u>	<u>\$ 2,780,143</u>	<u>\$ 2,594,248</u>	<u>\$ 23,748,710</u>

Benton County
 Exhibit D – Reconciliation of the Balance Sheet –
 Governmental Funds to the Statement of Net Position
 June 30, 2015

Total Governmental Fund Balances		\$ 13,388,741
<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.		38,960,533
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		101,135
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources		587,163
Deferred inflows of resources		(1,390,635)
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.		298,217
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, 2015, are:		
Compensated absences	\$ (342,238)	
Net OPEB liability	(238,640)	
Net pension liability	(2,263,600)	
Termination benefits	(42,075)	
Total long-term liabilities		<u>(2,886,553)</u>
Net Position of Governmental Activities		<u>\$ 49,058,601</u>

		Special
	General	Rural Services
Revenues:		
Property and other County tax	\$ 5,348,049	\$ 2,282,058
Interest and penalty on property tax	68,058	-
Intergovernmental	1,278,517	154,932
Licenses and permits	25,345	-
Charges for service	778,366	6,075
Use of money and property	136,700	-
Miscellaneous	173,644	-
Total revenues	<u>7,808,679</u>	<u>2,443,065</u>
Expenditures:		
Operating:		
Public safety and legal services	3,650,169	240
Physical health and social services	778,757	-
Mental health	-	-
County environment and education	1,010,299	446,240
Roads and transportation	-	-
Governmental services to residents	643,712	5,891
Administration	1,504,772	4,009
Non-program	116,134	-
Debt service	-	51,735
Capital projects	-	-
Total expenditures	<u>7,703,843</u>	<u>508,115</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>104,836</u>	<u>1,934,950</u>
Other Financing Sources (Uses):		
Sale of capital assets	10	90
Transfers in	130,140	220,033
Transfers out	(258,635)	(2,161,764)
Total other financing sources (uses)	<u>(128,485)</u>	<u>(1,941,641)</u>
Special Item - Transfer of solid waste facility	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(23,649)	(6,691)
Fund Balances Beginning of Year	<u>5,619,015</u>	<u>121,414</u>
Fund Balances End of Year	<u>\$ 5,595,366</u>	<u>\$ 114,723</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, 2015

Revenue			
Secondary Roads	Mental Health	Nonmajor Governmental Funds	Total
\$ -	\$ 848,241	\$ 918,298	\$ 9,396,646
-	-	-	68,058
4,722,330	265,303	21,145	6,442,227
38,643	-	-	63,988
-	-	4,940	789,381
-	-	12,807	149,507
360,099	990	4,543	539,276
<u>5,121,072</u>	<u>1,114,534</u>	<u>961,733</u>	<u>17,449,083</u>
-	-	51,858	3,702,267
-	-	687	779,444
-	667,148	-	667,148
-	-	139,445	1,595,984
7,305,395	-	-	7,305,395
-	-	10,619	660,222
-	-	26,345	1,535,126
-	-	-	116,134
-	-	5,346	57,081
217,105	-	410,964	628,069
<u>7,522,500</u>	<u>667,148</u>	<u>645,264</u>	<u>17,046,870</u>
<u>(2,401,428)</u>	<u>447,386</u>	<u>316,469</u>	<u>402,213</u>
-	-	-	100
2,615,608	-	101,786	3,067,567
-	-	(647,168)	(3,067,567)
<u>2,615,608</u>	<u>-</u>	<u>(545,382)</u>	<u>100</u>
<u>-</u>	<u>-</u>	<u>(1,941,953)</u>	<u>(1,941,953)</u>
214,180	447,386	(2,170,866)	(1,539,640)
<u>3,333,666</u>	<u>1,413,212</u>	<u>4,441,074</u>	<u>14,928,381</u>
<u>\$ 3,547,846</u>	<u>\$ 1,860,598</u>	<u>\$ 2,270,208</u>	<u>\$ 13,388,741</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, 2015

Net change in fund balances - total governmental funds \$ (1,539,640)

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	\$	1,296,390	
Contributed capital assets		1,263,335	
Depreciation expense		<u>(2,544,675)</u>	
			15,050

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. (34,565)

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
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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		(2,143)	
Grants		<u>(543,630)</u>	
			(545,773)

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred inflow of resources in the Statement of Net Position. 512,755

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		(13,090)	
Change in net OPEB liability		(49,480)	
Change in accrued interest payable		146	
Pension Expense		(177,630)	
Change in termination benefits		<u>(4,250)</u>	
			(244,304)

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, 2015

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.		\$ 47,611
The governmental fund statements only report the transfer of cash and pooled investments related to the transfer of the solid waste facility. The transfer also included capital assets and the landfill closure and postclosure liability as follows:		
Book value of the capital assets	\$ (452,499)	
Landfill closure and postclosure liability.	<u>1,989,682</u>	
		<u>1,537,183</u>
Change in net position of governmental activities		<u><u>\$ (201,683)</u></u>

Benton County
 Exhibit G – Statement of Net Position
 Proprietary Fund
 June 30, 2015

	<u>Internal Service - Benton County Co-Insurance</u>
Assets	
Cash and pooled investments	\$ 172,694
Prepaid expense	<u>125,523</u>
Total assets	298,217
Liabilities	
	<u>-</u>
Net Position	
Unrestricted	<u><u>\$ 298,217</u></u>

Benton County
 Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 Year Ended June 30, 2015

	Internal Service - Benton County <u>Co-Insurance</u>
Operating Revenues:	
Charges for service	\$ 1,519,031
Miscellaneous	<u>50,207</u>
Total operating revenues	<u>1,569,238</u>
Operating Expenses:	
Insurance premiums	1,418,060
Claims and administrative expenses	<u>103,567</u>
Total operating expenses	<u>1,521,627</u>
Change in Net Position	47,611
Net Position Beginning of Year	<u>250,606</u>
Net Position End of Year	<u><u>\$ 298,217</u></u>

Benton County
 Exhibit I – Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2015

	Internal Service - Benton County <u>Co-Insurance</u>
Cash Flows from Operating Activities:	
Cash received from employees and others	\$ 1,569,238
Cash paid for administrative fees and supplies	(103,567)
Cash paid for insurance claims/premiums	<u>(1,427,203)</u>
Net Cash provided by Operating Activities	38,468
Cash and Pooled Investments at Beginning of Year	<u>134,226</u>
Cash and Pooled Investments at End of Year	<u><u>\$ 172,694</u></u>
Reconciliation of Change in Net Position to Net Cash provided by Operating Activities:	
Change in net position	\$ 47,611
Adjustments to reconcile change in net position to net cash used for operating activities:	
Increase in prepaid expense	<u>(9,143)</u>
Net Cash provided by Operating Activities	<u><u>\$ 38,468</u></u>

Benton County
Exhibit J – Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets	
Cash and pooled investments	\$ 2,162,276
Receivables:	
Property tax:	
Delinquent	106,578
Succeeding year	27,903,579
Special assessments	54,946
Interest on special assessments	977
Total assets	<u>30,228,356</u>
Liabilities	
Salaries and benefits payable	13,508
Due to other governments	30,149,659
Trusts payable	65,189
Total liabilities	<u>30,228,356</u>
Net Position	<u><u>\$ -</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, 2015.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, 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. The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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, Deferred Outflows of Resources, 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, 2013, assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2014.

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, 2015, 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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused 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, 2015. 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.

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

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

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	\$ 22,465	
	Inventories	Secondary Roads	282,663	
	Donor Restricted	Carol Sue Donovan Conservation Fund	847,965	
			<u>\$ 1,153,093</u>	
Restricted	General Supplemental	General Fund	\$ 966,217	
	Rural Services	Rural Services	114,723	
	Secondary Roads	Secondary Roads	3,265,183	
	Mental Health	Mental Health	1,860,598	
	Records Management	County Recorder's Records Management	24,316	
	Conservation	REAP	11,770	
	Environment	Environmental Projects	200	
	Roads, Conservation, Libraries, Emergency Services	LOST	1,167,037	
	Electronic Transactions	County Recorder's Electronic Transaction	569	
	Forfeiture	County Sheriff's Forfeiture Fund	62,470	
	Commissary	County Sheriff's Commissary Fund	11,903	
	Sheriff	County Sheriff's Donation Fund	65	
	County Attorney	County Attorney Forfeiture Fund	7,814	
	Conservation	Land Acquisition Fund	52,495	
	Conservation	Carol Sue Donovan Conservation Fund	83,790	
			<u>\$ 7,629,150</u>	
	Committed	Infrastructure		
		Upgrades	General Fund	\$ 500,000
		IT Upgrades	General Fund	16,500
		Equipment	General Fund	16,000
			<u>\$ 532,500</u>	

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

Implementation of GASB Statement No. 68 and GASB Statement No. 71 – As of July 1, 2014, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 15 and the additional disclosures required by these standards are included in Note 7.

Note 2 - Cash and Pooled Investments

The County's deposits in banks at June 30, 2015, 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, 2015.

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 advances to and from other funds at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	\$ 173,142

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, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Nonmajor Governmental	<u>\$ 130,140</u>
Rural Services	Nonmajor Governmental	<u>220,033</u>
Secondary Roads	General	164,662
	Rural Services	2,161,764
	Nonmajor Governmental	<u>289,182</u>
		<u>2,615,608</u>
Nonmajor Governmental	General	93,973
	Nonmajor Governmental	<u>7,813</u>
		<u>101,786</u>
Total		<u><u>\$ 3,067,567</u></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		\$ 9,079
Secondary Roads		10,666
Mental Health		4,770
		<u>24,515</u>
Total for Governmental Funds		<u>24,515</u>
Agency	Collections	
County Recorder		25,462
County Recorder's Electronic Fee		388
Agricultural Extension		228,950
County Assessor		1,195,248
Schools		19,420,558
Community Colleges		1,429,457
Corporations		6,241,073
Townships		406,606
Auto License and Use Tax		712,456
Brucellosis and Tuberculosis Eradication		4,432
Fire Districts		110,427
E911 Surcharge		277,024
Joint Disaster Services		41,252
City Special Assessments		56,326
		<u>30,149,659</u>
Total for Agency Funds		<u>30,149,659</u>
		<u>\$ 30,174,174</u>

Note 5 - Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,987,076	\$ -	\$ (65,000)	\$ 1,922,076
Construction in progress	1,785,299	1,671,574	(1,161,917)	2,294,956
Total capital assets not being depreciated	3,772,375	1,671,574	(1,226,917)	4,217,032
Capital assets being depreciated:				
Buildings	9,009,825	562,601	(92,440)	9,479,986
Equipment	13,624,710	766,450	(793,879)	13,597,281
Infrastructure	46,514,861	721,017	(937,046)	46,298,832
Total capital assets being depreciated	69,149,396	2,050,068	(1,823,365)	69,376,099
Less accumulated depreciation for:				
Buildings	1,992,038	195,208	(72,634)	2,114,612
Equipment	9,619,949	912,866	(755,312)	9,777,503
Infrastructure	21,877,237	1,436,601	(573,355)	22,740,483
Total accumulated depreciation	33,489,224	2,544,675	(1,401,301)	34,632,598
Total capital assets being depreciated, net	35,660,172	(494,607)	(422,064)	34,743,501
Governmental Activities Capital Assets, Net	\$ 39,432,547	\$ 1,176,967	\$ (1,648,981)	\$ 38,960,533

Depreciation expense was charged to the following functions:

Governmental Activities:

Public safety and legal services	\$ 565,779
Physical health and social services	8,434
Mental health	38,496
County environment and education	81,232
Roads and transportation	1,755,311
Governmental services to residents	43,693
Administration	51,730
	51,730

Total Depreciation Expense – Governmental Activities	\$ 2,544,675
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Note 6 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Compensated Absences	Liability for Landfill Closure and Postclosure Care	Termination Benefits	Net Pension Liability	Net OPEB Liability	Revenue Note Payable	Total
Balance Beginning of Year	\$ 329,148	\$ 1,989,682	\$ 37,825	\$ 3,899,262	\$ 189,160	\$ 50,000	\$ 6,495,077
Increases	342,238	-	29,325	-	49,480	-	421,043
Decreases	(329,148)	(1,989,682)	(25,075)	(1,635,662)	-	(50,000)	(4,029,567)
Balance End of Year	\$ 342,238	\$ -	\$ 42,075	\$ 2,263,600	\$ 238,640	\$ -	\$ 2,886,553
Due Within One Year	\$ 342,238	\$ -	\$ 10,200	\$ -	\$ -	\$ -	\$ 352,438

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.

Note 7 - Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

A multiplier (based on years of service).

The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

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

The formula used to calculate a sheriff and deputy and protection occupation members' monthly IPERS benefit includes:

60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.

The member's highest three-year average salary.

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

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

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the County contributed 8.93 percent for a total rate of 14.88 percent. Sheriff and deputy members and the County both contributed 9.88 percent of pay for a total rate of 19.76 percent. Protection occupation members contributed 6.76 percent of pay and the County contributed 10.14 percent for a total rate of 16.90 percent.

The County’s contributions to IPERS for the year ended June 30, 2015 were \$512,755.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the County reported a liability of \$2,263,600 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County’s collective proportion was .0571 percent, which was a decrease of .0108 percent from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$177,631. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ -	\$ 14,985
Changes of Assumptions	74,408	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,329,779
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	45,871
County Contributions Subsequent to the Measurement Date	512,755	-
Total	\$ 587,163	\$ 1,390,635

\$512,755 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2016	\$ (329,279)
2017	(329,279)
2018	(329,279)
2019	(329,279)
2020	889
	\$ (1,316,227)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
County’s Proportionate Share of the Net Pension Liability (Asset)	\$ 5,287,510	\$ 2,263,600	\$ (286,176)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the County reported no payables to the defined benefit pension plan.

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 100 active and 5 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, 2015, the amount actually contributed to the Plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 59,829
Interest on Net OPEB Obligation	7,566
Adjustments to Annual Required Contribution	(7,517)
 Annual OPEB cost	 59,878
Contributions Made	(10,398)
 Increase in net OPEB obligation	 49,480
Net OPEB Obligation, Beginning of Year	189,160
 Net OPEB Obligation, End of Year	 \$ 238,640

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, 2015.

For the year ended June 30, 2015, the County contributed \$10,398 to the medical plan. Plan members eligible for benefits contributed \$19,046 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, 2015, are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 59,878	17.4%	\$ 238,640
2014	54,593	59.7%	189,160
2013	53,649	60.7%	167,157

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$501,077, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$501,077. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$4,835,362 and the ratio of the UAAL to covered payroll was 10.4%. As of June 30, 2015, 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, 2014, 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 9.0%. 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 SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014.

Projected claim costs of the medical plan are \$710 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 offers an early retirement benefit to non-union employees who met certain requirements, such as age and years of service. Those who participate in the benefit 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, 2015, the County has five participants in the plan for a net obligation of \$42,075.

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, 2015, 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, 2015, 2014, and 2013, 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, 2015, 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 has subsequently extended their membership for another five-year period, commencing July 1, 2015 through July 1, 2020. The County also carries commercial insurance purchased by the risk pool from other insurers for coverages associated with boiler/machinery and cyber liability. 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 - 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 12 - Transfer of Solid Waste Facility (Special Item)

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 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. The transfer was made effective July 1, 2014 and is reflected in the financial statements as follows:

Transfers of Cash:

Sanitary Disposal operating funds	\$ 231,942
Sanitary Disposal closure and postclosure funds	6,729
Ground Water operating funds	<u>1,703,282</u>
Transfer reported as special item within the Nonmajor Governmental Funds	<u>1,941,953</u>

Transfer of Capital Assets:

Book value of capital assets transferred	<u>452,499</u>
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Transfer of Landfill Closure and Postclosure Care Liability:

Closure and postclosure liability balance at the beginning of the year	<u>(1,989,682)</u>
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Transfer reported as special item within the Governmental Activities	<u><u>\$ 404,770</u></u>
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Note 13 - Benton County Financial Information Included in the Mental Health/Disability Services of the East Central Region

The Mental Health/Disability Services of the East Central Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Bremer County, Buchanan County, Delaware County, Dubuque County, Iowa County, Johnson County, Jones County, Linn County, and Benton County. The financial activity of Benton County's Special Revenue, Mental Health Fund is included in the Mental Health/Disability Services of the East Central Region for the year ended June 30, 2015 as follows:

Revenues:		
Property and other county tax		\$ 848,241
Intergovernmental revenues:		
State tax credits	\$ 66,558	
Social services block grant	22,933	
Receipts from regional fiscal agent	175,716	
Other intergovernmental revenues	<u>96</u>	
		265,303
Miscellaneous		<u>990</u>
Total revenues		<u>1,114,534</u>
Expenditures:		
Services to persons with:		
Mental illness	30,154	
Intellectual disability	<u>170</u>	
		30,324
General administration:		
Direct administration	153,862	
Purchased administration	6,406	
Distribution to regional fiscal agent	<u>476,556</u>	
		636,824
Total expenditures		<u>667,148</u>
Excess of Revenues Over Expenditures		447,386
Fund Balance Beginning of Year		<u>1,413,212</u>
Fund Balance End of Year		<u>\$ 1,860,598</u>

Note 14 - Subsequent Event

On July 1, 2015, The County issued a \$402,642 General Obligation Solid Waste Disposal Note. The debt proceeds will be transferred to the Benton County Solid Waste Disposal Commission to fund a new landfill cell. The note will be repaid through the use of the County’s debt service property tax levy. The interest rates on the note range from .5% to 1.5%, with a maturity date of June 1, 2018.

Note 15 - Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities
Net Position June 30, 2014, as Previously Reported	\$ 52,662,480
Net Pension Liability at June 30, 2014	(3,899,262)
Deferred Outflows of Resources Related to Prior Year Contributions Made After June 30, 2013 Measurement Date	497,066
Net Position July 1, 2014, as Restated	\$ 49,260,284

Note 16 - Prospective Accounting Pronouncements

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

Statement No. 72, Fair Value Measurement and Application, issued February 2015, will be effective for the fiscal year ending June 30, 2016. The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No. 67 and Statement No. 68, will be effective for fiscal year ending June 30, 2016. The objective is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as amended.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, will be effective for the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective for the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, will be effective June 30, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

Statement No. 77, Tax Abatement Disclosures, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

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, 2015

Benton County

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	Governmental		
	Fund Types	Budgeted Amounts	
		Actual	Original
Receipts:			
Property and other County tax	\$ 9,367,572	\$ 9,410,330	\$ 9,410,330
Interest and penalty on property tax	64,947	63,000	63,000
Intergovernmental	6,254,885	6,790,504	6,934,654
Licenses and permits	64,587	52,350	52,350
Charges for service	803,497	948,165	948,165
Use of money and property	133,784	247,379	247,379
Miscellaneous	560,292	268,650	304,500
Total receipts	<u>17,249,564</u>	<u>17,780,378</u>	<u>17,960,378</u>
Disbursements:			
Operating:			
Public safety and legal services	3,662,595	4,130,394	4,210,394
Physical health and social services	776,931	954,769	971,769
Mental health	704,104	1,922,276	1,922,276
County environment and education	3,576,968	2,174,197	4,033,197
Roads and transportation	7,359,481	7,228,850	7,503,850
Governmental services to residents	659,264	743,853	743,853
Administration	1,471,006	1,726,086	1,726,086
Non-program	93,256	160,000	160,000
Debt service	97,760	97,775	97,775
Capital projects	676,921	2,193,794	2,373,794
Total disbursements	<u>19,078,286</u>	<u>21,331,994</u>	<u>23,742,994</u>
Excess (Deficiency) of Receipts over (Under) Disbursements	(1,828,722)	(3,551,616)	(5,782,616)
Other Financing Sources, Net	<u>41,696</u>	<u>46,696</u>	<u>46,696</u>
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	(1,787,026)	(3,504,920)	(5,735,920)
Balance Beginning of Year	<u>14,848,076</u>	<u>14,848,076</u>	<u>14,848,076</u>
Balance End of Year	<u>\$ 13,061,050</u>	<u>\$ 11,343,156</u>	<u>\$ 9,112,156</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, 2015

Variance- Over (Under) Budget	Actual as % of Final Budget
\$ (42,758)	100%
1,947	103
(679,769)	90
12,237	123
(144,668)	85
(113,595)	54
255,792	184
(710,814)	96
(547,799)	87%
(194,838)	80
(1,218,172)	37
(456,229)	89
(144,369)	98
(84,589)	89
(255,080)	85
(66,744)	58
(15)	100
(1,696,873)	29
(4,664,708)	80
3,953,894	
(5,000)	
3,948,894	
-	
\$ 3,948,894	

Benton County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 17,249,564	\$ 199,519	\$ 17,449,083
Expenditures	19,078,286	(2,031,416)	17,046,870
Net	(1,828,722)	2,230,935	402,213
Other Financing Sources, Net	41,696	(41,596)	100
Special Item	-	(1,941,953)	(1,941,953)
Beginning Fund Balances	14,848,076	80,305	14,928,381
Ending Fund Balances	<u>\$ 13,061,050</u>	<u>\$ 327,691</u>	<u>\$ 13,388,741</u>

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 \$2,411,000. 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, 2015, disbursements did not exceed the amounts budgeted for any function.

Benton County
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Iowa Public Employee's Retirement System
 Last Fiscal Year
 Required Supplementary Information

	2015
County's Collective Proportion of the Net Pension Liability (Asset)	0.0571%
County's Collective Proportionate Share of the Net Pension Liability (Asset)	\$ 2,263,600
County's Covered-Employee Payroll	\$ 5,401,356
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	41.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%

The amounts presented for each fiscal year were determined as of June 30th.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily Required Contribution	\$ 512,755	\$ 497,065	\$ 466,148	\$ 428,734	\$ 356,260
Contributions in Relation to the Statutorily Required Contribution	<u>512,755</u>	<u>497,065</u>	<u>466,148</u>	<u>428,734</u>	<u>356,260</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	5,569,491	5,401,356	5,185,707	5,051,477	4,776,742
Contributions as a Percentage of Covered-Employee Payroll	9.21%	9.20%	8.99%	8.49%	7.46%

Benton County
 Schedule of the County Contributions
 Iowa Public Employee's Retirement System
 Last Ten Fiscal Years
 Required Supplementary Information

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 341,191	\$ 323,136	\$ 302,072	\$ 273,097	\$ 257,831
<u>341,191</u>	<u>323,136</u>	<u>302,072</u>	<u>273,097</u>	<u>257,831</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
4,891,944	4,854,440	4,780,101	4,421,578	4,224,507
6.97%	6.66%	6.32%	6.18%	6.10%

Changes of Benefit Terms

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

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.

- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.

- Adjusted male mortality rates for retirees in the Regular membership group.

- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.

- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

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

- Adjusted retiree mortality assumptions.

- Modified retirement rates to reflect fewer retirements.

- Lowered disability rates at most ages.

- Lowered employment termination rates.

- Generally increased the probability of terminating members receiving a deferred retirement benefit.

- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

Benton County
 Schedule of Funding Progress for the Retiree Health Plan
 Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2009	07/01/08	\$ -	\$ 493,280	\$ 493,280	0.0%	\$ 4,212,430	11.7%
2012	07/01/11	-	475,516	475,516	0.0%	4,885,005	9.7%
2015	07/01/14	-	501,077	501,077	0.0%	4,835,362	10.4%



Other Supplementary Information
Benton County

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						Special Revenue
	County Recorder's Records Management	Resource Enhancement and Protection	Sanitary Disposal	Ground Water	Emergency Food and Shelter Program	Environmental Projects
Assets						
Cash and Pooled Investments	\$ 24,316	\$ 11,770	\$ -	\$ -	\$ -	\$ 200
Receivables:						
Property tax:						
Succeeding year	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-
Total assets	<u>\$ 24,316</u>	<u>\$ 11,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 186	\$ -
Advance from other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable revenues						
Succeeding year property tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	24,316	11,770	-	-	-	200
Unassigned	-	-	-	-	(186)	-
Total fund balances	<u>24,316</u>	<u>11,770</u>	<u>-</u>	<u>-</u>	<u>(186)</u>	<u>200</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,316</u>	<u>\$ 11,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>

Benton County
Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Funds

Urbana TIF	CDBG	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	County Attorney Forfeiture Fund
\$ -	\$ -	\$ 1,201,520	\$ 569	\$ 62,470	\$ 11,903	\$ 65	\$ 7,814
-	-	-	-	-	-	-	-
-	-	139,284	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,340,804</u>	<u>\$ 569</u>	<u>\$ 62,470</u>	<u>\$ 11,903</u>	<u>\$ 65</u>	<u>\$ 7,814</u>
\$ -	\$ -	\$ 625	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	173,142	-	-	-	-	-
-	-	173,767	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,167,037	569	62,470	11,903	65	7,814
-	-	-	-	-	-	-	-
-	-	1,167,037	569	62,470	11,903	65	7,814
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,340,804</u>	<u>\$ 569</u>	<u>\$ 62,470</u>	<u>\$ 11,903</u>	<u>\$ 65</u>	<u>\$ 7,814</u>

(continued)

Benton County
Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Capital Projects Funds		Permanent Fund	Debt Service	Total Nonmajor Governmental Funds
	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund		
Assets					
Cash and Pooled Investments	\$ 52,495	\$ -	\$ 758,613	\$ -	\$ 2,131,735
Receivables:					
Property tax:					
Succeeding year	-	-	-	150,087	150,087
Due from Other Governments	-	-	-	-	139,284
Advances to Other Funds	-	-	173,142	-	173,142
Total assets	<u>\$ 52,495</u>	<u>\$ -</u>	<u>\$ 931,755</u>	<u>\$ 150,087</u>	<u>\$ 2,594,248</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 811
Advance from other funds	-	-	-	-	173,142
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,953</u>
Deferred Inflows of Resources:					
Unavailable revenues					
Succeeding year property tax	-	-	-	150,087	150,087
Fund Balances:					
Nonspendable	-	-	847,965	-	847,965
Restricted	52,495	-	83,790	-	1,422,429
Unassigned	-	-	-	-	(186)
Total fund balances	<u>52,495</u>	<u>-</u>	<u>931,755</u>	<u>-</u>	<u>2,270,208</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,495</u>	<u>\$ -</u>	<u>\$ 931,755</u>	<u>\$ 150,087</u>	<u>\$ 2,594,248</u>

Special Revenue

	County Recorder's Records Management	Resource Enhancement and Protection	Sanitary Disposal	Ground Water	Emergency Food and Shelter Program	Environmental Projects
Revenues:						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	17,763	-	-	-	-
Charges for service	4,940	-	-	-	-	-
Use of money and property	33	21	-	-	1	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>4,973</u>	<u>17,784</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	-	-
Physical health and social services	-	-	-	-	687	-
County environment and education	-	40,861	327	-	-	-
Governmental services to residents	10,619	-	-	-	-	-
Administration	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>10,619</u>	<u>40,861</u>	<u>327</u>	<u>-</u>	<u>687</u>	<u>-</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(5,646)</u>	<u>(23,077)</u>	<u>(327)</u>	<u>-</u>	<u>(686)</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Item						
Transfer of solid waste facility	-	-	(1,935,224)	(6,729)	-	-
Net change in fund balances	(5,646)	(23,077)	(1,935,551)	(6,729)	(686)	-
Fund Balances Beginning of Year	<u>29,962</u>	<u>34,847</u>	<u>1,935,551</u>	<u>6,729</u>	<u>500</u>	<u>200</u>
Fund Balances End of Year	<u>\$ 24,316</u>	<u>\$ 11,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (186)</u>	<u>\$ 200</u>

Benton County
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

Funds							
Urbana TIF	CDBG	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	County Attorney Forfeiture Fund
\$ 24,733	\$ -	\$ 893,565	\$ -	\$ -	\$ -	\$ -	\$ -
410	2,972	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	155	1	91	-	-	1
-	-	-	-	4,518	-	25	-
<u>25,143</u>	<u>2,972</u>	<u>893,720</u>	<u>1</u>	<u>4,609</u>	<u>-</u>	<u>25</u>	<u>1</u>
-	-	46,285	-	5,573	-	-	-
-	-	-	-	-	-	-	-
-	2,972	95,285	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	26,345	-	-	-	-	-
-	-	5,346	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>2,972</u>	<u>173,261</u>	<u>-</u>	<u>5,573</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,143</u>	<u>-</u>	<u>720,459</u>	<u>1</u>	<u>(964)</u>	<u>-</u>	<u>25</u>	<u>1</u>
-	2,973	-	-	-	-	-	7,813
<u>(25,143)</u>	<u>(44,681)</u>	<u>(549,706)</u>	<u>-</u>	<u>(7,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(25,143)</u>	<u>(41,708)</u>	<u>(549,706)</u>	<u>-</u>	<u>(7,813)</u>	<u>-</u>	<u>-</u>	<u>7,813</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(41,708)	170,753	1	(8,777)	-	25	7,814
-	41,708	996,284	568	71,247	11,903	40	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,167,037</u>	<u>\$ 569</u>	<u>\$ 62,470</u>	<u>\$ 11,903</u>	<u>\$ 65</u>	<u>\$ 7,814</u>

(continued)

Benton County
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Capital Projects Funds		Permanent Fund	Debt Service	Total Nonmajor Governmental Funds
	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund		
Revenues:					
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ 918,298
Intergovernmental	-	-	-	-	21,145
Charges for service	-	-	-	-	4,940
Use of money and property	-	-	12,504	-	12,807
Miscellaneous	-	-	-	-	4,543
Total revenues	-	-	12,504	-	961,733
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	51,858
Physical health and social services	-	-	-	-	687
County environment and education	-	-	-	-	139,445
Governmental services to residents	-	-	-	-	10,619
Administration	-	-	-	-	26,345
Debt service	-	-	-	-	5,346
Capital projects	-	410,964	-	-	410,964
Total expenditures	-	410,964	-	-	645,264
Excess (Deficiency) of Revenues over (Under) Expenditures	-	(410,964)	12,504	-	316,469
Other Financing Sources (Uses):					
Transfers in	25,000	66,000	-	-	101,786
Transfers out	-	(19,825)	-	-	(647,168)
Total other financing sources (uses)	25,000	46,175	-	-	(545,382)
Special Item					
Transfer of solid waste facility	-	-	-	-	(1,941,953)
Net change in fund balances	25,000	(364,789)	12,504	-	(2,170,866)
Fund Balances Beginning of Year	27,495	364,789	919,251	-	4,441,074
Fund Balances End of Year	\$ 52,495	\$ -	\$ 931,755	\$ -	\$ 2,270,208

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
County Auditor				
Assets:				
Cash and pooled investments	\$ 497	\$ -	\$ -	\$ 497
Liabilities:				
Trusts payable	\$ 497	\$ -	\$ -	\$ 497
County Recorder				
Assets:				
Cash and pooled investments	\$ 20,715	\$ 460,239	\$ 455,492	\$ 25,462
Liabilities:				
Due to other funds	\$ -	\$ 175,079	\$ 175,079	\$ -
Due to other governments	20,715	285,160	280,413	25,462
Total liabilities	\$ 20,715	\$ 460,239	\$ 455,492	\$ 25,462
County Recorder's Electronic Fee				
Assets:				
Cash and pooled investments	\$ 815	\$ 4,805	\$ 5,232	\$ 388
Liabilities:				
Due to other governments	\$ 815	\$ 4,805	\$ 5,232	\$ 388
County Sheriff				
Assets:				
Cash and pooled investments	\$ 11,164	\$ 395,474	\$ 401,839	\$ 4,799
Liabilities:				
Due to other funds	\$ -	\$ 197,460	\$ 197,460	\$ -
Due to other governments	-	4,268	4,268	-
Trusts payable	11,164	193,746	200,111	4,799
Total liabilities	\$ 11,164	\$ 395,474	\$ 401,839	\$ 4,799

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Agricultural Extension Education Fund				
Assets:				
Cash and pooled investments	\$ 2,696	\$ 220,157	\$ 219,829	\$ 3,024
Property tax receivable:				
Delinquent	418	788	418	788
Succeeding year	<u>218,917</u>	<u>225,138</u>	<u>218,917</u>	<u>225,138</u>
Total assets	<u>\$ 222,031</u>	<u>\$ 446,083</u>	<u>\$ 439,164</u>	<u>\$ 228,950</u>
Liabilities:				
Due to other governments	<u>\$ 222,031</u>	<u>\$ 446,083</u>	<u>\$ 439,164</u>	<u>\$ 228,950</u>
County Assessor Fund				
Assets:				
Cash and pooled investments	\$ 608,755	\$ 433,387	\$ 338,416	\$ 703,726
Property tax receivable:				
Delinquent	649	1,551	649	1,551
Succeeding year	<u>430,825</u>	<u>500,325</u>	<u>430,825</u>	<u>500,325</u>
Total assets	<u>\$ 1,040,229</u>	<u>\$ 935,263</u>	<u>\$ 769,890</u>	<u>\$ 1,205,602</u>
Liabilities:				
Salaries and benefits payable	\$ 9,071	\$ 10,354	\$ 9,071	\$ 10,354
Due to other governments	<u>1,031,158</u>	<u>924,909</u>	<u>760,819</u>	<u>1,195,248</u>
Total liabilities	<u>\$ 1,040,229</u>	<u>\$ 935,263</u>	<u>\$ 769,890</u>	<u>\$ 1,205,602</u>
Schools Fund				
Assets:				
Cash and pooled investments	\$ 221,044	\$ 18,319,747	\$ 18,293,745	\$ 247,046
Property tax receivable:				
Delinquent	36,583	69,588	36,583	69,588
Succeeding year	<u>18,213,684</u>	<u>19,103,924</u>	<u>18,213,684</u>	<u>19,103,924</u>
Total assets	<u>\$ 18,471,311</u>	<u>\$ 37,493,259</u>	<u>\$ 36,544,012</u>	<u>\$ 19,420,558</u>
Liabilities:				
Due to other governments	<u>\$ 18,471,311</u>	<u>\$ 37,493,259</u>	<u>\$ 36,544,012</u>	<u>\$ 19,420,558</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Community Colleges Fund				
Assets:				
Cash and pooled investments	\$ 16,752	\$ 1,381,183	\$ 1,379,122	\$ 18,813
Property tax receivable:				
Delinquent	2,619	4,893	2,619	4,893
Succeeding year	1,373,310	1,405,751	1,373,310	1,405,751
Total assets	<u>\$ 1,392,681</u>	<u>\$ 2,791,827</u>	<u>\$ 2,755,051</u>	<u>\$ 1,429,457</u>
Liabilities:				
Due to other governments	<u>\$ 1,392,681</u>	<u>\$ 2,791,827</u>	<u>\$ 2,755,051</u>	<u>\$ 1,429,457</u>
Corporations Fund				
Assets:				
Cash and pooled investments	\$ 48,942	\$ 7,267,201	\$ 7,259,938	\$ 56,205
Property tax receivable:				
Delinquent	53,296	27,937	53,296	27,937
Succeeding year	7,175,033	6,156,931	7,175,033	6,156,931
Total assets	<u>\$ 7,277,271</u>	<u>\$ 13,452,069</u>	<u>\$ 14,488,267</u>	<u>\$ 6,241,073</u>
Liabilities:				
Due to other governments	<u>\$ 7,277,271</u>	<u>\$ 13,452,069</u>	<u>\$ 14,488,267</u>	<u>\$ 6,241,073</u>
Townships Fund				
Assets:				
Cash and pooled investments	\$ 5,641	\$ 384,357	\$ 383,801	\$ 6,197
Property tax receivable:				
Delinquent	765	1,796	765	1,796
Succeeding year	384,136	398,613	384,136	398,613
Total assets	<u>\$ 390,542</u>	<u>\$ 784,766</u>	<u>\$ 768,702</u>	<u>\$ 406,606</u>
Liabilities:				
Due to other governments	<u>\$ 390,542</u>	<u>\$ 784,766</u>	<u>\$ 768,702</u>	<u>\$ 406,606</u>
Auto License and Use Tax Fund				
Assets:				
Cash and pooled investments	<u>\$ 642,559</u>	<u>\$ 8,083,851</u>	<u>\$ 8,013,954</u>	<u>\$ 712,456</u>
Liabilities:				
Due to other governments	<u>\$ 642,559</u>	<u>\$ 8,083,851</u>	<u>\$ 8,013,954</u>	<u>\$ 712,456</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Brucellosis and Tuberculosis Eradication Fund				
Assets:				
Cash and pooled investments	\$ 52	\$ 4,316	\$ 4,309	\$ 59
Property tax receivable:				
Delinquent	8	15	8	15
Succeeding year	4,291	4,358	4,291	4,358
Total assets	<u>\$ 4,351</u>	<u>\$ 8,689</u>	<u>\$ 8,608</u>	<u>\$ 4,432</u>
Liabilities:				
Due to other governments	<u>\$ 4,351</u>	<u>\$ 8,689</u>	<u>\$ 8,608</u>	<u>\$ 4,432</u>
Fire Districts Fund				
Assets:				
Cash and pooled investments	\$ 1,590	\$ 103,175	\$ 102,887	\$ 1,878
Property tax receivable:				
Delinquent	15	10	15	10
Succeeding year	102,706	108,539	102,706	108,539
Total assets	<u>\$ 104,311</u>	<u>\$ 211,724</u>	<u>\$ 205,608</u>	<u>\$ 110,427</u>
Liabilities:				
Due to other governments	<u>\$ 104,311</u>	<u>\$ 211,724</u>	<u>\$ 205,608</u>	<u>\$ 110,427</u>
E911 Surcharge Fund				
Assets:				
Cash and pooled investments	<u>\$ 211,016</u>	<u>\$ 314,493</u>	<u>\$ 248,485</u>	<u>\$ 277,024</u>
Liabilities:				
Due to other governments	<u>\$ 211,016</u>	<u>\$ 314,493</u>	<u>\$ 248,485</u>	<u>\$ 277,024</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Joint Disaster Services Fund				
Assets:				
Cash and pooled investments	\$ 39,242	\$ 143,951	\$ 138,787	\$ 44,406
Liabilities:				
Salaries and benefits payable	\$ 2,745	\$ 3,154	\$ 2,745	\$ 3,154
Due to other governments	36,497	140,797	136,042	41,252
Total liabilities	<u>\$ 39,242</u>	<u>\$ 143,951</u>	<u>\$ 138,787</u>	<u>\$ 44,406</u>
City Special Assessments Fund				
Assets:				
Cash and pooled investments	\$ 8,353	\$ 26,799	\$ 34,749	\$ 403
Receivables:				
Special assessments	60,641	54,946	60,641	54,946
Interest on special assessment	1,324	977	1,324	977
Total assets	<u>\$ 70,318</u>	<u>\$ 82,722</u>	<u>\$ 96,714</u>	<u>\$ 56,326</u>
Liabilities:				
Due to other governments	<u>\$ 70,318</u>	<u>\$ 82,722</u>	<u>\$ 96,714</u>	<u>\$ 56,326</u>
Treasurer's Trust Fund				
Assets:				
Cash and pooled investments	<u>\$ 68,973</u>	<u>\$ 1,021,288</u>	<u>\$ 1,030,368</u>	<u>\$ 59,893</u>
Liabilities:				
Trusts payable	<u>\$ 68,973</u>	<u>\$ 1,021,288</u>	<u>\$ 1,030,368</u>	<u>\$ 59,893</u>
Benton County Solid Waste Disposal Commission				
Assets:				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 2,697,532</u>	<u>\$ 2,697,532</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 2,697,532</u>	<u>\$ 2,697,532</u>	<u>\$ -</u>

(continued)

Benton County
 Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Total Combined Funds				
Assets:				
Cash and pooled investments	\$ 1,908,806	\$ 41,261,955	\$ 41,008,485	\$ 2,162,276
Receivables:				
Property tax:				
Delinquent	94,353	106,578	94,353	106,578
Succeeding year	27,902,902	27,903,579	27,902,902	27,903,579
Special assessments	60,641	54,946	60,641	54,946
Interest on special assessments	1,324	977	1,324	977
Total assets	<u>\$ 29,968,026</u>	<u>\$ 69,328,035</u>	<u>\$ 69,067,705</u>	<u>\$ 30,228,356</u>
Liabilities:				
Salaries and benefits payable	\$ 11,816	\$ 13,508	\$ 11,816	\$ 13,508
Due to other funds	-	372,539	372,539	-
Due to other governments	29,875,576	67,726,954	67,452,871	30,149,659
Trusts payable	80,634	1,215,034	1,230,479	65,189
Total liabilities	<u>\$ 29,968,026</u>	<u>\$ 69,328,035</u>	<u>\$ 69,067,705</u>	<u>\$ 30,228,356</u>

	Modified Accrual Basis			
	2015	2014	2013	2012
Revenues:				
Property and other County tax	\$ 9,396,646	\$ 9,263,165	\$ 9,066,277	\$ 9,283,332
Interest and penalty on property tax	68,058	54,401	67,455	60,888
Intergovernmental	6,442,227	6,934,298	7,063,795	8,270,387
Licenses and permits	63,988	50,916	55,517	53,781
Charges for service	789,381	1,039,262	1,134,314	1,074,105
Use of money and property	149,507	230,181	229,341	242,838
Miscellaneous	539,276	673,090	312,031	480,803
Total	\$ 17,449,083	\$ 18,245,313	\$ 17,928,730	\$ 19,466,134
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,702,267	\$ 3,372,083	\$ 3,094,449	\$ 3,378,100
Physical health and social services	779,444	772,894	791,283	727,188
Mental health	667,148	717,608	877,412	2,241,438
County environment and education	1,595,984	1,858,870	2,135,404	1,680,767
Roads and transportation	7,305,395	6,587,736	6,247,839	6,433,156
Governmental services to residents	660,222	676,648	797,697	586,446
Administration	1,535,126	1,354,202	1,399,113	1,365,671
Non-program	116,134	114,899	139,267	134,980
Debt service	57,081	59,714	61,930	819,476
Capital projects	628,069	1,031,306	618,578	269,161
Total	\$ 17,046,870	\$ 16,545,960	\$ 16,162,972	\$ 17,636,383

Benton County

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

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
\$ 9,040,465	\$ 7,789,764	\$ 7,569,896	\$ 6,525,469	\$ 6,256,778	\$ 5,758,137
68,851	71,665	61,120	58,381	55,253	51,873
11,598,891	8,463,098	7,110,465	6,628,717	5,782,973	5,826,833
28,429	26,552	36,023	21,153	22,973	23,073
918,755	938,342	918,653	804,952	818,345	772,606
212,614	167,459	226,983	351,193	355,305	296,817
344,701	1,249,374	435,863	371,763	533,102	470,000
<u>\$ 22,212,706</u>	<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>
\$ 2,776,780	\$ 2,944,413	\$ 3,404,479	\$ 2,688,409	\$ 2,544,185	\$ 2,514,156
826,041	870,817	680,759	647,780	665,196	659,292
1,858,003	1,790,594	1,768,492	1,828,868	1,696,472	1,625,894
1,820,864	1,817,202	1,798,472	1,448,612	1,294,735	1,178,235
5,884,434	6,665,097	6,169,023	6,257,448	5,533,679	5,169,822
555,980	587,292	585,539	498,175	459,681	722,844
1,178,054	1,307,990	1,491,420	1,454,672	1,396,253	1,228,777
-	-	-	-	-	-
66,230	-	-	-	-	169,570
7,115,336	1,516,791	1,294,315	824,059	126,239	433,254
<u>\$ 22,081,722</u>	<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>



Information Provided to Comply with
Government Auditing Standards
June 30, 2015

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, 2015, 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, 2015.

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 Responses, 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 the accompanying Schedule of Findings and Responses as items 2015-A and 2015-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 the accompanying Schedule of Findings and Responses as items 2015-C, 2015-D, and 2015-E 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, 2015, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part II of the accompanying Schedule of Findings and Responses. 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 Responses. 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, 2015

Part I: Findings Related to the Basic Financial Statements:

Material Weaknesses

2015-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.

2015-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 I: 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

2015-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 – The Sheriff's Office has implemented various procedures to enhance internal controls, including the Stellar Teller System and involving additional staff in the receipt function. However, there are still bank accounts for which one employee has receipt, disbursement and reconciling responsibilities.

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 – Changes have been implemented in staffing so that there are normally three people in the office area. Mail arrives by the U.S. Postal Services usually around 10:00 am. It is opened by the third person in the office. The mail is then distributed to the proper people by the third person depending on the type of funds to be processed. Banking is then done by the person not involved in the original processing. When conditions exist that there would only be two people (sick/vacations etc.), the person opening and depositing is different than the person processing. We will also change the reconciliation procedure for Stellar so the duties of dispersing funds and the reconciliation are with different people. That same procedure will be put into place for the main accounting system. Our new accounting system provides for the use of QuickBooks for financial documenting and will allow for a different person to accomplish the reconciliation.

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

2015-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.

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.

2015-E 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 staff, who also has access to the monies collected.

Cause – With a limited number of 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 – 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 II: Other Findings Related to Required Statutory Reporting:

The Benton County Conservation Board decided in November of 2015 to accept credit cards through authorized.net via mycountyparks.com, starting with cabin and pavilion transactions. The ability to take credit cards would eliminate a small amount of cash handling by county conservation staff, and thus potentially increasing our department’s efficiency and security in the receiving of camping funds.

2015-IA-A Certified Budget – Disbursements during the year ended June 30, 2015, did not exceed the amounts budgeted by function.

2015-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.

2015-IA-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2015-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	\$ 4,687
Terry Ehlinger, owner of Ehlinger’s Vinton Express, spouse of Bonnie Ehlinger, Sheriff’s Office	Supplies	850
Barb Campbell, sister of Deb Fleming County Attorney Office	Supplies	43

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Terry Ehlinger and Barb Campbell 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.

2015-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.

2015-IA-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

2015-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.

2015-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).

2015-IA-I 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, 2015, for the County Extension Office did not exceed the amount budgeted.

2015-IA-J Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.