



Financial Statements  
June 30, 2019  
**Benton County**

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Officials .....	1
Independent Auditor’s Report .....	2
Management’s Discussion and Analysis .....	5
Basic Financial Statements	
Government-Wide Financial Statements	
Exhibit A – Statement of Net Position .....	14
Exhibit B – Statement of Activities .....	16
Government-Fund Financial Statements	
Exhibit C – Balance Sheet .....	17
Exhibit D – Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position ...	18
Exhibit E – Statement of Revenues, Expenditures, and Changes in Fund Balances .....	19
Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities .....	20
Proprietary Fund Financial Statements	
Exhibit G – Statement of Net Position .....	22
Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position .....	23
Exhibit I – Statement of Cash Flows .....	24
Fiduciary Fund Financial Statement	
Exhibit J – Statement of Fiduciary Assets and Liabilities – Agency Funds .....	25
Notes to Financial Statements .....	26
Required Supplementary Information	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds .....	48
Budgetary Comparison Schedule – Budget to GAAP Reconciliation .....	49
Notes to Required Supplementary Information – Budgetary Reporting .....	50
Schedule of the County’s Proportionate Share of the Net Pension Liability .....	51
Schedule of the County Contributions .....	52
Notes to Required Supplementary Information – Pension Liability .....	53
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes .....	54
Other Supplementary Information	
Nonmajor Governmental Funds	
Schedule 1 – Combining Balance Sheet .....	55
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	57
Agency Funds	
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities .....	59
Schedule 4 – Schedule of Revenues by Source and Expenditure by Function – All Governmental Funds .....	65
Information Provided to Comply with <i>Government Auditing Standards</i> and the Uniform Guidance:	
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 <i>Government Auditing Standards</i> .....	66
Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	68
Schedule of Expenditures of Federal Awards .....	70
Notes to the Schedule of Expenditures of Federal Awards .....	72
Schedule of Findings and Questioned Costs .....	73



Benton County

Benton County  
Officials

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Name	Title	Term Expires
Gary Bierschenk Rick Primmer Tracy Seeman	Board of Supervisors Board of Supervisors Board of Supervisors	December 2020 December 2020 December 2022
Hayley Rippel	County Auditor	December 2020
Kelly Rae Geater	County Treasurer	December 2022
Lexa Speidel	County Recorder	December 2022
Ronald J. Tippet	County Sheriff	December 2020
David C. Thompson	County Attorney	December 2022
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, 2019, 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, 2019, 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.

## **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. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020, 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

The signature is written in a cursive, handwritten style. It reads "Eide Sully LLP". The letters are dark and the ink appears to be a dark color.

Dubuque, Iowa  
January 29, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Benton County provides this Management's Discussion and Analysis as part of our annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. 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 increased from 2018 to 2019, approximately 5.9%.

Property tax revenue remained essentially unchanged with an approximately 1.5% of an increase from \$9.103 million in 2018 to \$9.243 million in 2019.

Intergovernmental revenues including, grants and contributions, increased approximately \$1.54 million from \$7.825 million in 2018 to \$9.374 million in 2019.

Governmental activities program expenses increased in 2019 when compared to 2018, by approximately \$1.99 million. County environment and education experienced an increase in 2019 from \$2.011 million to \$3.266 million. A slight increase in interest on long-term debt expense of approximately \$4,500. Non-program expense also decreased \$2,300. Roads and transportation had an increase of approximately \$710,000 in 2019 when compared to 2018. With the exception of mental health and administration expenses decreasing \$60,000 and \$142,000, increases were experienced in all other areas.

2019 was pretty uneventful regarding the financial position of the County.

### 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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. Special Revenue Funds, such as Rural Services, Secondary Roads, Mental Health, and other nonmajor funds
  - c. The Capital Projects Fund (Nonmajor Fund)
  - d. The Debt Service Fund (Nonmajor Fund)
  - e. Permanent Funds (Nonmajor Fund)

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds account for the County's employee group health insurance, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for the proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows.

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

E-911 services  
County Assessor

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The County's combined net position increased from \$52.991 million in 2018 to \$53.391 million in 2019. 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)**

	<u>2019</u>	<u>2018</u>
Current and other Assets	\$24,876,094	\$23,884,427
Capital Assets	<u>44,787,727</u>	<u>43,846,652</u>
Total Assets	69,663,821	67,731,079
Deferred Outflows of Resources	<u>1,643,458</u>	<u>1,767,774</u>
Other Liabilities	2,378,129	1,325,895
Long-Term Liabilities	<u>4,315,217</u>	<u>5,033,235</u>
Total Liabilities	6,693,346	6,359,130
Deferred Inflows of Resources	<u>11,222,822</u>	<u>10,148,270</u>
Net Position		
Net Investment in Capital Assets	44,787,727	43,846,652
Restricted	7,927,702	8,317,854
Unrestricted	<u>675,682</u>	<u>826,947</u>
Total Net Position	<u>\$53,391,111</u>	<u>\$52,991,453</u>

The Net Position of the County's governmental activities increased from \$52,991,453 in 2018 to \$53,391,111 in 2019. The largest portion of the County's net position is invested in capital assets. The change in total net position is due largely to an increase in net investment in capital assets; primarily due to an increase in assets in secondary roads. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

	<u>2019</u>	<u>2018</u>
Revenues		
Charges for service and sales	\$ 2,015,178	\$ 2,206,943
Operating grants and contributions	7,849,077	6,084,344
Capital grants and contributions	1,645,643	2,249,792
Property taxes	9,243,847	9,103,176
Penalty and interest on property taxes	47,672	53,847
State tax credits	727,449	723,872
Local option sales tax	874,335	791,479
Unrestricted investment earnings	49,245	36,160
Miscellaneous	<u>141,971</u>	<u>75,834</u>
Total revenues	<u>22,594,417</u>	<u>21,325,447</u>
Expenses		
Public safety and legal services	4,641,562	4,436,178
Physical health and social services	1,098,670	1,098,162
Mental health	807,559	867,230
County environment and education	3,266,587	2,011,559
Roads and transportation	9,861,041	9,150,654
Government services to residents	765,830	741,508
Administration	1,636,288	1,778,728
Non-program	107,340	109,663
Interest on long-term debt	<u>9,882</u>	<u>5,297</u>
Total expenses	<u>22,194,759</u>	<u>20,198,979</u>
Change in net position	399,658	1,126,468
Net position beginning of the year	<u>52,991,453</u>	<u>51,864,985</u>
Net position end of year	<u>\$ 53,391,111</u>	<u>\$ 52,991,453</u>

## GOVERNMENTAL ACTIVITIES

The results of governmental activities for the year resulted in Benton County's net position increasing by approximately \$399,658. Total revenues for governmental activities increased from the prior year, although property taxes remained relatively unchanged with only an increase of approximately \$140,671, or 1.5%.

The county-wide property tax rates in 2019 decreased from 2018; the overall county-wide property tax dollars levied, including gas and electric, increased \$129,765 in 2019 from 2018. This is a result of the increased taxable valuation and the decreased .015653 in levy.

	<u>FY2019</u>	<u>FY2018</u>
Countywide taxable value	1,457,350,684	1,400,971,624
Countywide levy rate less debt	4.41983	4.93922
Dollars levied less debt	6,441,237	6,919,707
Countywide taxable debt service value	1,496,808,951	1,442,875,869
Countywide debt service levy rate	.45727	.09441
Dollars levied for debt service	684,444	136,228
<b>Total countywide levy rate</b>	<b>4.8771</b>	<b>5.03363</b>
Total dollars levied countywide	7,125,681	7,055,935
Rural taxable value	936,218,732	915,783,122
Rural tax levy rate	2.93719	2.93719
Dollars levied for rural area only	2,749,852	2,689,833
Total dollars levied	9,875,533	9,745,768

The cost of all governmental activities this year was \$22.194 million compared to \$20.198 million last year. However, as shown in the Statement of Activities on page 16, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$9.291 million because some of the cost was paid by those directly benefiting from the programs (\$2.015 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.494 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 \$11,642,274 which is lower than last year's total of \$12,503,904. The following are the changes in the major funds from the prior year.

### General Fund

General Fund revenues increased in 2019 by \$225,298 and expenditures increased \$453,816 when compared to the prior year. The ending fund balance decreased from 2018 to 2019 by \$533,149 to \$4,254,072 with \$2,944,653 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>2019</u>	<u>2018</u>
Ending Fund Balances	\$4,254,072	\$4,787,221
Nonspendable	\$12,990	\$12,690
Restricted	\$465,844	\$492,894
Committed	\$830,585	\$534,5730
Unassigned	\$2,944,653	\$3,746,907
Revenue	\$8,687,414	\$8,462,116
Other Financing Sources	(\$231,437)	\$(123,009)
Expenditures	\$8,989,126	\$8,535,310

### Secondary Roads

Secondary Roads Fund expenditures increased by approximately \$1.69 million over the prior year, which is mainly due to more bridge replacement and paving projects. The fund encountered a increase in revenues from 2018 to 2019 of \$350,191. Non-spendable fund balance, which generally accounts for inventory reserves, increased approximately \$42,183 from 2018 to 2019. All of these factors combined have resulted in a decrease in the Secondary Roads Fund ending balance of \$385,947 or approximately 12%. The County continues to plan for long-range projects including grading, paving and bridge replacement 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>2019</u>	<u>2018</u>
Ending Fund Balance	\$2,707,910	\$3,093,857
Fund Balance Nonspendable	\$264,194	\$222,011
Fund Balance Restricted	\$2,443,716	\$2,871,846
Revenue	\$6,085,732	\$5,735,541
Other Financing Sources	\$2,900,389	\$2,835,931
Expenditures	\$9,372,068	\$7,672,084

## BUDGETARY HIGHLIGHTS

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY19, Benton County had \$44.787 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 6 to the financial statements.

### Debt

At year-end, the County had no outstanding general obligation debt. There were no revenue bonds outstanding. All debt was paid off in June 2019.

All tax increment debt for internal loans had been paid as of June 30, 2019.

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 \$137.79 million, based on 2019 values.

### 100% Assessed Values for Calculating Debt Capacity

<u>2018 for 19/20 collections</u>	<u>2017 for 18/19 collections</u>	<u>2016 for 17/18 collections</u>
\$2,755,808,842	\$2,712,331,708	\$2,725,297,486

Other obligations include accrued vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 7 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 2019 fiscal year budget, tax rates, and the fees that will be charged for the various County activities.

Inflation in the State is comparable to the increase in the national Consumer Price Index of 2.1 percent for 2019.

Benton County takes the economic situation in account when adopting the General Fund budget for FY2019. Benton County continues 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 \$4.17 million in FY20 in comparison to actual disbursements for FY19. Other activities with relatively large increases include Public Safety and Legal Services, County Environment and Education, Roads and Transportation, and Administration. A significant increase in the County Environment and Education is directly related to the County serving as the lead in the Middle Cedar Watershed Management Authority (WMA). The WMA is now in the third stage and is anticipating that millions of grant dollars may flow through the County's financial system over the next several years. The County's mental health budget provides funding to the mental health region and the County. However, it is in accordance with the mental health region's by-laws. In 2020, the County is paying the regional payment using the fund balance, but also added some fund balance projects by implementing a Rural Access Center (RAC). Benton County is working hard to fill the gaps in mental health services, the RAC is a collaborative approach to increase access to much needed mental health services and it is the first one implemented in the Region. If all of these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2020.

The County will closely monitor changes in the political climate and in the administration at both the Federal and State level and the potential affect it may have on the County and its financial position. The County must plan and cautiously make financial decisions today based on the careful analysis of its current and future financial condition. Those decisions however may be impacted by future changes in funding levels from the Federal and State government as well as legislation that may affect the County's funding and/or provision of services. The County's management actively looks for alternate ways to deliver services that would improve efficiency and reduce expenses. The County performs long-term planning for capital improvements and other major expenses in an effort to moderate financial impacts. The County must 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. 4<sup>th</sup> Street, Vinton, Iowa 52349.





Basic Financial Statements  
**Benton County**

Benton County  
Exhibit A – Statement of Net Position  
June 30, 2019

	Governmental Activities
Assets	
Cash and Pooled Investments	\$ 12,463,084
Receivables:	
Property tax:	
Delinquent	14,962
Succeeding year	10,364,408
Interest and penalty on property tax	67,410
Accounts	100,267
Accrued interest	824
Due from Other Governments	1,408,992
Inventories	264,194
Prepaid Expenses	191,953
Capital Assets:	
Capital assets, not being depreciated	4,626,754
Capital assets, net of accumulated depreciation	40,160,973
Total assets	69,663,821
Deferred Outflows of Resources	
Pension Related Deferred Outflows	1,435,952
OPEB Related Deferred Outflows	207,506
Total deferred outflows of resources	1,643,458
Liabilities	
Accounts Payable	1,742,771
Salaries and Benefits Payable	166,134
Unearned revenue	27,855
Long-Term Liabilities:	
Portion due or payable within one year:	
Compensated absences	431,169
Termination benefits	10,200
Portion due or payable after one year:	
Net pension liability	3,691,582
Total OPEB liability	606,635
Termination benefits	17,000
Total liabilities	6,693,346

Benton County  
Exhibit A – Statement of Net Position  
June 30, 2019

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	Governmental Activities
Deferred Inflows of Resources	
Succeeding Year Property Tax Revenue	\$ 10,364,408
Pension Related Deferred Inflows	544,919
OPEB Related Deferred Inflows	313,495
Total deferred inflows of resources	11,222,822
 Net Position	
Net Investment in Capital Assets	44,787,727
Restricted for:	
Secondary roads purposes	2,707,910
Mental health purposes	1,766,384
Supplemental levy purposes	465,844
Other purposes	2,032,775
Endowments:	
Expendable	106,824
Nonexpendable	847,965
Unrestricted	675,682
Total net position	\$ 53,391,111

Benton County  
Exhibit B - Statement of Activities  
Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Service	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental Activities:					
Public safety and legal services	\$ 4,641,562	\$ 650,147	\$ 24,805	\$ -	\$ (3,966,610)
Physical health and social services	1,098,670	240,132	499,663	-	(358,875)
Mental health	807,559	120	166,415	-	(641,024)
County environment and education	3,266,587	154,432	1,572,984	-	(1,539,171)
Roads and transportation	9,861,041	401,932	5,477,870	1,645,643	(2,335,596)
Government services to residents	765,830	521,122	-	-	(244,708)
Administration	1,636,288	47,293	107,340	-	(1,481,655)
Non-program	107,340	-	-	-	(107,340)
Interest on long-term debt	9,882	-	-	-	(9,882)
Total Governmental Activities	<u>\$ 22,194,759</u>	<u>\$ 2,015,178</u>	<u>\$ 7,849,077</u>	<u>\$ 1,645,643</u>	<u>\$ (10,684,861)</u>
General Revenues:					
Property and other County tax levied for:					
General purposes					\$ 9,243,847
Penalty and interest on property tax					47,672
State tax credits					727,449
Local option sales tax					874,335
Unrestricted investment earnings					49,245
Miscellaneous					<u>141,971</u>
Total General Revenues					<u>11,084,519</u>
Change in Net Position					399,658
Net Position Beginning of Year					<u>52,991,453</u>
Net Position End of Year					<u>\$ 53,391,111</u>

Benton County  
Exhibit C – Balance Sheet  
Governmental Funds  
June 30, 2019

	Special Revenue				Nonmajor Governmental Funds	Total
	General	Rural Services	Secondary Roads	Mental Health		
Assets						
Cash and Pooled Investments	\$ 4,233,227	\$ 462,095	\$ 3,093,364	\$ 1,700,231	\$ 2,260,402	\$ 11,749,319
Receivables:						
Property tax:						
Delinquent	10,249	3,311	-	308	1,094	14,962
Succeeding year	7,486,047	2,878,361	-	-	-	10,364,408
Interest and penalty on property tax	67,410	-	-	-	-	67,410
Accounts	93,603	-	6,620	-	-	100,223
Accounts interest	824	-	-	-	-	824
Due from Other Funds	-	-	-	-	121,309	121,309
Due from Other Governments	141,840	-	619,696	72,782	574,674	1,408,992
Inventories	-	-	264,194	-	-	264,194
Prepays	12,990	-	-	-	56,557	69,547
<b>Total assets</b>	<b>\$ 12,046,190</b>	<b>\$ 3,343,767</b>	<b>\$ 3,983,874</b>	<b>\$ 1,773,321</b>	<b>\$ 3,014,036</b>	<b>\$ 24,161,188</b>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ 116,122	\$ 1,313	\$ 1,227,617	\$ 4,678	\$ 350,572	1,700,302
Salaries and benefits payable	112,508	1,502	48,347	2,259	1,518	166,134
Unearned revenue	-	-	-	-	27,855	27,855
Due to other funds	-	-	-	-	121,309	121,309
<b>Total liabilities</b>	<b>228,630</b>	<b>2,815</b>	<b>1,275,964</b>	<b>6,937</b>	<b>501,254</b>	<b>2,015,600</b>
Deferred Inflows of Resources:						
Unavailable revenues						
Succeeding year property tax	7,486,047	2,878,361	-	-	-	10,364,408
Other	77,441	3,284	-	308	57,873	138,906
<b>Total deferred inflows of resources</b>	<b>7,563,488</b>	<b>2,881,645</b>	<b>-</b>	<b>308</b>	<b>57,873</b>	<b>10,503,314</b>
Fund Balances:						
Nonspendable	12,990	-	264,194	-	904,522	1,181,706
Restricted	465,844	459,307	2,443,716	1,766,076	1,620,451	6,755,394
Committed	830,585	-	-	-	-	830,585
Unassigned	2,944,653	-	-	-	(70,064)	2,874,589
<b>Total fund balances</b>	<b>4,254,072</b>	<b>459,307</b>	<b>2,707,910</b>	<b>1,766,076</b>	<b>2,454,909</b>	<b>11,642,274</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,046,190</b>	<b>\$ 3,343,767</b>	<b>\$ 3,983,874</b>	<b>\$ 1,773,321</b>	<b>\$ 3,014,036</b>	<b>\$ 24,161,188</b>

Benton County  
 Exhibit D – Reconciliation of the Balance Sheet –  
 Governmental Funds to the Statement of Net Position  
 June 30, 2019

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Total Governmental Fund Balances		\$ 11,642,274
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		44,787,727
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.		138,906
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources		1,643,458
Deferred inflows of resources		(858,414)
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.		793,746
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. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at June 30, 2019, are:		
Compensated absences	\$ (431,169)	
Total OPEB liability	(606,635)	
Net pension liability	(3,691,582)	
Termination benefits	(27,200)	
Total long-term liabilities	(4,756,586)	(4,756,586)
Net Position of Governmental Activities		\$ 53,391,111

**Benton County**  
**Exhibit E – Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2019**

	Special Revenue				Nonmajor Governmental Funds	Total
	General	Rural Services	Secondary Roads	Mental Health		
<b>Revenues:</b>						
Property and other County tax	\$ 5,823,205	\$ 2,596,495	\$ -	\$ 175,318	\$ 1,510,839	\$ 10,105,857
Interest and penalty on property tax	47,672	-	-	-	-	47,672
Intergovernmental	1,653,078	164,458	5,707,897	181,303	1,667,630	9,374,366
Licenses and permits	19,011	-	49,302	-	-	68,313
Charges for service	869,866	7,500	-	-	4,763	882,129
Use of money and property	96,017	-	-	-	11,808	107,825
Miscellaneous	178,565	-	328,533	119	36,706	543,923
<b>Total revenues</b>	<b>8,687,414</b>	<b>2,768,453</b>	<b>6,085,732</b>	<b>356,740</b>	<b>3,231,746</b>	<b>21,130,085</b>
<b>Expenditures:</b>						
Operating:						
Public safety and legal services	4,294,135	-	-	-	49,897	4,344,032
Physical health and social services	1,081,517	-	-	-	1,400	1,082,917
Mental health	-	-	-	813,179	-	813,179
County environment and education	1,039,520	474,370	-	-	1,748,707	3,262,597
Roads and transportation	-	-	8,898,519	-	-	8,898,519
Governmental services to residents	725,226	6,173	-	-	9,015	740,414
Administration	1,741,388	4,734	-	-	115,647	1,861,769
Non-program	107,340	-	-	-	-	107,340
Debt service	-	-	-	-	559,882	559,882
Capital projects	-	-	473,549	-	493,526	967,075
<b>Total expenditures</b>	<b>8,989,126</b>	<b>485,277</b>	<b>9,372,068</b>	<b>813,179</b>	<b>2,978,074</b>	<b>22,637,724</b>
Excess (Deficiency) of Revenues over (Under) Expenditures	(301,712)	2,283,176	(3,286,336)	(456,439)	253,672	(1,507,639)
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	50,000	-	46,007	-	-	96,007
Issuance of long-term debt	-	-	-	-	550,000	550,000
Transfers in	82,603	255,000	2,854,382	-	155,000	3,346,985
Transfers out	(364,040)	(2,390,342)	-	-	(592,603)	(3,346,985)
<b>Total other financing sources (uses)</b>	<b>(231,437)</b>	<b>(2,135,342)</b>	<b>2,900,389</b>	<b>-</b>	<b>112,397</b>	<b>646,007</b>
<b>Net Change in Fund Balances</b>	<b>(533,149)</b>	<b>147,834</b>	<b>(385,947)</b>	<b>(456,439)</b>	<b>366,069</b>	<b>(861,632)</b>
<b>Fund Balances Beginning of Year</b>	<b>4,787,221</b>	<b>311,473</b>	<b>3,093,857</b>	<b>2,222,515</b>	<b>2,088,840</b>	<b>12,503,906</b>
<b>Fund Balances End of Year</b>	<b>\$ 4,254,072</b>	<b>\$ 459,307</b>	<b>\$ 2,707,910</b>	<b>\$ 1,766,076</b>	<b>\$ 2,454,909</b>	<b>\$ 11,642,274</b>

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, 2019

Net change in fund balances - total governmental funds \$ (861,632)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital Outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 2,270,539	
Contributed capital assets	1,406,118	
Depreciation expense	<u>(2,664,418)</u>	
		1,012,239

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. (71,164)

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.

Proceeds	(550,000)	
Repayments	<u>550,000</u>	
		-

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	12,285	
Grants	<u>(50,079)</u>	
		(37,794)

The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 634,402



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, 2019

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:

Compensated absences	\$ (64,543)	
OPEB Expense	(65,179)	
Pension Expense	(570,935)	
Termination Benefits	<u>10,200</u>	
		\$ (690,457)

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.

414,064

Change in net position of governmental activities

\$ 399,658

**Benton County**  
 Exhibit G – Statement of Net Position  
 Proprietary Fund  
 June 30, 2019

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	<u>Internal Service - Benton County Co-Insurance</u>
<b>Assets</b>	
Cash and pooled investments	\$ 713,765
Accounts receivable	44
Prepaid expense	<u>122,406</u>
Total assets	836,215
<b>Liabilities</b>	
Accounts payable	<u>42,469</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$ 793,746</u></u>

**Benton County**  
 Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Fund  
 Year Ended June 30, 2019

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	Internal Service - Benton County <u>Co-Insurance</u>
Operating Revenues:	
Charges for service	\$ 2,200,128
Miscellaneous	<u>41,660</u>
Total operating revenues	<u>2,241,788</u>
Operating Expenses:	
Insurance premiums	1,657,420
Claims and administrative expenses	<u>170,304</u>
Total operating expenses	<u>1,827,724</u>
Change in Net Position	414,064
Net Position Beginning of Year	<u>379,682</u>
Net Position End of Year	<u><u>\$ 793,746</u></u>

**Benton County**  
 Exhibit I – Statement of Cash Flows  
 Proprietary Fund  
 Year Ended June 30, 2019

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	Internal Service - Benton County <u>Co-Insurance</u>
Cash Flows from Operating Activities:	
Cash received from employees and others	\$ 2,241,779
Cash paid for administrative fees and supplies	(127,835)
Cash paid for insurance claims/premiums	<u>(1,657,716)</u>
Net Cash provided by Operating Activities	456,228
Cash and Pooled Investments at Beginning of Year	<u>257,537</u>
Cash and Pooled Investments at End of Year	<u><u>\$ 713,765</u></u>
Reconciliation of Change in Net Position to Net Cash provided by Operating Activities:	
Change in net position	\$ 414,064
Adjustments to reconcile change in net position to net cash used for operating activities:	
Increase in accounts receivable	(9)
Increase in accounts payable	42,469
Increase in prepaid expense	<u>(296)</u>
Net Cash provided by Operating Activities	<u><u>\$ 456,228</u></u>

**Benton County**  
 Exhibit J – Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2019

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Assets	
Cash and pooled investments	\$ 2,979,413
Receivables:	
Property tax:	
Delinquent	61,139
Succeeding year	32,183,319
Accounts	17,861
Special assessments	64,804
Interest on special assessments	6,976
Due from other governments	<u>75,575</u>
Total assets	<u>35,389,087</u>
Liabilities	
Accounts payable	15,457
Due to other governments	35,278,275
Trusts payable	<u>95,355</u>
Total liabilities	<u>35,389,087</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, 2019.

### **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.

**Permanent Fund** – The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the County’s programs.

**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 and Pooled Investments** – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at 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, 2017, assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2018.

**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, 2019, 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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. 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 and OPEB 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, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

**Long-Term Liabilities** – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**Total OPEB Liability** – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the Benton County’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and Secondary Roads Funds.

**Deferred Inflows of Resources** – Deferred inflows of resources represents an acquisition of net position that applicable to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 and unrecognized items not yet charged to pension and OPEB 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.

Net Position- The net position of the internal service fund, Benton County Insurance, is designated for future payments of premiums and claims and administrative expenses of the County.

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	\$ 12,990
		Local Option Sales Tax	56,557
	Inventories Donor Restricted	Secondary Roads	264,194
		Carol Sue Donovan Conservation Fund	847,965
			<u>1,181,706</u>
		<u>\$ 1,181,706</u>	
Restricted	General Supplemental Rural Services Secondary Roads Mental Health Records Management Conservation and Shelter Environment Services Electronic Transactions Forfeiture Commissary Sheriff County Attorney County Attorney Conservation Conservation Conservation Debt Service	General Fund	\$ 465,844
		Rural Services	459,307
		Secondary Roads	2,443,716
		Mental Health	1,766,076
		County Recorder's Records Management	2,120
		REAP	22
		and Shelter Program	2
		Environmental Projects	200
		LOST	923,404
		County Recorder's Electronic Transaction	576
		County Sheriff's Forfeiture Fund	64,763
		County Sheriff's Commissary Fund	11,903
		County Sheriff's Donation Fund	294
		County Attorney Collections Incentive	45,450
		County Attorney Forfeiture Fund	19,708
		Land Acquisition Fund	235,251
		Capital Projects	61,474
		Carol Sue Donovan Conservation Fund	106,824
		Debt Service Fund	148,460
			<u>6,755,394</u>
	<u>\$ 6,755,394</u>		
Committed	Infrastructure Upgrades	General Fund	\$ 827,500
		General Fund	3,085
	Historic Preservation	<u>830,585</u>	
	<u>\$ 830,585</u>		

**Budgets and Budgetary Accounting** – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, no departments or functions exceeded the budgeted amount.

**Note 2 - Deficit Fund Balance**

The Watershed Management Authority fund, a nonmajor governmental fund, had a deficit balance of \$70,064 as of June 30, 2019. The deficit will be addressed next fiscal year with the collection of additional fees.

**Note 3 - Cash and Pooled Investments**

The County's deposits in banks at June 30, 2019, 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, 2019.

**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 4 - Interfund Balances and Transfers**

The detail of due from and to other funds at June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	\$ 121,309

The balance is due to the elimination of reporting negative pooled cash.

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 82,603
Rural Services	Nonmajor Governmental	255,000
Secondary Roads	General	209,040
	Rural Services	2,390,342
	Nonmajor Governmental	255,000
		<u>2,854,382</u>
Nonmajor Governmental	General	155,000
Total		<u>\$ 3,346,985</u>

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

#### Note 5 - 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 at June 30, 2019 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency	Collections	
County Recorder		\$ 19,129
County Recorder's Electronic Fee		424
Agricultural Extension		253,027
County Assessor		1,739,404
Schools		20,846,685
Community Colleges		1,836,588
Corporations		8,310,045
Townships		451,781
Auto License and Use Tax		726,853
Brucellosis and Tuberculosis Eradication		4,241
Fire Districts		120,365
E911 Surcharge		835,183
Joint Disaster Services		56,094
City Special Assessments		78,456
Total for Agency Funds		<u>\$ 35,278,275</u>

**Note 6 - Capital Assets**

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,798,076	\$ -	\$ (30,000)	\$ 1,768,076
Construction in progress	2,576,779	2,099,601	(1,817,702)	2,858,678
Total capital assets not being depreciated	<u>4,374,855</u>	<u>2,099,601</u>	<u>(1,847,702)</u>	<u>4,626,754</u>
Capital assets being depreciated				
Buildings	9,962,653	428,902	(70,000)	10,321,555
Equipment	15,279,355	1,148,154	-	16,427,509
Infrastructure	55,978,218	1,817,702	-	57,795,920
Total capital assets being depreciated	<u>81,220,226</u>	<u>3,394,758</u>	<u>(70,000)</u>	<u>84,544,984</u>
Less accumulated depreciation for:				
Buildings	2,767,455	235,732	(28,836)	2,974,351
Equipment	11,804,746	792,748	-	12,597,494
Infrastructure	27,176,227	1,635,938	-	28,812,165
Total accumulated depreciation	<u>41,748,428</u>	<u>2,664,418</u>	<u>(28,836)</u>	<u>44,384,010</u>
Total capital assets being depreciated, net	<u>39,471,798</u>	<u>730,340</u>	<u>(41,164)</u>	<u>40,160,973</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,846,653</u>	<u>\$ 2,829,941</u>	<u>\$ (1,888,866)</u>	<u>\$ 44,787,727</u>



Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	\$ 356,921
Physical health and social services	5,997
Mental health	22,661
County environment and education	100,355
Roads and transportation	2,071,823
Governmental services to residents	10,087
Administration	96,574
	<u>2,664,418</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,664,418</u>

### Note 7 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	Compensated Absences	Termination Benefits	General Obligation Note	Total
Balance beginning of year	\$ 366,626	\$ 37,400	\$ -	\$ 404,026
Increases	431,169	-	550,000	981,169
Decreases	(366,626)	(10,200)	(550,000)	(926,826)
Balance end of year	\$ 431,169	\$ 27,200	\$ -	\$ 458,369
Due within one year	\$ 431,169	\$ 10,200	\$ -	\$ 441,369

### Notes Payable

In fiscal year 2019, the County issued a \$550,000 general obligation county building note, with a 2.8% interest rate to finance the development of the Benton County Service Center. The note was fully repaid during fiscal year 2019.

### Note 8 - 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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

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

A multiplier (based on years of service).

The member’s highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

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

The formula used to calculate a sheriff 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% 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% 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** – 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 2019, pursuant to the required rate, Regular members contributed 6.29% of pay and the County contributed 9.44% for a total rate of 15.73%. Sheriff, deputies, and the County each contributed 9.76% of covered payroll, for a total rate 19.52%. Protection occupation members contributed 6.81% of pay and the County contributed 10.21% for a total rate of 17.02%

The County’s contributions to IPERS for the year ended June 30, 2019 were \$634,402.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2019 the County reported a liability of \$3,691,582 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the County’s collective proportion was .0583%, which was a decrease of .0037% from its collective proportion measured as of June 30, 2017.

For the year ended June 30, 2019 the County recognized pension expense of \$570,935. At June 30, 2019, 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	\$ 37,135	\$ 120,415
Changes of assumptions	735,996	162,883
Net difference between projected and actual earnings on pension plan investments	-	158,332
Changes in proportion and differences between county contributions and proportionate share of contributions	28,419	103,289
County contributions subsequent to the measurement date	634,402	-
<b>Total</b>	<b>\$ 1,435,952</b>	<b>\$ 544,919</b>

\$634,402 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, 2020. 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
2020	\$ 286,381
2021	124,614
2022	(100,505)
2023	(40,900)
2024	(12,959)
	\$ 256,631

There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions** – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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>
Domestic equity	22%	6.01%
International equity	15	6.48
Global smart beta equity	3	6.23
Core-plus fixed income	27	1.97
Public credit	3.5	3.93
Public real assets	7	2.91
Cash	1	(0.25)
Private equity	11	10.81
Private real assets	7.4	4.14
Private credit	3	3.11
	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed 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, IPERS' 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 IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 7,422,431	\$ 3,691,582	\$ 563,051

**IPERS' Fiduciary Net Position** – Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to IPERS**– All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2019.

**Note 9 - Other Postemployment Benefits (OPEB)**

**Plan Description** – The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. Participants must be age 55 or older at retirement. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone report.

**OPEB Benefits** – Individuals who are employed by Benton County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	2
Active employees	112
	112
Total	114
	114

**Total OPEB Liability**- The County’s total OPEB liability of \$606,635 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

**Actuarial Assumptions**- The total OPEB liability in the June 30, 2019 measurement was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum
Rates of salary increase (effective June 30, 2018)	3.25% per annum including inflation
Discount rate (effective June 30, 2019)	3.56% compounded annually including inflation.
Healthcare cost trend rate (effective June 30, 2019)	8.50% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

**Discount Rate**- The discount rate used to measure the total OPEB liability was 3.56%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher as of the measurement date.

Mortality rates are from the RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Total OPEB Liability Beginning of Year	\$ 878,910
Changes for the Year	
Service Cost	77,388
Interest	36,279
Changes in Assumptions	10,406
Differences Between Expected and Actual Experiences	(358,281)
Benefit Payments	(38,067)
Net Changes	(272,275)
Total OPEB Liability End of Year	\$ 606,635

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.56% in fiscal year 2019.

**Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate** – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.56%) or 1% higher (4.56%) than the current discount rate.

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 640,809	\$ 606,635	\$ 573,452

**Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.50%) or 1% higher (9.50%) than the current healthcare cost trend rates.

	1% Decrease (7.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.50% decreasing to 5.00%)	1% Increase (9.50% decreasing to 6.00%)
Total OPEB liability	\$ 537,743	\$ 606,635	\$ 685,868

**OPEB Expense and Deferred Outflows of Resources Related to OPEB** – For the year ended June 30, 2019, the County recognized OPEB expense of \$103,250. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 156,979	\$ -
Changes in assumptions	50,527	313,495
<b>Total</b>	<b>\$ 207,506</b>	<b>\$ 313,495</b>

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

	Year Ending June 30,
2020	\$ (10,417)
2021	(10,417)
2022	(10,417)
2023	(10,417)
2024	(10,417)
Thereafter	(53,904)
<b>Total</b>	<b>\$ (105,989)</b>

### Note 10 - 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, 2019, the County has two participants in the plan for a net obligation of \$27,200.

### Note 11 - 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, 2019, 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 (limited to scheduled values) 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, 2019, 2018, and 2017, 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, 2019, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool for Benton County.

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 coverage associated with equipment breakdown 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 12 - Donor-Restricted Endowment**

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

**Note 13 - 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 10, 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, 2019 as follows:

Revenues		
Property and other county tax		\$ 175,318
Intergovernmental revenues		
State tax credits	\$ 14,889	
Receipts from regional fiscal agent	166,414	
		181,303
Miscellaneous		119
Total revenues		356,740
Expenditures		
Services to persons with		
Mental illness	105,861	
Intellectual disability	15,831	
		121,692
General administration		
Direct administration	58,135	
Distribution to regional fiscal agent	633,352	
		691,487
Total expenditures		813,179
Excess of Revenues Over Expenditures		(456,439)
Fund Balance Beginning of Year		2,222,515
Fund Balance End of Year		\$ 1,766,076

#### **Note 14 - Prospective Accounting Pronouncements**

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

Statement No. 84, Fiduciary Activities, will be effective for fiscal year ending June 30, 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how such activities should be reported.

Statement No. 87, Leases, is effective for fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Statement No.89, Accounting for Interest Cost Incurred before the End of a Construction Period, is effective for fiscal year ending June 30, 2021. The objectives are to enhance the relevancy and comparability of information about capital assets and the associated cost of borrowings for a reporting period as well as to simplify accounting for interest cost incurred before the end of the construction period.

Statement No.90, Majority Equity Interests, is effective for fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement No.91, Conduit Debt Obligations, is effective for fiscal year ending June 30, 2022. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements with conduit debt obligations, and (3) related note disclosures.

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, 2019

## Benton County

**Benton County**

**Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual  
(Cash Basis) – All Governmental Funds  
Required Supplementary Information  
Year Ended June 30, 2019**

	Governmental		Variance- Over (Under) Budget	Actual as % of Final Budget	
	Fund Types				
	Actual	Budgeted Amounts			
	Original	Final			
<b>Receipts</b>					
Property and other County tax	\$ 10,105,859	\$ 10,024,066	\$ 10,024,066	\$ 81,793	101%
Interest and penalty on property tax	52,064	66,877	66,877	(14,813)	78
Intergovernmental	8,775,860	8,820,840	8,959,267	(183,407)	98
Licenses and permits	68,540	57,800	57,800	10,740	119
Charges for service	832,433	770,950	771,350	61,083	108
Use of money and property	119,965	41,266	41,266	78,699	291
Miscellaneous	520,850	676,180	348,680	172,170	149
<b>Total receipts</b>	<b>20,475,571</b>	<b>20,457,979</b>	<b>20,269,306</b>	<b>206,265</b>	<b>101</b>
<b>Disbursements</b>					
<b>Operating</b>					
Public safety and legal services	4,345,397	5,093,322	5,093,322	(747,925)	85%
Physical health and social services	1,087,167	1,206,450	1,307,050	(219,883)	83
Mental health	812,479	1,004,249	1,004,249	(191,770)	81
County environment and education	3,057,839	3,392,272	3,892,272	(834,433)	79
Roads and transportation	8,226,511	8,239,499	8,239,499	(12,988)	100
Governmental services to residents	739,342	819,552	819,552	(80,210)	90
Administration	1,860,912	2,181,980	2,181,980	(321,068)	85
Non-program	100,045	157,000	157,000	(56,955)	64
Debt service	605,907	730,470	607,662	(1,755)	100
Capital projects	970,494	1,851,150	2,523,958	(1,553,464)	38
<b>Total disbursements</b>	<b>21,806,093</b>	<b>24,675,944</b>	<b>25,826,544</b>	<b>(4,020,451)</b>	<b>84</b>
Excess (Deficiency) of Receipts over (Under) Disbursements	(1,330,522)	(4,217,965)	(5,557,238)	4,226,716	
Other Financing Sources, Net	690,960	84,250	634,250	56,710	
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	(639,562)	(4,133,715)	(4,922,988)	4,283,426	
Balance Beginning of Year	12,250,499	8,300,427	8,300,427	3,950,072	
Balance End of Year	\$ 11,610,937	\$ 4,166,712	\$ 3,377,439	\$ 8,233,498	

**Benton County**  
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year Ended June 30, 2019

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	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 20,475,571	\$ 654,514	\$ 21,130,085
Expenditures	21,806,093	831,631	22,637,724
Net	(1,330,522)	(177,117)	(1,507,639)
Other Financing Sources, Net	690,960	(44,953)	646,007
Beginning Fund Balances	12,250,499	253,407	12,503,906
Ending Fund Balances	\$ 11,610,937	\$ 31,337	\$ 11,642,274

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,150,600. 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, 2019, 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 Five Fiscal Years  
 Required Supplementary Information

	2019	2018	2017	2016	2015
County's Collective Proportion of the Net Pension Liability	0.0583%	0.0620%	0.0639%	0.0605%	0.0571%
County's Collective Proportionate Share of the Net Pension Liability	\$ 3,691,582	\$ 4,127,125	\$ 4,019,266	\$ 2,986,669	\$ 2,263,600
County's Covered Payroll	\$ 6,059,655	\$ 5,783,634	\$ 5,744,757	\$ 5,569,491	\$ 5,401,356
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	60.92%	71.36%	69.96%	53.63%	41.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.62%	82.21%	81.82%	85.19%	87.61%

In accordance with GASB Statement No.68, the amounts presented for each fiscal year were determined as of June 30<sup>th</sup> of the preceding year.

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.



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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily Required Contribution	\$ 634,402	\$ 555,053	\$ 528,953	\$ 527,819	\$ 512,755	\$ 497,065	\$ 466,148	\$ 428,734	\$ 356,260	\$ 341,191
Contributions in Relation to the Statutorily Required Contribution	634,402	555,053	528,953	527,819	512,755	497,065	466,148	428,734	356,260	341,191
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 6,575,434	\$ 6,059,655	\$ 5,783,634	\$ 5,744,757	\$ 5,569,491	\$ 5,401,356	\$ 5,185,707	\$ 5,051,477	\$ 4,776,742	\$ 4,891,944
Contributions as a Percentage of Covered Payroll	9.65%	9.16%	9.15%	9.19%	9.21%	9.20%	8.99%	8.49%	7.46%	6.97%

### 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

### Changes of Assumptions

The 2018 valuation implemented the following refinements as a result of an experience study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30- year amortization period to a closed 30-year amortization period for the UA (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**Benton County**  
 Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes  
 Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 77,388	\$ 46,160
Interest Cost	36,279	21,638
Difference Between Expended and Actual Experiences	(358,281)	209,305
Changes in Assumptions	10,406	55,230
Benefit Payments	<u>(38,067)</u>	<u>(23,122)</u>
Net Change in Total OPEB Liability	<u>(272,275)</u>	<u>309,211</u>
Total OPEB Liability Beginning of Year	<u>878,910</u>	<u>569,699</u>
Total OPEB Liability End of Year	<u>\$ 606,635</u>	<u>\$ 878,910</u>
Covered-employee Payroll	\$ 5,457,905	\$ 5,286,107
Total OPEB Liability as a Percentage of Covered-employee Payroll	11.1%	16.6%

Notes to Schedule of Changes in the County's Total OPEB liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.56%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

GASB Statement No.75 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.



Other Supplementary Information  
**Benton County**

Benton County  
Schedule 1 – Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019

	Special Revenue Funds										
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	Watershed Management Authority	County Attorney Collections Incentive
<b>Assets</b>											
Cash and Pooled Investments	\$ 2,120	\$ 22	\$ 2	\$ 200	\$ 732,238	\$ 576	\$ 52,283	\$ 11,903	\$ 294	\$ -	\$ 41,082
Receivables:											
Property tax:											
Delinquent	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	121,309	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	69,857	-	12,480	-	-	487,545	4,792
Prepays	-	-	-	-	56,557	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,120</b>	<b>\$ 22</b>	<b>\$ 2</b>	<b>\$ 200</b>	<b>\$ 979,961</b>	<b>\$ 576</b>	<b>\$ 64,763</b>	<b>\$ 11,903</b>	<b>\$ 294</b>	<b>\$ 487,545</b>	<b>\$ 45,874</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,572	\$ -
Salaries and benefits payable	-	-	-	-	-	-	-	-	-	1,094	424
Unearned revenue	-	-	-	-	-	-	-	-	-	27,855	-
Due to other funds	-	-	-	-	-	-	-	-	-	121,309	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,830</b>	<b>424</b>
<b>Deferred Inflows of Resources:</b>											
Unavailable revenues											
Other	-	-	-	-	-	-	-	-	-	56,779	-
<b>Fund Balances:</b>											
Nonspendable	-	-	-	-	56,557	-	-	-	-	-	-
Restricted	2,120	22	2	200	923,404	576	64,763	11,903	294	-	45,450
Unassigned	-	-	-	-	-	-	-	-	-	(70,064)	-
<b>Total fund balances</b>	<b>2,120</b>	<b>22</b>	<b>2</b>	<b>200</b>	<b>979,961</b>	<b>576</b>	<b>64,763</b>	<b>11,903</b>	<b>294</b>	<b>(70,064)</b>	<b>45,450</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,120</b>	<b>\$ 22</b>	<b>\$ 2</b>	<b>\$ 200</b>	<b>\$ 979,961</b>	<b>\$ 576</b>	<b>\$ 64,763</b>	<b>\$ 11,903</b>	<b>\$ 294</b>	<b>\$ 487,545</b>	<b>\$ 45,874</b>

Benton County  
Schedule 1 – Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019

	Special Revenue	Capital Projects		Permanent	Debt Service	Total Nonmajor Governmental Funds
	Fund	Funds		Fund		
	County Attorney Forfeiture Fund	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund		
<b>Assets</b>						
Cash and Pooled Investments	\$ 19,708	\$ 235,251	\$ 61,474	\$ 954,789	\$ 148,460	\$ 2,260,402
Receivables:						
Property Tax:						
Delinquent	-	-	-	-	1,094	1,094
Due from Other Funds	-	-	-	-	-	121,309
Due from Other Governments	-	-	-	-	-	574,674
Prepays	-	-	-	-	-	56,557
<b>Total assets</b>	<b>\$ 19,708</b>	<b>\$ 235,251</b>	<b>\$ 61,474</b>	<b>\$ 954,789</b>	<b>\$ 149,554</b>	<b>\$ 3,014,036</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,572
Salaries and benefits payable	-	-	-	-	-	1,518
Unearned revenue	-	-	-	-	-	27,855
Due to other funds	-	-	-	-	-	121,309
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>501,254</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues						
Other	-	-	-	-	1,094	57,873
<b>Fund Balances:</b>						
Nonspendable	-	-	-	847,965	-	904,522
Restricted	19,708	235,251	61,474	106,824	148,460	1,620,451
Unassigned	-	-	-	-	-	(70,064)
<b>Total fund balances</b>	<b>19,708</b>	<b>235,251</b>	<b>61,474</b>	<b>954,789</b>	<b>148,460</b>	<b>2,454,909</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 19,708</b>	<b>\$ 235,251</b>	<b>\$ 61,474</b>	<b>\$ 954,789</b>	<b>\$ 149,554</b>	<b>\$ 3,014,036</b>

**Benton County**  
**Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2019**

	Special Revenue Funds										
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	Watershed Management Authority	County Attorney Collections Incentive
<b>Revenues:</b>											
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ 873,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	11,260	1,400	-	-	-	-	-	1,600,645	-	-
Charges for service	4,763	-	-	-	-	-	-	-	-	-	-
Use of money and property	21	178	1	-	1,199	-	612	-	-	-	-
Miscellaneous	-	-	-	-	-	5	12,480	-	3	4,333	19,885
<b>Total revenues</b>	<b>4,784</b>	<b>11,438</b>	<b>1,401</b>	<b>-</b>	<b>875,054</b>	<b>5</b>	<b>13,092</b>	<b>-</b>	<b>3</b>	<b>1,604,978</b>	<b>19,885</b>
<b>Expenditures:</b>											
<b>Operating:</b>											
Public safety and legal services	-	-	-	-	22,483	-	5,528	-	-	-	21,886
Physical health and social services	-	-	1,400	-	-	-	-	-	-	-	-
County environment and education	-	23,666	-	-	147,153	-	-	-	1,570,888	-	-
Governmental services to residents	9,015	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	115,647	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>9,015</b>	<b>23,666</b>	<b>1,400</b>	<b>-</b>	<b>285,283</b>	<b>-</b>	<b>5,528</b>	<b>-</b>	<b>-</b>	<b>1,570,888</b>	<b>21,886</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>(4,231)</b>	<b>(12,228)</b>	<b>1</b>	<b>-</b>	<b>589,771</b>	<b>5</b>	<b>7,564</b>	<b>-</b>	<b>3</b>	<b>34,090</b>	<b>(2,001)</b>
<b>Other Financing Sources (Uses)</b>											
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(592,603)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(592,603)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,231)</b>	<b>(12,228)</b>	<b>1</b>	<b>-</b>	<b>(2,832)</b>	<b>5</b>	<b>7,564</b>	<b>-</b>	<b>3</b>	<b>34,090</b>	<b>(2,001)</b>
<b>Fund Balances Beginning of Year</b>	<b>6,351</b>	<b>12,250</b>	<b>1</b>	<b>200</b>	<b>982,793</b>	<b>571</b>	<b>57,199</b>	<b>11,903</b>	<b>291</b>	<b>(104,154)</b>	<b>47,451</b>
<b>Fund Balances End of Year</b>	<b>\$ 2,120</b>	<b>\$ 22</b>	<b>\$ 2</b>	<b>\$ 200</b>	<b>\$ 979,961</b>	<b>\$ 576</b>	<b>\$ 64,763</b>	<b>\$ 11,903</b>	<b>\$ 294</b>	<b>\$ (70,064)</b>	<b>\$ 45,450</b>

Benton County

Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2019

	Special Revenue Fund	Capital Projects Funds		Permanent Fund		Total Nonmajor Governmental Funds
	County Attorney Forfeiture Fund	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund	Debt Service	
<b>Revenues</b>						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ 636,984	\$ 1,510,839
Intergovernmental	-	-	-	-	54,325	1,667,630
Charges for service	-	-	-	-	-	4,763
Use of money and property	195	-	-	9,602	-	11,808
Miscellaneous	-	-	-	-	-	36,706
<b>Total revenues</b>	<b>195</b>	<b>-</b>	<b>-</b>	<b>9,602</b>	<b>691,309</b>	<b>3,231,746</b>
<b>Expenditures</b>						
Operating						
Public safety and legal services	-	-	-	-	-	49,897
Physical health and social services	-	-	-	-	-	1,400
County environment and education	-	-	-	7,000	-	1,748,707
Governmental services to residents	-	-	-	-	-	9,015
Administration	-	-	-	-	-	115,647
Debt service	-	-	-	-	559,882	559,882
Capital projects	-	5,000	488,526	-	-	493,526
<b>Total expenditures</b>	<b>-</b>	<b>5,000</b>	<b>488,526</b>	<b>7,000</b>	<b>559,882</b>	<b>2,978,074</b>
Excess (Deficiency) of Revenues over (Under) Expenditures	195	(5,000)	(488,526)	2,602	131,427	253,672
<b>Other Financing Sources (Uses)</b>						
Issuance of long-term debt	-	-	550,000	-	-	550,000
Transfers in	-	155,000	-	-	-	155,000
Transfers out	-	-	-	-	-	(592,603)
Total other financing sources (uses)	-	155,000	550,000	-	-	112,397
Net change in fund balances	195	150,000	61,474	2,602	131,427	366,069
Fund Balances Beginning of Year	19,513	85,251	-	952,187	17,033	2,088,840
Fund Balances End of Year	\$ 19,708	\$ 235,251	\$ 61,474	\$ 954,789	\$ 148,460	\$ 2,454,909



**Benton County**  
**Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>County Auditor</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 497	\$ 497	\$ 497	\$ 497
<b>Liabilities</b>				
Trusts Payable	\$ 497	\$ 497	\$ 497	\$ 497
<b>County Recorder</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 18,644	\$ 549,424	\$ 548,939	\$ 19,129
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 171,524	\$ 171,524	\$ -
Due to other governments	18,644	377,900	377,415	19,129
Total liabilities	\$ 18,644	\$ 549,424	\$ 548,939	\$ 19,129
<b>County Recorder's Electronic Fee</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 478	\$ 4,848	\$ 4,902	\$ 424
<b>Liabilities</b>				
Due to other governments	\$ 478	\$ 4,848	\$ 4,902	\$ 424
<b>County Sheriff</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 6,333	\$ 997,697	\$ 995,629	\$ 8,401
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 284,293	\$ 284,293	\$ -
Due to other governments	-	5,011	5,011	-
Trusts payable	6,333	708,393	706,325	8,401
Total liabilities	\$ 6,333	\$ 997,697	\$ 995,629	\$ 8,401

**Benton County**  
**Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Agricultural Extension Education Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 1,212	\$ 253,082	\$ 253,208	\$ 1,086
Property tax receivable:				
Delinquent	348	409	348	409
Succeeding year	250,488	251,532	250,488	251,532
Total assets	<u>\$ 252,048</u>	<u>\$ 505,023</u>	<u>\$ 504,044</u>	<u>\$ 253,027</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 252,048</u>	<u>\$ 505,023</u>	<u>\$ 504,044</u>	<u>\$ 253,027</u>
<b>County Assessor Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 1,069,058	\$ 552,118	\$ 453,273	\$ 1,167,903
Property tax receivable:				
Delinquent	771	894	771	894
Succeeding year	546,093	571,067	546,093	571,067
Total assets	<u>\$ 1,615,922</u>	<u>\$ 1,124,079</u>	<u>\$ 1,000,137</u>	<u>\$ 1,739,864</u>
<b>Liabilities</b>				
Accounts payable	\$ 501	\$ 460	\$ 501	\$ 460
Due to other governments	1,615,421	1,123,619	999,636	1,739,404
Total liabilities	<u>\$ 1,615,922</u>	<u>\$ 1,124,079</u>	<u>\$ 1,000,137</u>	<u>\$ 1,739,864</u>
<b>Schools Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 113,434	\$ 20,125,759	\$ 20,148,008	\$ 91,185
Property tax receivable:				
Delinquent	32,364	36,470	32,364	36,470
Succeeding year	19,903,655	20,719,030	19,903,655	20,719,030
Total assets	<u>\$ 20,049,453</u>	<u>\$ 40,881,259</u>	<u>\$ 40,084,027</u>	<u>\$ 20,846,685</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 20,049,453</u>	<u>\$ 40,881,259</u>	<u>\$ 40,084,027</u>	<u>\$ 20,846,685</u>

**Benton County**  
**Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Community Colleges Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 8,087	\$ 1,760,997	\$ 1,761,491	\$ 7,593
Property tax receivable:				
Delinquent	2,329	2,876	2,329	2,876
Succeeding year	<u>1,742,825</u>	<u>1,826,119</u>	<u>1,742,825</u>	<u>1,826,119</u>
Total assets	<u>\$ 1,753,241</u>	<u>\$ 3,589,992</u>	<u>\$ 3,506,645</u>	<u>\$ 1,836,588</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 1,753,241</u>	<u>\$ 3,589,992</u>	<u>\$ 3,506,645</u>	<u>\$ 1,836,588</u>
<b>Corporations Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 71,644	\$ 7,923,085	\$ 7,946,104	\$ 48,625
Property tax receivable:				
Delinquent	16,809	19,763	16,809	19,763
Succeeding year	<u>7,762,231</u>	<u>8,241,657</u>	<u>7,762,231</u>	<u>8,241,657</u>
Total assets	<u>\$ 7,850,684</u>	<u>\$ 16,184,505</u>	<u>\$ 15,725,144</u>	<u>\$ 8,310,045</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 7,850,684</u>	<u>\$ 16,184,505</u>	<u>\$ 15,725,144</u>	<u>\$ 8,310,045</u>
<b>Townships Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 1,041	\$ 426,753	\$ 426,400	\$ 1,394
Property tax receivable:				
Delinquent	632	716	632	716
Succeeding year	<u>425,058</u>	<u>449,671</u>	<u>425,058</u>	<u>449,671</u>
Total assets	<u>\$ 426,731</u>	<u>\$ 877,140</u>	<u>\$ 852,090</u>	<u>\$ 451,781</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 426,731</u>	<u>\$ 877,140</u>	<u>\$ 852,090</u>	<u>\$ 451,781</u>
<b>Auto License and Use Tax Fund</b>				
<b>Assets</b>				
Cash and pooled investments	<u>\$ 742,558</u>	<u>\$ 8,937,155</u>	<u>\$ 8,952,860</u>	<u>\$ 726,853</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 742,558</u>	<u>\$ 8,937,155</u>	<u>\$ 8,952,860</u>	<u>\$ 726,853</u>

**Benton County**  
**Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Brucellosis and Tuberculosis Eradication Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 22	\$ 4,269	\$ 4,273	\$ 18
Property tax receivable:				
Delinquent	6	7	6	7
Succeeding year	4,226	4,216	4,226	4,216
Total assets	<u>\$ 4,254</u>	<u>\$ 8,492</u>	<u>\$ 8,505</u>	<u>\$ 4,241</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 4,254</u>	<u>\$ 8,492</u>	<u>\$ 8,505</u>	<u>\$ 4,241</u>
<b>Fire Districts Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 186	\$ 117,566	\$ 117,418	\$ 334
Property tax receivable:				
Delinquent	6	4	6	4
Succeeding year	116,842	120,027	116,842	120,027
Total assets	<u>\$ 117,034</u>	<u>\$ 237,597</u>	<u>\$ 234,266</u>	<u>\$ 120,365</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 117,034</u>	<u>\$ 237,597</u>	<u>\$ 234,266</u>	<u>\$ 120,365</u>
<b>E911 Surcharge Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 594,706	\$ 344,541	\$ 191,460	\$ 747,787
Receivables				
Accounts	15,685	17,861	15,685	17,861
Due from other governments	43,019	75,575	43,019	75,575
Total assets	<u>\$ 653,410</u>	<u>\$ 437,977</u>	<u>\$ 250,164</u>	<u>\$ 841,223</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,442	\$ 6,040	\$ 1,442	\$ 6,040
Due to other governments	651,968	431,937	248,722	835,183
Total liabilities	<u>\$ 653,410</u>	<u>\$ 437,977</u>	<u>\$ 250,164</u>	<u>\$ 841,223</u>

Benton County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Joint Disaster Services Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 55,860	\$ 190,033	\$ 180,842	\$ 65,051
<b>Liabilities</b>				
Accounts payable	\$ 1,808	\$ 8,957	\$ 1,808	\$ 8,957
Due to other governments	54,052	181,076	179,034	56,094
Total liabilities	<u>\$ 55,860</u>	<u>\$ 190,033</u>	<u>\$ 180,842</u>	<u>\$ 65,051</u>
<b>City Special Assessments Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 13,101	\$ 22,781	\$ 29,206	\$ 6,676
Receivables:				
Special assessments	56,807	56,807	48,810	64,804
Interest on special assessments	7,212	7,212	7,448	6,976
Total assets	<u>\$ 77,120</u>	<u>\$ 86,800</u>	<u>\$ 85,464</u>	<u>\$ 78,456</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 77,120</u>	<u>\$ 86,800</u>	<u>\$ 85,464</u>	<u>\$ 78,456</u>
<b>Treasurer's Trust Fund</b>				
<b>Assets</b>				
Cash and pooled investments	<u>\$ 157,486</u>	<u>\$ 442,102</u>	<u>\$ 513,131</u>	<u>\$ 86,457</u>
<b>Liabilities</b>				
Trusts payable	<u>\$ 157,486</u>	<u>\$ 442,102</u>	<u>\$ 513,131</u>	<u>\$ 86,457</u>

**Benton County**  
**Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Total Combined Funds</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 2,854,347	\$ 42,652,707	\$ 42,527,641	\$ 2,979,413
Receivables:				
Property tax:				
Delinquent	53,265	61,139	53,265	61,139
Succeeding year	30,751,418	32,183,319	30,751,418	32,183,319
Accounts	15,685	17,861	15,685	17,861
Special assessments	56,807	56,807	48,810	64,804
Interest on special assessments	7,212	7,212	7,448	6,976
Due from other governments	43,019	75,575	43,019	75,575
<b>Total assets</b>	<b>\$ 33,781,753</b>	<b>\$ 75,054,620</b>	<b>\$ 73,447,286</b>	<b>\$ 35,389,087</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,751	\$ 15,457	\$ 3,751	\$ 15,457
Due to other funds	-	455,817	455,817	-
Due to other governments	33,613,686	73,432,354	71,767,765	35,278,275
Trusts payable	164,316	1,150,992	1,219,953	95,355
<b>Total liabilities</b>	<b>\$ 33,781,753</b>	<b>\$ 75,054,620</b>	<b>\$ 73,447,286</b>	<b>\$ 35,389,087</b>

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

	Modified Accrual Basis									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues</b>										
Property and other County tax	\$ 10,105,857	\$ 9,893,064	\$ 9,608,610	\$ 9,383,641	\$ 9,396,646	\$ 9,263,165	\$ 9,066,277	\$ 9,283,332	\$ 9,040,465	\$ 7,789,764
Interest and penalty on property tax	47,672	53,847	46,645	54,004	68,058	54,401	67,455	60,888	68,851	71,665
Intergovernmental	9,374,366	7,825,924	8,028,085	7,572,012	6,442,227	6,934,298	7,063,795	8,270,387	11,598,891	8,463,098
Licenses and permits	68,313	73,142	60,141	65,548	63,988	50,916	55,517	53,781	28,429	26,552
Charges for service	882,129	881,892	816,903	844,395	789,381	1,039,262	1,134,314	1,074,105	918,755	938,342
Use of money and property	107,825	191,315	89,245	101,403	149,507	230,181	229,341	242,838	212,614	167,459
Miscellaneous	543,923	529,201	527,920	355,650	539,276	673,090	312,031	480,803	344,701	1,249,374
<b>Total</b>	<b>\$ 21,130,085</b>	<b>\$ 19,448,385</b>	<b>\$ 19,177,549</b>	<b>\$ 18,376,653</b>	<b>\$ 17,449,083</b>	<b>\$ 18,245,313</b>	<b>\$ 17,928,730</b>	<b>\$ 19,466,134</b>	<b>\$ 22,212,706</b>	<b>\$ 18,706,254</b>
<b>Expenditures</b>										
Operating:										
Public safety and legal services	\$ 4,344,032	\$ 4,019,187	\$ 3,884,346	\$ 3,777,516	\$ 3,702,267	\$ 3,372,083	\$ 3,094,449	\$ 3,378,100	\$ 2,776,780	\$ 2,944,413
Physical health and social services	1,082,917	980,849	913,160	908,267	779,444	772,894	791,283	727,188	826,041	870,817
Mental health	813,179	843,669	955,600	939,392	667,148	717,608	877,412	2,241,438	1,858,003	1,790,594
County environment and education	3,262,597	2,125,837	1,877,291	1,943,572	1,595,984	1,858,870	2,135,404	1,680,767	1,820,864	1,817,202
Roads and transportation	8,898,519	7,243,446	8,020,685	7,284,266	7,305,395	6,587,736	6,247,839	6,433,156	5,884,434	6,665,097
Governmental services to residents	740,414	727,617	713,645	675,738	660,222	676,648	797,697	586,446	555,980	587,292
Administration	1,861,769	1,973,233	1,754,532	1,593,103	1,535,126	1,354,202	1,399,113	1,365,671	1,178,054	1,307,990
Non-program	107,340	109,663	105,123	115,201	116,134	114,899	139,267	134,980	-	-
Debt service	559,882	139,511	140,956	142,131	57,081	59,714	61,930	819,476	66,230	-
Capital projects	967,075	433,638	1,963,367	2,057,251	628,069	1,031,306	618,578	269,161	7,115,336	1,516,791
<b>Total</b>	<b>\$ 22,637,724</b>	<b>\$ 18,596,650</b>	<b>\$ 20,328,705</b>	<b>\$ 19,436,437</b>	<b>\$ 17,046,870</b>	<b>\$ 16,545,960</b>	<b>\$ 16,162,972</b>	<b>\$ 17,636,383</b>	<b>\$ 22,081,722</b>	<b>\$ 17,500,196</b>



Information Provided to Comply with  
*Government Auditing Standards* and the Uniform Guidance  
June 30, 2019

## 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, 2019, and the related notes to the financial statements, which collectively comprise Benton County’s basic financial statements, and have issued our report thereon dated January 29, 2020.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting that we consider to be a 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 questioned costs as items 2019-001 and 2019-002 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 questioned costs as items 2019-003, 2019-004, and 2019-005 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, 2019 are based exclusively on knowledge obtained from the procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **County's Responses to Findings**

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

### **Purpose of this Report**

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



Dubuque, Iowa  
January 29, 2020



## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Officials of Benton County:

### **Report on Compliance for the Major Federal Program**

We have audited Benton County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2019. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

### **Opinion on the Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of Benton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP".

Dubuque, Iowa  
January 29, 2020

Benton County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services Pass-through program from Iowa Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	N/A	<u>\$ 83</u>
Department of Housing and Urban Development Pass-through program from Iowa Economic Development Authority CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster National Disaster Resilience Competition	14.272	13-NRDI-002	<u>1,566,556</u>
Department of Transportation Pass-through program from Iowa Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	BROS-C006(106)-8J-06	249,290
Highway Planning and Construction	20.205	BROS-C006(100)-8J-06	21,578
Highway Planning and Construction	20.205	BROS-C006(102)-8J-06	<u>14,526</u>
Total Highway Planning and Construction Cluster			<u>285,394</u>
Pass-through program from East Central Iowa Council of Governments Formula Grants for Rural Areas	20.509	FTA5311	<u>65,734</u>
Total Department of Transportation			<u>351,128</u>

Benton County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services			
Pass-through program from			
Iowa Department of Human Services			
TANF Cluster			
Temporary Assistance for Needy Families	93.558	N/A	\$ 5,498
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	6,542
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	2,224
Adoption Assistance - Title IV-E	93.659	N/A	18,678
Social Services Block Grant	93.667	5889CO06	48,837
Social Services Block Grant	93.667	N/A	129
			<u>48,966</u>
Children's Health Insurance Program Medicaid Cluster	93.767	N/A	4,757
Medical Assistance Program	93.778	N/A	29,892
			<u>116,557</u>
Total Department of Health and Human Services			
Department of Homeland Security			
Pass-through program from			
United Way of America			
Emergency Food and Shelter National Board Program	97.024	20-2856-00	1,400
			<u>\$ 2,035,724</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Benton County, Iowa, (the County) under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**Note 2 - Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The County has not elected to use the 10% de minimis cost rate.

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

**Financial Statements**

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

**Federal Awards**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No
Identification of major program:	
<u>Name of Federal Program</u>	<u>CFDA Number</u>
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster National Disaster Resilience Competition	14.272
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No



**Part II: Findings Related to the Basic Financial Statements:**

**Material Weaknesses**

**2019-001 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 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.

**2019-002 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.

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

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

**Response** – The Treasurer or first deputy perform the daily balancing. The monthly balancing is done by both the Treasurer and the first deputy. (monthly motor vehicle balancing to the state report and bank statement balances are done in the computer by the Treasurer and the hard copies of all deposits are verified to statements by the first deputy). In addition, a daily verification of the Daily Bank Deposit Transfers Journal Entry is performed. We continually look for ways to separate the duties performed within the confines of the staff available.

**Significant Deficiencies**

**2019-003 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 receipt and disbursement processes in which a full segregation of duties has not yet been obtained.

**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** – Agrees with finding. Sheriff feels it difficult to get more separation.

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

**2019-004 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** – Agrees with the findings. Still limited on staff in the office.

**2019-005 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** – There are currently two people counting the camping fees to agree on totals. The camper registration rosters are sent to the director and cross referenced with camping receipts turned in. Once they go on-line with shelter and cabin reservations, this will add another dimension. There will be credit card payments and staff will not deal with cash for those reservations.

**Part III: Federal Findings and Questioned Costs for Federal Awards:**

There were no federal findings and questioned costs to report.

**Part IV: Other Findings Related to Required Statutory Reporting:**

**2019-IA-A Certified Budget** – Disbursements during the year ended June 30, 2019 did not exceed the amounts budgeted by function or department.

**2019-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.

**2019-IA-C Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

**2019-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
John's Tire Service, owned by husband of Melinda Schottmer (employee)	Services	\$ 11,650
Benson Security, owned by Mike Benson (employee)	Services	1,186
Ehlinger's Vinton Express, owned by husband of Bonnie Ehlinger (employee)	Supplies	1,086
Bryon Geater, township official, wife is Kelly Geater (Treasurer)	Services	600
Barb Campbell, sister is Deb Fleming (employee)	Supplies	156

According to Chapter 331.342 of the Code of Iowa, an officer or employee of a county shall not have an interest, direct or indirect, in a contract with that county. The provision does not apply to transactions that do not exceed a cumulative total purchase price of \$1,500 in a fiscal year or to contracts made by a county upon competitive bid. The transactions with John’s Tire Service were not entered into through competitive bidding.

**2019-IA-E Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

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

**2019-IA-F Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

**2019-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.

**2019-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).

**2019-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, 2019, for the County Extension Office did not exceed the amount budgeted.

**2019-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.