



Financial Statements
June 30, 2017
Benton County

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
Governmental 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.....	47
Budgetary Comparison Schedule – Budget to GAAP Reconciliation	48
Notes to Required Supplementary Information – Budgetary Reporting.....	49
Schedule of the County’s Proportionate Share of the Net Pension Liability	50
Schedule of the County Contributions	51
Notes to Required Supplementary Information – Pension Liability	52
Schedule of Funding Progress for the Retiree Health Plan.....	53
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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary Bierschenk	Board of Supervisors	December 2020
Rick Primmer	Board of Supervisors	December 2020
Todd Wiley	Board of Supervisors	December 2018
Hayley Ripple	County Auditor	December 2020
Kelly Rae Geater	County Treasurer	December 2018
Lexa Speidel	County Recorder	December 2018
Ronald J. Tippet	County Sheriff	December 2020
David C. Thompson	County Attorney	December 2018
Larry Andreesen	County Assessor	Appointed



Independent Auditor's Report

To the Officials of Benton County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, as of and for the year ended June 30, 2017, 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, 2017, 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 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The list of county officials, combining nonmajor fund financial statements, and the schedule of revenues by source and expenditures by function are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 nonmajor fund financial statements, schedule of revenues by source and expenditures by function, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining nonmajor fund financial statements, schedule of revenues by source and expenditures by function, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The list of county officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
February 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Benton County provides this Management's Discussion and Analysis of our annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. 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 2016 to 2017, approximately 3.7%.

Property tax revenue remained essentially unchanged with approximately two percent of an increase from \$8.606 million in 2016 to \$8.775 million in 2017.

Intergovernmental revenues including, grants and contributions, increased approximately \$456 thousand from \$7.572 million in 2016 to 8.028 million in 2017, or approximately 6.02%.

Governmental activities program expenses increased in 2017 when compared to 2016, by approximately \$873 thousand. County Environment and Education experienced an increase in 2017 from \$1.903 million to \$2.057 million. A slight decrease in Interest on long-term debt expense of approximately \$1 thousand. Non-program also decreased \$10 thousand. Increases were realized in all other areas with the most prominent being in Roads and transportation with an increase of approximately \$281.3 thousand in 2017 when compared to 2016.

Benton County's major software upgrade was completed at the end of the fiscal year 2017. We were able to get the tax process done more efficiently with this process. Otherwise 2017 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 and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

The County's governmental activities are displayed in the statement of net position and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration or general government, interest on long-term debt and other non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include:
 - a. The General Fund
 - b. The Special Revenue Funds, such as Rural Services, Secondary Roads, and other nonmajor funds
 - c. The Capital Projects Fund (Nonmajor Fund)
 - d. The Debt Service Fund (Nonmajor Fund)
 - e. Permanent Funds (Nonmajor Fund)

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

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

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

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

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

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

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

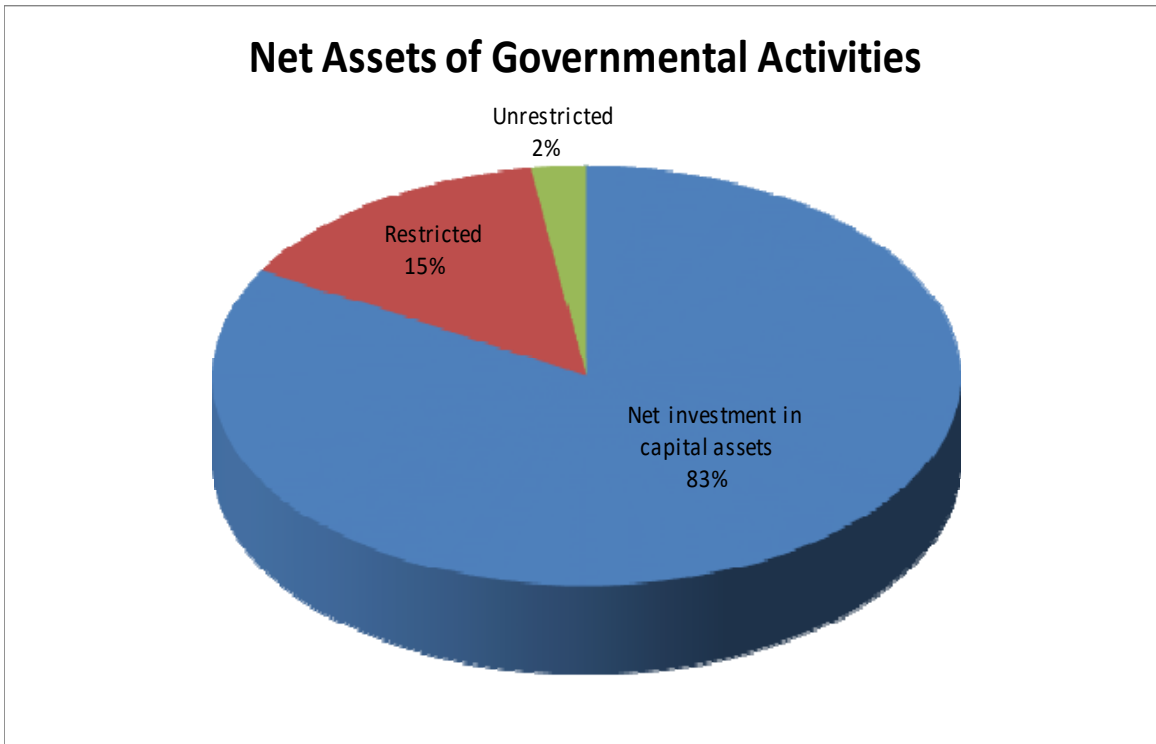
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The County's combined net position increased from \$50.629 million in 2016 to \$52.098 million in 2017. 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>2017</u>	<u>2016</u>
Current and other Assets	\$23,510,087	\$23,646,244
Capital Assets	\$43,394,253	\$41,238,232
Total Assets	\$66,904,340	\$64,884,476
Deferred Outflows of Resources	\$1,416,066	\$660,017
Other Liabilities	\$1,816,217	\$1,095,042
Long-Term Liabilities	\$4,395,623	\$3,943,535
Total Liabilities	\$6,208,840	\$5,038,577
Deferred Inflows of Resources	\$10,012,839	\$9,876,856
Net Position		
Net Investment in Capital Assets	\$43,394,253	\$41,238,232
Restricted	\$7,534,872	\$7,865,935
Unrestricted	\$1,169,602	\$1,524,893
Total Net Assets	\$52,098,727	\$50,629,060



The Net Position of the County's governmental activities increased by approximately 2.9 percent from 50,629,060 in 2016 to \$52,098,727 in 2017. 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>2017</u>	<u>2016</u>
Revenues		
Charges for service and sales	\$ 1,820,466	\$ 2,007,198
Operating grants and contributions	6,581,727	5,805,992
Capital grants and contributions	2,653,738	2,787,483
Property taxes	8,775,646	8,606,969
Penalty and interest on property taxes	47,603	48,528
State tax credits	726,057	723,005
Local option sales tax	848,414	772,851
Unrestricted investment earnings	33,933	35,413
Miscellaneous	<u>101,505</u>	<u>28,465</u>
Total revenues	<u>21,589,089</u>	<u>20,815,904</u>
Expenses		
Public safety and legal services	4,319,285	4,122,649
Physical health and social services	924,790	904,675
Mental health	984,553	911,187
County environment and education	2,057,841	1,903,335
Roads and transportation	9,288,424	9,007,084
Government services to residents	755,324	691,949
Administration	1,677,340	1,581,448
Non-program	105,123	115,201
Interest on long-term debt	<u>6,742</u>	<u>7,917</u>
Total expenses	<u>20,119,422</u>	<u>19,245,445</u>
Change in net position	1,469,667	1,570,459
Net position beginning of the year	<u>50,629,060</u>	<u>49,058,601</u>
Net position end of year	<u>\$ 52,098,727</u>	<u>\$ 50,629,060</u>

Benton County's total revenues increased in 2017. The largest increase was recognized in operating grants and contributions. The total cost of all programs and services also increased from 2016 to 2017. All program areas saw increases in expenses except for Interest on long-term debt and Non-program services. The largest increase in expense was experienced in Administrative Services followed by Roads and Transportation. Expenses increased by 4.5% overall with revenues increasing approximately 3.7%.

Governmental Activities

The results of governmental activities for the year resulted in Benton County's net position increasing by approximately \$1.469 million. Total revenues for governmental activities increased from the prior year, although property taxes remained relatively unchanged with only an increase of approximately \$168 thousand, or 1.9 percent.

The county-wide property tax rates in 2017 decreased from 2016; however, the overall county-wide property tax dollars levied, including gas and electric, increased \$84 thousand in 2017 from 2016. This is a result of the increased taxable valuation.

	<u>FY2017</u>	<u>FY2016</u>
Countywide taxable value	1,355,079,294	1,320,008,346
Countywide levy rate less debt	4.92163	4.97900
Dollars levied less debt	6,669,200	6,572,322
Countywide taxable debt service value	1,397,797,373	1,378,137,459
Countywide debt service levy rate	.09842	.10884
Dollars levied for debt service	137,570	150,000
Total countywide levy rate	5.02005	5.08784
Total dollars levied countywide	6,806,770	6,722,322
Rural taxable value	885,157,397	870,234,096
Rural tax levy rate	2.93726	2.86947
Dollars levied for rural area only	2,599,933	2,497,111
Total dollars levied	9,406,703	9,219,433

The cost of all governmental activities this year was \$20.119 million compared to \$19.245 million last year. However, as shown in the Statement of Activities on Page 168, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$8.823 million because some of the cost was paid by those directly benefiting from the programs (\$1.820 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.235 million). The County paid for the remaining "public benefit" portion of governmental activities with other revenues, such as interest and general entitlements.

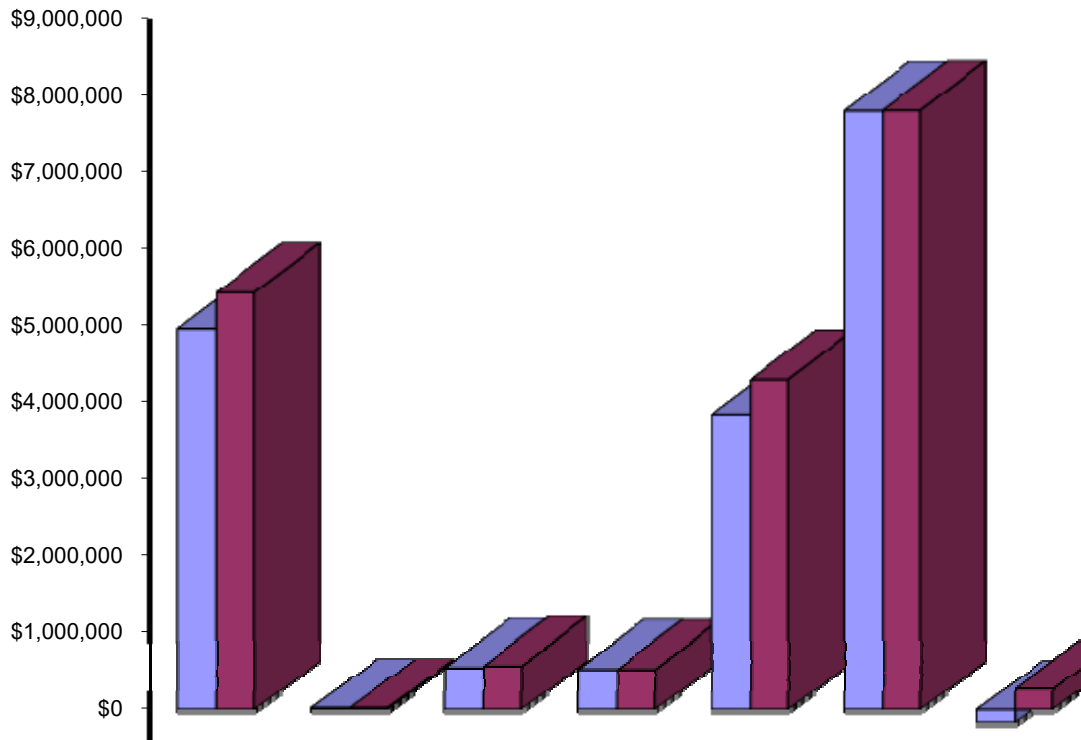
THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$11,594,333 which is lower than last year's total of \$12,735,129. The County funds expended \$1,151,156 more than we received in operating revenues for the year. The following are the changes in the major funds from the prior year.

General Fund

General Fund revenues decreased in 2017 by \$4,924 and expenditures decreased \$136,025, when compared to the prior year. The ending fund balance decreased from 2016 to 2017 by \$465,258 to \$4,983,424 with \$3,872,846 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>2017</u>	<u>2016</u>
Ending Fund Balances	\$4,983,424	\$5,448,682
Nonspendable	\$22,690	\$22,465
Restricted	\$553,303	\$576,290
Committed	\$534,585	\$532,500
Unassigned	\$3,872,846	\$4,317,427
Revenue	\$7,807,723	\$7,812,647
Other Financing Sources	(\$171,578)	\$278,097
Expenditures	\$8,101,403	\$8,237,428



Secondary Roads

Secondary Roads Fund expenditures increased by approximately \$507,350 thousand over the prior year, which is mainly due to bridge replacements, and maintenance materials for such, and the purchase of motor vehicles. The fund also realized an increase in revenues from 2016 to 2017 of \$459,377, including other financing sources. This difference in revenue less other financing sources was an increase of \$384,193. The increase in road use taxes and some bridge replacement grants. Non-spendable fund balance, which generally accounts for inventory reserves, decreased approximately \$37,846 from 2016 to 2017. All of these factors combined have resulted in a decrease in the Secondary Roads Fund ending balance of \$700,675 or approximately 24.2%. The County continues to plan for long-range projects including grading 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>2017</u>	<u>2016</u>
Ending Fund Balance	\$2,194,469	\$2,895,144
Fund Balance Nonspendable	\$248,548	\$286,394
Fund Balance Restricted	\$1,945,921	\$2,608,750
Revenue	\$6,402,751	\$6,018,558
Other Financing Sources	\$2,745,441	\$2,670,257
Expenditures	\$9,848,867	\$9,341,517

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY17, Benton County had \$43.394 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 \$134,214 in outstanding general obligation debt. There were no revenue bonds outstanding. The current general obligation debt was incurred to allow the County to provide funding to the Benton County Solid Waste Construction in the amount of \$402,642 for the construction of a new cell at the sanitary disposal facility. The debt will be paid off in June 2018.

All tax increment debt for internal loans had been paid as of June 30, 2017.

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 \$136.26 million, based on 2016 values.

100% Assessed Values
for Calculating Debt Capacity

<u>2016 for 17/18 collections</u>	<u>2015 for 16/17 collections</u>	<u>2014 for 15/16 collections</u>
\$2,725,297,486	\$2,695,893,956	\$2,673,163,780

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Benton County's elected and appointed officials and citizens considered many factors when setting the 2018 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 2017.

Benton County takes the economic situation in account when adopting the General Fund budget for FY2018. 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 \$2.72 million in FY18 in comparison to actual disbursements for FY17. 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 out of infant stage, has a full time employee and is anticipating that millions of grant dollars may flow through the County's financial system over the next several years. The County financed a separately staffed information technology (IT) department in FY17. 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. If all of these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2018.

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. 4th Street, Vinton, Iowa, 52349.



Basic Financial Statements
Benton County

Benton County
Exhibit A – Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and Pooled Investments	\$ 12,047,682
Receivables:	
Property tax:	
Delinquent	11,929
Succeeding year	9,820,063
Interest and penalty on property tax	48,989
Accounts	24,544
Accrued interest	869
Due from Other Governments	1,102,502
Inventories	248,548
Prepaid Expenses	188,461
Loan Receivable	16,500
Capital Assets:	
Capital assets, not being depreciated	5,585,141
Capital assets (net of accumulated depreciation)	37,809,112
Total assets	66,904,340
Deferred Outflows of Resources	
Pension Related Deferred Outflows of Resources	1,416,066
Liabilities	
Accounts Payable	1,173,085
Salaries and Benefits Payable	134,618
Long-Term Liabilities:	
Portion due or payable within one year:	
Bonds Payable	134,214
Compensated absences	364,100
Termination benefits	10,200
Portion due or payable after one year:	
Net pension liability	4,019,266
Net OPEB liability	335,957
Termination benefits	37,400
Total liabilities	6,208,840

Benton County
Exhibit A – Statement of Net Position
June 30, 2017

	Governmental Activities
Deferred Inflows of Resources	
Succeeding Year Property Tax Revenue	\$ 9,820,063
Pension Related Deferred Inflows of Resources	192,776
Total deferred inflows of resources	10,012,839
 Net Position	
Net Investment in Capital Assets	43,394,253
Restricted for:	
Secondary roads purposes	2,464,675
Mental health purposes	2,011,474
Supplemental levy purposes	553,303
Other purposes	1,508,890
Endowments:	
Expendable	106,807
Nonexpendable	847,965
Unrestricted	1,211,360
Total net position	\$ 52,098,727

	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental Activities:		
Public safety and legal services	\$ 4,319,285	\$ 530,031
Physical health and social services	924,790	260,092
Mental health	984,553	1,419
County environment and education	2,057,841	176,928
Roads and transportation	9,288,424	323,112
Government services to residents	755,324	483,479
Administration	1,677,340	45,405
Non-program	105,123	-
Interest on long-term debt	6,742	-
Total Governmental Activities	<u>\$ 20,119,422</u>	<u>\$ 1,820,466</u>
General Revenues:		
Property and other County tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position Beginning of Year		
Net Position End of Year		

Benton County
Exhibit B - Statement of Activities
Year Ended June 30, 2017

Program Revenues	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
\$ 11,946	\$ -	\$ (3,777,308)
242,374	-	(422,324)
133,407	-	(849,727)
299,752	-	(1,581,161)
5,793,946	2,653,738	(517,628)
-	-	(271,845)
100,302	-	(1,531,633)
-	-	(105,123)
-	-	(6,742)
\$ 6,581,727	\$ 2,653,738	\$ (9,063,491)
		\$ 8,775,646
		47,603
		726,057
		848,414
		33,933
		101,505
		10,533,158
		1,469,667
		50,629,060
		\$ 52,098,727

	<u>General</u>	<u>Special</u>
		<u>Rural Services</u>
Assets		
Cash and Pooled Investments	\$ 5,074,638	\$ 183,507
Receivables:		
Property tax:		
Delinquent	8,266	2,257
Succeeding year	6,067,769	2,697,603
Interest and penalty on property tax	48,989	-
Accounts	18,185	-
Accounts interest	869	-
Due from Other Funds	-	-
Due from Other Governments	96,132	-
Loan Receivable	-	-
Inventories	-	-
Advances to Other Funds	-	-
Prepays	22,690	-
Total assets	<u>\$ 11,337,538</u>	<u>\$ 2,883,367</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$ 133,910	\$ 7,520
Salaries and benefits payable	87,609	1,600
Due to other funds	-	-
Advance from other funds	-	-
Total liabilities	<u>221,519</u>	<u>9,120</u>
Deferred Inflows of Resources:		
Unavailable revenues		
Succeeding year property tax	6,067,769	2,697,603
Other	64,826	2,239
Total deferred inflows of resources	<u>6,132,595</u>	<u>2,699,842</u>
Fund Balances:		
Nonspendable	22,690	-
Restricted	553,303	174,405
Committed	534,585	-
Unassigned	3,872,846	-
Total fund balances	<u>4,983,424</u>	<u>174,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,337,538</u>	<u>\$ 2,883,367</u>

See Notes to Financial Statements

Benton County
Exhibit C – Balance Sheet
Governmental Funds
June 30, 2017

<u>Revenue</u>			
<u>Secondary Roads</u>	<u>Mental Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 2,391,700	\$ 1,972,360	\$ 2,183,486	\$ 11,805,691
-	1,216	190	11,929
-	917,214	137,477	9,820,063
-	-	-	48,989
5,515	-	844	24,544
-	-	-	869
-	-	15,945	15,945
778,123	39,672	188,575	1,102,502
-	-	16,500	16,500
248,548	-	-	248,548
-	-	88,708	88,708
-	-	-	22,690
<u>\$ 3,423,886</u>	<u>\$ 2,930,462</u>	<u>\$ 2,631,725</u>	<u>\$ 23,206,978</u>
\$ 916,330	\$ 194	\$ 115,130	1,173,084
42,881	1,580	948	134,618
-	-	15,945	15,945
-	-	88,708	88,708
<u>959,211</u>	<u>1,774</u>	<u>220,731</u>	<u>1,412,355</u>
-	917,214	137,477	9,820,063
<u>270,206</u>	<u>1,198</u>	<u>41,758</u>	<u>380,227</u>
<u>270,206</u>	<u>918,412</u>	<u>179,235</u>	<u>10,200,290</u>
248,548	-	847,965	1,119,203
1,945,921	2,010,276	1,439,053	6,122,958
-	-	-	534,585
-	-	(55,259)	3,817,587
<u>2,194,469</u>	<u>2,010,276</u>	<u>2,231,759</u>	<u>11,594,333</u>
<u>\$ 3,423,886</u>	<u>\$ 2,930,462</u>	<u>\$ 2,631,725</u>	<u>\$ 23,206,978</u>

Benton County
 Exhibit D – Reconciliation of the Balance Sheet –
 Governmental Funds to the Statement of Net Position
 June 30, 2017

Total Governmental Fund Balances		\$ 11,594,333
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		43,394,253
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.		380,226
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources		1,416,066
Deferred inflows of resources		(192,776)
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.		407,762
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at June 30, 2017, are:		
Compensated absences	\$ (364,100)	
Net OPEB liability	(335,957)	
Revenue note payable	(134,214)	
Net pension liability	(4,019,266)	
Termination benefits	(47,600)	
Total long-term liabilities	(4,901,137)	(4,901,137)
Net Position of Governmental Activities		\$ 52,098,727

	General	Special Rural Services
Revenues:		
Property and other County tax	\$ 5,396,079	\$ 2,443,162
Interest and penalty on property tax	46,645	-
Intergovernmental	1,298,667	166,401
Licenses and permits	16,786	-
Charges for service	804,536	5,826
Use of money and property	77,882	-
Miscellaneous	167,128	-
Total revenues	<u>7,807,723</u>	<u>2,615,389</u>
Expenditures:		
Operating:		
Public safety and legal services	3,836,868	20,207
Physical health and social services	908,789	-
Mental health	-	-
County environment and education	940,454	503,247
Roads and transportation	-	-
Governmental services to residents	696,896	7,190
Administration	1,613,273	5,899
Non-program	105,123	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>8,101,403</u>	<u>536,543</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(293,680)</u>	<u>2,078,846</u>
Other Financing Sources (Uses):		
Sale of capital assets	4,431	-
Transfers in	65,634	255,000
Transfers out	(241,643)	(2,311,472)
Total other financing sources (uses)	<u>(171,578)</u>	<u>(2,056,472)</u>
Net Change in Fund Balances	(465,258)	22,374
Fund Balances Beginning of Year	<u>5,448,682</u>	<u>152,031</u>
Fund Balances End of Year	<u>\$ 4,983,424</u>	<u>\$ 174,405</u>

See Notes to Financial Statements

Benton County
 Exhibit E – Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2017

Revenue			
Secondary Roads	Mental Health	Nonmajor Governmental Funds	Total
\$ -	\$ 793,508	\$ 975,861	\$ 9,608,610
-	-	-	46,645
6,095,124	203,698	264,195	8,028,085
43,355	-	-	60,141
-	1,419	5,122	816,903
-	-	11,363	89,245
<u>264,272</u>	<u>-</u>	<u>96,520</u>	<u>527,920</u>
<u>6,402,751</u>	<u>998,625</u>	<u>1,353,061</u>	<u>19,177,549</u>
-	-	27,271	3,884,346
-	-	4,371	913,160
-	955,600	-	955,600
-	-	433,590	1,877,291
8,020,685	-	-	8,020,685
-	-	9,559	713,645
-	-	135,360	1,754,532
-	-	-	105,123
-	-	140,956	140,956
<u>1,828,182</u>	<u>-</u>	<u>135,185</u>	<u>1,963,367</u>
<u>9,848,867</u>	<u>955,600</u>	<u>886,292</u>	<u>20,328,705</u>
<u>(3,446,116)</u>	<u>43,025</u>	<u>466,769</u>	<u>(1,151,156)</u>
5,929	-	-	10,360
2,739,512	-	68,603	3,128,749
-	-	(575,634)	(3,128,749)
<u>2,745,441</u>	<u>-</u>	<u>(507,031)</u>	<u>10,360</u>
(700,675)	43,025	(40,262)	(1,140,796)
<u>2,895,144</u>	<u>1,967,251</u>	<u>2,272,021</u>	<u>12,735,129</u>
<u>\$2,194,469</u>	<u>\$ 2,010,276</u>	<u>\$ 2,231,759</u>	<u>\$ 11,594,333</u>

Benton County

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (1,140,796)

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	\$	2,800,287	
Contributed capital assets		2,065,307	
Depreciation expense		<u>(2,566,365)</u>	2,299,229

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. (143,207)

Bond proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Repayments		<u>134,213</u>	134,213
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Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are reported as deferred inflows of resources in the governmental funds as follows:

Property tax		16,408	
Grants		<u>319,465</u>	335,873

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred inflow of resources in the Statement of Net Position. 528,953

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

Change in compensated absences		(23,311)	
Change in net OPEB liability		(48,659)	
Pension Expense		(527,166)	
Change in termination benefits		<u>12,750</u>	(586,386)

Benton County

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

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.

\$ 41,788

Change in net position of governmental activities

\$ 1,469,667

Benton County
 Exhibit G – Statement of Net Position
 Proprietary Fund
 June 30, 2017

	Internal Service - Benton County Co-Insurance
	<u>Co-Insurance</u>
Assets	
Cash and pooled investments	\$ 241,991
Prepaid expense	165,771
	407,762
Liabilities	
	-
Net Position	
Unrestricted	\$ 407,762

Benton County
 Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 Year Ended June 30, 2017

	Internal Service - Benton County <u>Co-Insurance</u>
Operating Revenues:	
Charges for service	\$ 1,791,148
Miscellaneous	46,816
Total operating revenues	<u>1,837,964</u>
Operating Expenses:	
Insurance premiums	1,687,990
Claims and administrative expenses	108,186
Total operating expenses	<u>1,796,176</u>
Change in Net Position	41,788
Net Position Beginning of Year	<u>365,974</u>
Net Position End of Year	<u><u>\$ 407,762</u></u>

Benton County
 Exhibit I – Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2017

	<u>Internal Service - Benton County Co-Insurance</u>
Cash Flows from Operating Activities:	
Cash received from employees and others	\$ 1,837,964
Cash paid for administrative fees and supplies	(108,186)
Cash paid for insurance claims/premiums	<u>(1,721,489)</u>
Net Cash provided by Operating Activities	8,289
Cash and Pooled Investments at Beginning of Year	<u>233,702</u>
Cash and Pooled Investments at End of Year	<u>\$ 241,991</u>
Reconciliation of Change in Net Position to Net Cash provided by Operating Activities:	
Change in net position	\$ 41,788
Adjustments to reconcile change in net position to net cash used for operating activities:	
Increase in prepaid expense	<u>(33,499)</u>
Net Cash provided by Operating Activities	<u>\$ 8,289</u>

Benton County
Exhibit J – Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Assets	
Cash and pooled investments	\$ 2,476,260
Receivables:	
Property tax:	
Delinquent	52,832
Succeeding year	30,909,083
Accounts	17,495
Special assessments	48,810
Interest on special assessments	7,448
Due from other governments	<u>42,899</u>
Total assets	<u>33,554,827</u>
Liabilities	
Accounts payable	4,557
Due to other governments	33,492,734
Trusts payable	<u>57,536</u>
Total liabilities	<u>33,554,827</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, 2017.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Benton County Assessor's Conference Board, Benton County Emergency Management Commission, Benton County Joint E911 Service Board and Benton County Solid Waste Disposal Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

Basis of Presentation

Government-wide Financial Statements

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

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

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue Funds - The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas. The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance. The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

Additionally, the County reports the following fund types:

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

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

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015, assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2016.

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, 2017, 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. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$500 and estimated useful lives in excess of two years.

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

Asset Class	Estimated Useful Lives (In Years)
Infrastructure	15 - 65
Intangibles	2 - 20
Buildings	20 - 50
Equipment	2 - 30

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation benefits payable to employees. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, 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 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 the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

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

Fund Balance Classification	Purpose	Fund	Amount	
Nonspendable	Prepays	General	\$ 22,690	
	Inventories	Secondary Roads	248,548	
	Donor Restricted	Carol Sue Donovan Conservation Fund	847,965	
			<u>\$ 1,119,203</u>	
Restricted	General Supplemental	General Fund	\$ 553,303	
	Rural Services	Rural Services	174,405	
	Secondary Roads	Secondary Roads	1,945,921	
	Mental Health	Mental Health	2,010,276	
	Records	County Recorder's		
	Management	Records Management	12,880	
	Conservation	REAP	33,675	
	Environment	Environmental Projects	200	
	Roads, Conservation, Libraries, Emergency Services	LOST	1,009,175	
	Electronic	County Recorder's		
	Transactions	Electronic Transaction	570	
	Forfeiture	County Sheriff's Forfeiture Fund	41,706	
	Commissary	County Sheriff's Commissary Fund	11,903	
	Sheriff	County Sheriff's Donation Fund	291	
	County Attorney	County Attorney Collections Incentive	65,758	
	County Attorney	County Attorney Forfeiture Fund	82,852	
	Conservation	Land Acquisition Fund	57,563	
	Conservation	Carol Sue Donovan Conservation Fund	106,807	
	Debt Service	Debt Service Fund	15,673	
			<u>\$ 6,122,958</u>	
	Committed	Infrastructure		
		Upgrades	General Fund	\$ 532,500
Historic Preservation		General Fund	2,085	
			<u>\$ 534,585</u>	

Budgets and Budgetary Accounting – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, 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 \$55,259 as of June 30, 2017. 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, 2017, 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, 2017.

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, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	\$ 15,945

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

The detail of advances to and from other funds at June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	\$ 88,708

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

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer To	Transfer From	Amount
General	Nonmajor Governmental	\$ 65,634
Rural Services	Nonmajor Governmental	255,000
Secondary Roads	General	173,040
	Rural Services	2,311,472
	Nonmajor Governmental	255,000
		<u>2,739,512</u>
Nonmajor Governmental	General	68,603
Total		<u>\$ 3,128,749</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, 2017 is as follows:

Fund	Description	Amount
Agency	Collections	
County Recorder		\$ 20,324
County Recorder's Electronic Fee		421
Agricultural Extension		242,448
County Assessor		1,409,453
Schools		20,774,100
Community Colleges		1,613,161
Corporations		7,590,694
Townships		415,435
Auto License and Use Tax		706,435
Brucellosis and Tuberculosis Eradication		4,447
Fire Districts		117,330
E911 Surcharge		489,737
Joint Disaster Services		51,185
City Special Assessments		57,564
Total for Agency Funds		<u>\$ 33,492,734</u>

Note 6 - Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,922,076	\$ -	\$ (124,000)	\$ 1,798,076
Construction in progress	4,900,377	3,663,378	(4,776,690)	3,787,065
Total capital assets not being depreciated	<u>6,822,453</u>	<u>3,663,378</u>	<u>(4,900,690)</u>	<u>5,585,141</u>
Capital assets being depreciated:				
Buildings	9,600,767	111,008	-	9,711,775
Equipment	13,936,143	1,068,258	(340,580)	14,663,821
Infrastructure	47,910,705	4,799,640	-	52,710,345
Total capital assets being depreciated	<u>71,447,615</u>	<u>5,978,906</u>	<u>(340,580)</u>	<u>77,085,941</u>
Less accumulated depreciation for:				
Buildings	2,327,738	217,788	-	2,545,526
Equipment	10,582,331	869,597	(321,373)	11,130,555
Infrastructure	24,121,767	1,478,980	-	25,600,747
Total accumulated depreciation	<u>37,031,836</u>	<u>2,566,365</u>	<u>(321,373)</u>	<u>39,276,828</u>
Total capital assets being depreciated, net	<u>34,415,779</u>	<u>3,412,541</u>	<u>(19,207)</u>	<u>37,809,112</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,238,232</u>	<u>\$ 7,075,919</u>	<u>\$ (4,919,897)</u>	<u>\$ 43,394,253</u>

Depreciation expense was charged to the following functions:

Governmental Activities:

Public safety and legal services	\$ 545,447
Physical health and social services	7,289
Mental health	28,718
County environment and education	97,355
Roads and transportation	1,780,428
Governmental services to residents	44,934
Administration	62,194
	<u>62,194</u>

Total Depreciation Expense – Governmental Activities	<u>\$ 2,566,365</u>
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Note 7 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Compensated Absences	Termination Benefits	Net Pension Liability	Net OPEB Liability	Note Payable	Total
Balance Beginning of Year	\$ 340,789	\$ 60,350	\$ 2,986,669	\$ 287,298	\$ 268,428	\$ 3,943,534
Increases	364,100		1,032,597	48,659		1,445,356
Decreases	(340,789)	(12,750)	-	-	(134,214)	(487,753)
Balance End of Year	\$ 364,100	\$ 47,600	\$ 4,019,266	\$ 335,957	\$ 134,214	\$ 4,901,137
Due Within One Year	\$ 364,100	\$ 10,200	-	-	\$ 134,214	\$ 508,514

Notes Payable

In fiscal year 2016, the County issued a \$402,642 solid waste disposal note, with interest rates ranging from 0.5% to 1.5% to finance land fill improvements of the Benton County Solid Waste Disposal Commission. The note will be repaid through the County's debt service levy.

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 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

A multiplier (based on years of service).

The member's highest five-year average salary, 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 2017, pursuant to the required rate, Regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.63% of pay for a total rate of 19.26%. Protection occupation members contributed 6.56% of pay and the County contributed 9.84% for a total rate of 16.40%

The County’s contributions to IPERS for the year ended June 30, 2017 were \$528,953.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017 the County reported a liability of \$4,019,266 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the County’s collective proportion was .0639%, which was an increase of .0034% from its collective proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the County recognized pension expense of \$527,166. At June 30, 2017, 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	\$ 32,742	\$ 90,845
Changes of Assumptions	56,521	17,825
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	784,949	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	12,901	84,106
County Contributions Subsequent to the Measurement Date	528,953	-
Total	\$ 1,416,066	\$ 192,776

\$528,953 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, 2018. 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
2018	\$ 50,683
2019	50,683
2020	381,609
2021	218,666
2022	(7,304)
	\$ 694,337

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

The long-term expected rate of return on 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:

Asset Class	Asset Allocation	Long-Term Expected Rate of Return
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity/debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
U.S. TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, 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 (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,291,826	\$ 4,019,266	\$ 1,260,046

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

Payables to IPERS– At June 30, 2017, the County reported no payables to the defined benefit pension plan.

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. There are 100 active and 5 retired members in the Plan. Participants must be age 55 or older at retirement. The Plan does not issue a stand-alone financial report.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the Plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 59,932
Interest on Net OPEB Obligation	9,546
Adjustments to Annual Required Contribution	<u>(9,484)</u>
 Annual OPEB cost	 59,994
Contributions Made	<u>(11,335)</u>
 Increase in net OPEB obligation	 48,659
Net OPEB Obligation, Beginning of Year	<u>287,298</u>
 Net OPEB Obligation, End of Year	 <u><u>\$ 335,957</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the County contributed \$11,335 to the medical plan. Plan members eligible for benefits contributed \$9,246 or 100% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2017, are summarized as follows:

Years Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 59,994	18.9%	\$ 335,957
2016	59,994	18.9%	287,299
2015	59,878	17.4%	238,640

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$517,561, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$517,561. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$4,980,423 and the ratio of the UAAL to covered payroll was 10.4%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2014, actuarial valuation date, the Projected Unit Credit with linear proration to decrement cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health care trend rate is 8.50%. The ultimate health care trend rate is 5%. The health care trend rate is reduced 0.5% each year until reaching the 5% ultimate medical trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014.

Projected claim costs of the medical plan are \$775 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 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, 2017, the County has two participants in the plan for a net obligation of \$47,600.

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, 2017, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers' compensation, including the retention of the pool. The pool also purchased a reinsurance policy for property coverage for losses in excess of \$100,000 to a maximum of \$30,000,000 in covered property (including the retention). In addition, the pool purchased a reinsurance policy in excess of \$400,000 per occurrence up to a maximum of \$7,000,000 per occurrence, including the retention of the pool for general liability, automobile liability, police professional, and errors and omissions. The risk pool fund records a liability for unpaid claims based on estimates of the costs of individual cases of losses and claims reported to year-end, plus a provision for losses incurred but not yet reported (IBNR). The IBNR estimates are based on the past experience of the Pool and upon the recommendations of By the Numbers Actuarial Consulting, Inc. who also performs an annual actuarial review of the entire program. At June 30, 2017, 2016, and 2015 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, 2017, 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 coverages associated with boiler/machinery and cyber liability. The Public Officials Bond and crime coverage is purchased through a local broker. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 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, 2017 as follows:

Revenues:		
Property and other county tax		\$ 793,508
Intergovernmental revenues:		
State tax credits	\$ 70,291	
Receipts from regional fiscal agent	133,407	
		203,698
Charges for services		1,419
Total revenues		998,625
Expenditures:		
Services to persons with:		
Mental illness	34,949	
Intellectual disability	4,972	
		39,921
General administration:		
Direct administration	95,584	
Distribution to regional fiscal agent	820,095	
		915,679
Total expenditures		955,600
Excess of Revenues Over Expenditures		43,025
Fund Balance Beginning of Year		1,967,251
Fund Balance End of Year		\$ 2,010,276

Note 14 - Prospective Accounting Pronouncements

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

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

Statement No. 81, Irrevocable Split-Interest Agreements, will be effective for fiscal year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 83, Certain Asset Retirement Obligations, will be effective for reporting periods beginning after June 30, 2019. The objective of this Statement is to improve accounting and financial reporting for certain asset retirement obligations by established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources.

Statement No. 84, Fiduciary Activities, is 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. 85, Omnibus 2017, is effective fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during the implementation and application of certain GASB statements.

Statement No. 86, Certain Debt Extinguishment Issues, is effective for fiscal year ending June 30, 2018. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt- are placed in an irrevocable trust for the sole purpose of extinguishing debt.

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.

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, 2017

Benton County

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	Governmental		
	Fund Types	Budgeted Amounts	
		Actual	Original
Receipts:			
Property and other County tax	\$ 9,674,568	\$ 9,597,093	\$ 9,597,093
Interest and penalty on property tax	49,621	62,000	62,000
Intergovernmental	7,847,356	8,137,436	8,915,871
Licenses and permits	60,025	50,065	50,065
Charges for service	822,850	772,350	772,350
Use of money and property	106,408	87,414	87,414
Miscellaneous	491,693	306,565	306,565
Total receipts	<u>19,052,521</u>	<u>19,012,923</u>	<u>19,791,358</u>
Disbursements:			
Operating:			
Public safety and legal services	3,872,835	4,489,356	4,509,356
Physical health and social services	917,525	1,075,457	1,085,457
Mental health	961,005	1,116,550	1,116,550
County environment and education	1,774,194	1,712,058	2,472,058
Roads and transportation	7,643,811	7,654,401	7,654,401
Governmental services to residents	711,229	782,963	800,263
Administration	1,800,472	2,015,901	2,105,901
Non-program	119,124	176,000	186,000
Debt service	183,694	183,596	183,596
Capital projects	2,141,797	3,070,000	3,246,187
Total disbursements	<u>20,125,686</u>	<u>22,276,282</u>	<u>23,359,769</u>
Excess (Deficiency) of Receipts over (Under) Disbursements	(1,073,165)	(3,263,359)	(3,568,411)
Other Financing Sources, Net	<u>60,153</u>	<u>50,539</u>	<u>50,539</u>
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	(1,013,012)	(3,212,820)	(3,517,872)
Balance Beginning of Year	<u>12,700,109</u>	<u>10,763,916</u>	<u>10,763,916</u>
Balance End of Year	<u>\$ 11,687,097</u>	<u>\$ 7,551,096</u>	<u>\$ 7,246,044</u>

Benton County

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual
(Cash Basis) – All Governmental Funds
Required Supplementary Information
Year Ended June 30, 2017

Variance- Over (Under) Budget	Actual as % of Final Budget
\$ 77,475	101%
(12,379)	80
(1,068,515)	88
9,960	120
50,500	107
18,994	122
185,128	160
(738,837)	96
(636,521)	86%
(167,932)	85
(155,545)	86
(697,864)	72
(10,590)	100
(89,034)	89
(305,429)	85
(66,876)	64
98	100
(1,104,390)	66
(3,234,083)	86
2,495,246	
9,614	
2,504,860	
1,936,193	
\$ 4,441,053	

Benton County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 19,052,521	\$ 125,028	\$ 19,177,549
Expenditures	20,125,686	203,019	20,328,705
Net	(1,073,165)	(77,991)	(1,151,156)
Other Financing Sources, Net	60,153	(49,793)	10,360
Beginning Fund Balances	12,700,109	35,020	12,735,129
Ending Fund Balances	\$ 11,687,097	\$ (92,764)	\$ 11,594,333

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,083,487. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2017, 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 Three Fiscal Years
Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Collective Proportion of the Net Pension Liability (Asset)	0.0639%	0.0605%	0.0571%
County's Collective Proportionate Share of the Net Pension Liability (Asset)	\$ 4,019,266	\$ 2,986,669	\$ 2,263,600
County's Covered Payroll	\$ 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	69.96%	53.63%	41.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 30th 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.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 528,953	\$ 527,819	\$ 512,755	\$ 497,065
Contributions in Relation to the Statutorily Required Contribution	<u>528,953</u>	<u>527,819</u>	<u>512,755</u>	<u>497,065</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 5,783,634	\$ 5,744,757	\$ 5,569,491	\$ 5,401,356
Contributions as a Percentage of Covered Payroll	9.15%	9.19%	9.21%	9.20%

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 466,148	\$ 428,734	\$ 356,260	\$ 341,191	\$ 323,136	\$ 302,072
<u>466,148</u>	<u>428,734</u>	<u>356,260</u>	<u>341,191</u>	<u>323,136</u>	<u>302,072</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,185,707	\$ 5,051,477	\$ 4,776,742	\$ 4,891,944	\$ 4,854,440	\$ 4,780,101
8.99%	8.49%	7.46%	6.97%	6.66%	6.32%

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.

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

Changes of Assumptions

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

- Decreased the inflation assumption from 3.25% 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 UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

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

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2009	07/01/08	\$ -	\$ 493,280	\$ 493,280	0.0%	\$ 4,212,430	11.7%
2012	07/01/11	-	475,516	475,516	0.0%	4,885,005	9.7%
2015	07/01/14	-	517,561	517,561	0.0%	4,980,423	10.4%



Other Supplementary Information
Benton County

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					Special Revenue
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Local Option Sales Tax
Assets					
Cash and Pooled Investments	\$ 12,880	\$ 33,675	\$ -	\$ 200	\$ 995,198
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding Year	-	-	-	-	-
Interest and penalty on property	-	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from Other Funds	-	-	-	-	15,945
Due from Other Governments	-	-	-	-	70,459
Loan Receivable	-	-	-	-	16,500
Advances to Other Funds	-	-	-	-	-
Total assets	<u>\$ 12,880</u>	<u>\$ 33,675</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,098,102</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 219
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advance from other funds	-	-	-	-	88,708
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,927</u>
Deferred Inflows of Resources:					
Unavailable revenues					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	12,880	33,675	-	200	1,009,175
Unassigned	-	-	-	-	-
Total fund balances	<u>12,880</u>	<u>33,675</u>	<u>-</u>	<u>200</u>	<u>1,009,175</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,880</u>	<u>\$ 33,675</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,098,102</u>

Benton County
 Schedule 1 – Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

Funds					
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
\$ 570	\$ 41,706	\$ 11,903	\$ 291	\$ -	\$ 64,914
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	844
-	-	-	-	-	-
-	-	-	-	118,116	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 570</u>	<u>\$ 41,706</u>	<u>\$ 11,903</u>	<u>\$ 291</u>	<u>\$ 118,116</u>	<u>\$ 65,758</u>
\$ -	\$ -	\$ -	\$ -	\$ 114,911	\$ -
-	-	-	-	948	-
-	-	-	-	15,945	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,804</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,571</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,571</u>	<u>-</u>
-	-	-	-	-	-
570	41,706	11,903	291	-	65,758
-	-	-	-	(55,259)	-
<u>570</u>	<u>41,706</u>	<u>11,903</u>	<u>291</u>	<u>(55,259)</u>	<u>65,758</u>
<u>\$ 570</u>	<u>\$ 41,706</u>	<u>\$ 11,903</u>	<u>\$ 291</u>	<u>\$ 118,116</u>	<u>\$ 65,758</u>

Benton County
Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Debt Service	Total Nonmajor Governmental Funds
	County Attorney Forfeiture Fund	Conservation Land Acquisition Fund	Carol Sue Donovan Conservation Fund		
Assets					
Cash and Pooled Investments	\$ 82,852	\$ 57,563	\$ 866,064	\$ 15,670	\$ 2,183,486
Receivables:					
Property Tax:					
Delinquent	-	-	-	190	190
Succeeding year	-	-	-	137,477	137,477
Accounts	-	-	-	-	844
Due from Other Funds	-	-	-	-	15,945
Due from Other Governments	-	-	-	-	188,575
Loan Receivable	-	-	-	-	16,500
Advances to Other Funds	-	-	88,708	-	88,708
Total assets	<u>\$ 82,852</u>	<u>\$ 57,563</u>	<u>\$ 954,772</u>	<u>\$ 153,337</u>	<u>\$ 2,631,725</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 115,130
Salaries and benefits payable	-	-	-	-	948
Due to other funds	-	-	-	-	15,945
Advance from other funds	-	-	-	-	88,708
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,731</u>
Deferred Inflows of Resources:					
Unavailable revenues					
Succeeding year property tax	-	-	-	137,477	137,477
Other	-	-	-	187	41,758
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,664</u>	<u>179,235</u>
Fund Balances:					
Nonspendable	-	-	847,965	-	847,965
Restricted	82,852	57,563	106,807	15,673	1,439,053
Unassigned	-	-	-	-	(55,259)
Total fund balances	<u>82,852</u>	<u>57,563</u>	<u>954,772</u>	<u>15,673</u>	<u>2,231,759</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 82,852</u>	<u>\$ 57,563</u>	<u>\$ 954,772</u>	<u>\$ 153,337</u>	<u>\$ 2,631,725</u>

					Special Revenue
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Local Option Sales Tax
Revenues:					
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ 848,277
Intergovernmental	-	18,102	4,371	-	-
Charges for service	5,122	-	-	-	-
Use of money and property	16	41	-	-	155
Miscellaneous	-	-	-	-	-
Total revenues	<u>5,138</u>	<u>18,143</u>	<u>4,371</u>	<u>-</u>	<u>848,432</u>
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	20,826
Physical health and social services	-	-	4,371	-	-
County environment and education	-	-	-	-	238,254
Governmental services to residents	9,559	-	-	-	-
Administration	-	-	-	-	135,360
Debt service	-	-	-	-	3,286
Capital projects	-	-	-	-	-
Total expenditures	<u>9,559</u>	<u>-</u>	<u>4,371</u>	<u>-</u>	<u>397,726</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(4,421)</u>	<u>18,143</u>	<u>-</u>	<u>-</u>	<u>450,706</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(575,634)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(575,634)</u>
Net change in fund balances	(4,421)	18,143	-	-	(124,928)
Fund Balances Beginning of Year	<u>17,301</u>	<u>15,532</u>	<u>-</u>	<u>200</u>	<u>1,134,103</u>
Fund Balances End of Year	<u>\$ 12,880</u>	<u>\$ 33,675</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,009,175</u>

Benton County
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2017

Funds					
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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	140,077	-
-	-	-	-	-	-
-	61	-	-	-	-
1	-	-	71	-	22,155
<u>1</u>	<u>61</u>	<u>-</u>	<u>71</u>	<u>140,077</u>	<u>22,155</u>
-	6,445	-	-	-	-
-	-	-	-	-	-
-	-	-	-	195,336	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>6,445</u>	<u>-</u>	<u>-</u>	<u>195,336</u>	<u>-</u>
1	(6,384)	-	71	(55,259)	22,155
-	-	-	-	-	43,603
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	43,603
1	(6,384)	-	71	(55,259)	65,758
569	48,090	11,903	220	-	-
<u>\$ 570</u>	<u>\$ 41,706</u>	<u>\$ 11,903</u>	<u>\$ 291</u>	<u>\$ (55,259)</u>	<u>\$ 65,758</u>

(continued)

Benton County
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Debt Service	Total Nonmajor Governmental Funds
	County Attorney Forfeiture Fund	Conservation Land Acquisition Fund	Carol Sue Donovan Conservation Fund		
Revenues:					
Property and other County tax	\$ -	\$ -	\$ -	\$ 127,584	\$ 975,861
Intergovernmental	-	90,253	-	11,392	264,195
Charges for service	-	-	-	-	5,122
Use of money and property	20	-	11,070	-	11,363
Miscellaneous	74,293	-	-	-	96,520
Total revenues	<u>74,313</u>	<u>90,253</u>	<u>11,070</u>	<u>138,976</u>	<u>1,353,061</u>
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	27,271
Physical health and social services	-	-	-	-	4,371
County environment and education	-	-	-	-	433,590
Governmental services to residents	-	-	-	-	9,559
Administration	-	-	-	-	135,360
Debt service	-	-	-	137,670	140,956
Capital projects	-	135,185	-	-	135,185
Total expenditures	<u>-</u>	<u>135,185</u>	<u>-</u>	<u>137,670</u>	<u>886,292</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>74,313</u>	<u>(44,932)</u>	<u>11,070</u>	<u>1,306</u>	<u>466,769</u>
Other Financing Sources (Uses):					
Transfers in	-	25,000	-	-	68,603
Transfers out	-	-	-	-	(575,634)
Total other financing sources (uses)	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>(507,031)</u>
Net change in fund balances	74,313	(19,932)	11,070	1,306	(40,262)
Fund Balances Beginning of Year	<u>8,539</u>	<u>77,495</u>	<u>943,702</u>	<u>14,367</u>	<u>2,272,021</u>
Fund Balances End of Year	<u>\$ 82,852</u>	<u>\$ 57,563</u>	<u>\$ 954,772</u>	<u>\$ 15,673</u>	<u>\$ 2,231,759</u>

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
County Auditor				
Assets:				
Cash and pooled investments	\$ 497	\$ -	\$ -	\$ 497
Liabilities:				
Trusts Payable	\$ 497	\$ -	\$ -	\$ 497
County Recorder				
Assets:				
Cash and pooled investments	\$ 17,566	\$ 431,642	\$ 428,884	\$ 20,324
Liabilities:				
Due to other funds	\$ -	\$ 167,903	\$ 167,903	\$ -
Due to other governments	17,566	263,739	260,981	20,324
Total liabilities	\$ 17,566	\$ 431,642	\$ 428,884	\$ 20,324
County Recorder's Electronic Fee				
Assets:				
Cash and pooled investments	\$ 494	\$ 5,144	\$ 5,217	\$ 421
Liabilities:				
Due to other governments	\$ 494	\$ 5,144	\$ 5,217	\$ 421
County Sheriff				
Assets:				
Cash and pooled investments	\$ 5,671	\$ 808,949	\$ 809,340	\$ 5,280
Liabilities:				
Due to other funds	\$ -	\$ 236,428	\$ 236,428	\$ -
Due to other governments	-	7,961	7,961	-
Trusts payable	5,671	564,560	564,951	5,280
Total liabilities	\$ 5,671	\$ 808,949	\$ 809,340	\$ 5,280

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Agricultural Extension Education Fund				
Assets:				
Cash and pooled investments	\$ 2,928	\$ 233,370	\$ 233,416	\$ 2,882
Property tax receivable:				
Delinquent	303	328	303	328
Succeeding year	230,975	239,238	230,975	239,238
Total assets	<u>\$ 234,206</u>	<u>\$ 472,936</u>	<u>\$ 464,694</u>	<u>\$ 242,448</u>
Liabilities:				
Due to other governments	<u>\$ 234,206</u>	<u>\$ 472,936</u>	<u>\$ 464,694</u>	<u>\$ 242,448</u>
County Assessor Fund				
Assets:				
Cash and pooled investments	\$ 741,361	\$ 590,220	\$ 452,346	\$ 879,235
Property tax receivable:				
Delinquent	672	817	672	817
Succeeding year	574,938	529,953	574,938	529,953
Total assets	<u>\$ 1,316,971</u>	<u>\$ 1,120,990</u>	<u>\$ 1,027,956</u>	<u>\$ 1,410,005</u>
Liabilities:				
Accounts payable	\$ -	\$ 552	\$ -	\$ 552
Salaries and benefits payable	3,522	-	3,522	-
Due to other governments	1,313,449	1,120,438	1,024,434	1,409,453
Total liabilities	<u>\$ 1,316,971</u>	<u>\$ 1,120,990</u>	<u>\$ 1,027,956</u>	<u>\$ 1,410,005</u>
Schools Fund				
Assets:				
Cash and pooled investments	\$ 243,810	\$ 19,918,113	\$ 19,921,030	\$ 240,893
Property tax receivable:				
Delinquent	27,680	30,051	27,680	30,051
Succeeding year	19,702,289	20,503,156	19,702,289	20,503,156
Total assets	<u>\$ 19,973,779</u>	<u>\$ 40,451,320</u>	<u>\$ 39,650,999</u>	<u>\$ 20,774,100</u>
Liabilities:				
Due to other governments	<u>\$ 19,973,779</u>	<u>\$ 40,451,320</u>	<u>\$ 39,650,999</u>	<u>\$ 20,774,100</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Community Colleges Fund				
Assets:				
Cash and pooled investments	\$ 18,056	\$ 1,474,207	\$ 1,474,231	\$ 18,032
Property tax receivable:				
Delinquent	1,895	2,082	1,895	2,082
Succeeding year	1,458,956	1,593,047	1,458,956	1,593,047
Total assets	<u>\$ 1,478,907</u>	<u>\$ 3,069,336</u>	<u>\$ 2,935,082</u>	<u>\$ 1,613,161</u>
Liabilities:				
Due to other governments	<u>\$ 1,478,907</u>	<u>\$ 3,069,336</u>	<u>\$ 2,935,082</u>	<u>\$ 1,613,161</u>
Corporations Fund				
Assets:				
Cash and pooled investments	\$ 57,570	\$ 7,700,521	\$ 7,700,884	\$ 57,207
Property tax receivable:				
Delinquent	19,891	19,030	19,891	19,030
Succeeding year	6,295,458	7,514,457	6,295,458	7,514,457
Total assets	<u>\$ 6,372,919</u>	<u>\$ 15,234,008</u>	<u>\$ 14,016,233</u>	<u>\$ 7,590,694</u>
Liabilities:				
Due to other governments	<u>\$ 6,372,919</u>	<u>\$ 15,234,008</u>	<u>\$ 14,016,233</u>	<u>\$ 7,590,694</u>
Townships Fund				
Assets:				
Cash and pooled investments	\$ 5,956	\$ 396,585	\$ 397,026	\$ 5,515
Property tax receivable:				
Delinquent	440	516	440	516
Succeeding year	395,129	409,404	395,129	409,404
Total assets	<u>\$ 401,525</u>	<u>\$ 806,505</u>	<u>\$ 792,595</u>	<u>\$ 415,435</u>
Liabilities:				
Due to other governments	<u>\$ 401,525</u>	<u>\$ 806,505</u>	<u>\$ 792,595</u>	<u>\$ 415,435</u>
Auto License and Use Tax Fund				
Assets:				
Cash and pooled investments	<u>\$ 724,702</u>	<u>\$ 8,693,372</u>	<u>\$ 8,711,639</u>	<u>\$ 706,435</u>
Liabilities:				
Due to other governments	<u>\$ 724,702</u>	<u>\$ 8,693,372</u>	<u>\$ 8,711,639</u>	<u>\$ 706,435</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Brucellosis and Tuberculosis Eradication Fund				
Assets:				
Cash and pooled investments	\$ 56	\$ 4,517	\$ 4,518	\$ 55
Property tax receivable:				
Delinquent	6	8	6	8
Succeeding year	4,471	4,384	4,471	4,384
Total assets	<u>\$ 4,533</u>	<u>\$ 8,909</u>	<u>\$ 8,995</u>	<u>\$ 4,447</u>
Liabilities:				
Due to other governments	<u>\$ 4,533</u>	<u>\$ 8,909</u>	<u>\$ 8,995</u>	<u>\$ 4,447</u>
Fire Districts Fund				
Assets:				
Cash and pooled investments	\$ 1,833	\$ 112,150	\$ 112,097	\$ 1,886
Property tax receivable:				
Delinquent	10	-	10	-
Succeeding year	111,455	115,444	111,455	115,444
Total assets	<u>\$ 113,298</u>	<u>\$ 227,594</u>	<u>\$ 223,562</u>	<u>\$ 117,330</u>
Liabilities:				
Due to other governments	<u>\$ 113,298</u>	<u>\$ 227,594</u>	<u>\$ 223,562</u>	<u>\$ 117,330</u>
E911 Surcharge Fund				
Assets:				
Cash and pooled investments	\$ 433,706	\$ 431,552	\$ 433,706	\$ 431,552
Receivables:				
Accounts	-	17,495	-	17,495
Due from other governments	-	42,899	-	42,899
Total assets	<u>\$ 433,706</u>	<u>\$ 491,946</u>	<u>\$ 433,706</u>	<u>\$ 491,946</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,209	\$ -	\$ 2,209
Due to other governments	433,706	489,737	433,706	489,737
Total liabilities	<u>\$ 433,706</u>	<u>\$ 491,946</u>	<u>\$ 433,706</u>	<u>\$ 491,946</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Joint Disaster Services Fund				
Assets:				
Cash and pooled investments	\$ 39,720	\$ 179,297	\$ 166,036	\$ 52,981
Liabilities:				
Accounts payable	\$ -	\$ 1,796	\$ -	\$ 1,796
Salaries and benefits payable	1,071	-	1,071	-
Due to other governments	38,649	177,501	164,965	51,185
Total liabilities	<u>\$ 39,720</u>	<u>\$ 179,297</u>	<u>\$ 166,036</u>	<u>\$ 52,981</u>
City Special Assessments Fund				
Assets:				
Cash and pooled investments	\$ 2,491	\$ 22,012	\$ 23,197	\$ 1,306
Receivables:				
Special assessments	55,789	48,810	55,789	48,810
Interest on special assessments	339	7,448	339	7,448
Total assets	<u>\$ 58,619</u>	<u>\$ 78,270</u>	<u>\$ 79,325</u>	<u>\$ 57,564</u>
Liabilities:				
Due to other governments	<u>\$ 58,619</u>	<u>\$ 78,270</u>	<u>\$ 79,325</u>	<u>\$ 57,564</u>
Treasurer's Trust Fund				
Assets:				
Cash and pooled investments	<u>\$ 46,462</u>	<u>\$ 884,020</u>	<u>\$ 878,723</u>	<u>\$ 51,759</u>
Liabilities:				
Trusts payable	<u>\$ 46,462</u>	<u>\$ 884,020</u>	<u>\$ 878,723</u>	<u>\$ 51,759</u>

(continued)

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Total Combined Funds				
Assets:				
Cash and pooled investments	\$ 2,342,879	\$ 41,885,671	\$ 41,752,290	\$ 2,476,260
Receivables:				
Property tax:				
Delinquent	50,897	52,832	50,897	52,832
Succeeding year	28,773,671	30,909,083	28,773,671	30,909,083
Accounts	-	17,495	-	17,495
Special assessments	55,789	48,810	55,789	48,810
Interest on special assessments	339	7,448	339	7,448
Due from other governments	-	42,899	-	42,899
Total assets	<u>\$ 31,223,575</u>	<u>\$ 72,964,238</u>	<u>\$ 70,632,986</u>	<u>\$ 33,554,827</u>
Liabilities:				
Accounts payable	\$ -	\$ 4,557	\$ -	\$ 4,557
Salaries and benefits payable	4,593	-	4,593	-
Due to other funds	-	404,331	404,331	-
Due to other governments	31,166,352	71,106,770	68,780,388	33,492,734
Trusts payable	52,630	1,448,580	1,443,674	57,536
Total liabilities	<u>\$ 31,223,575</u>	<u>\$ 72,964,238</u>	<u>\$ 70,632,986</u>	<u>\$ 33,554,827</u>

	Modified Accrual Basis			
	2017	2016	2015	2014
Revenues:				
Property and other County tax	\$ 9,608,610	\$ 9,383,641	\$ 9,396,646	\$ 9,263,165
Interest and penalty on property tax	46,645	54,004	68,058	54,401
Intergovernmental	8,028,085	7,572,012	6,442,227	6,934,298
Licenses and permits	60,141	65,548	63,988	50,916
Charges for service	816,903	844,395	789,381	1,039,262
Use of money and property	89,245	101,403	149,507	230,181
Miscellaneous	527,920	355,650	539,276	673,090
Total	\$ 19,177,549	\$ 18,376,653	\$ 17,449,083	\$ 18,245,313
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,884,346	\$ 3,777,516	\$ 3,702,267	\$ 3,372,083
Physical health and social services	913,160	908,267	779,444	772,894
Mental health	955,600	939,392	667,148	717,608
County environment and education	1,877,291	1,943,572	1,595,984	1,858,870
Roads and transportation	8,020,685	7,284,266	7,305,395	6,587,736
Governmental services to residents	713,645	675,738	660,222	676,648
Administration	1,754,532	1,593,103	1,535,126	1,354,202
Non-program	105,123	115,201	116,134	114,899
Debt service	140,956	142,131	57,081	59,714
Capital projects	1,963,367	2,057,251	628,069	1,031,306
Total	\$ 20,328,705	\$ 19,436,437	\$ 17,046,870	\$ 16,545,960

Benton County

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

Modified Accrual Basis					
2013	2012	2011	2010	2009	2008
\$ 9,066,277	\$ 9,283,332	\$ 9,040,465	\$ 7,789,764	\$ 7,569,896	\$ 6,525,469
67,455	60,888	68,851	71,665	61,120	58,381
7,063,795	8,270,387	11,598,891	8,463,098	7,110,465	6,628,717
55,517	53,781	28,429	26,552	36,023	21,153
1,134,314	1,074,105	918,755	938,342	918,653	804,952
229,341	242,838	212,614	167,459	226,983	351,193
312,031	480,803	344,701	1,249,374	435,863	371,763
<u>\$ 17,928,730</u>	<u>\$ 19,466,134</u>	<u>\$ 22,212,706</u>	<u>\$ 18,706,254</u>	<u>\$ 16,359,003</u>	<u>\$ 14,761,628</u>
\$ 3,094,449	\$ 3,378,100	\$ 2,776,780	\$ 2,944,413	\$ 3,404,479	\$ 2,688,409
791,283	727,188	826,041	870,817	680,759	647,780
877,412	2,241,438	1,858,003	1,790,594	1,768,492	1,828,868
2,135,404	1,680,767	1,820,864	1,817,202	1,798,472	1,448,612
6,247,839	6,433,156	5,884,434	6,665,097	6,169,023	6,257,448
797,697	586,446	555,980	587,292	585,539	498,175
1,399,113	1,365,671	1,178,054	1,307,990	1,491,420	1,454,672
139,267	134,980	-	-	-	-
61,930	819,476	66,230	-	-	-
618,578	269,161	7,115,336	1,516,791	1,294,315	824,059
<u>\$ 16,162,972</u>	<u>\$ 17,636,383</u>	<u>\$ 22,081,722</u>	<u>\$ 17,500,196</u>	<u>\$ 17,192,499</u>	<u>\$ 15,648,023</u>



Information Provided to Comply with
Government Auditing Standards and
the Uniform Guidance
June 30, 2017

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, 2017, and the related notes to the financial statements, which collectively comprise Benton County’s basic financial statements, and have issued our report thereon dated February 27, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items 2017-A, 2017-B, and 2017-C 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 2017-D, 2017-E, and 2017-F to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive style. To the right of the signature is a vertical yellow line.

Dubuque, Iowa
February 27, 2018



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, 2017. 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 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 2017.

Report on Internal Control over Compliance

Management of Benton County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

A handwritten signature in cursive script that reads "Eric Sully LLP". To the right of the signature is a vertical yellow line.

Dubuque, Iowa
February 27, 2018

Benton County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Pass-through program from:			
Iowa Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants			
for the Supplemental Nutrition			
Assistance Program			
	10.561	N/A	\$ <u>22,067</u>
U.S. 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>181,648</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction			
	20.205	BROS-C006(100)-8J-06	514,244
Highway Planning and Construction			
	20.205	BROS-C006(102)-8J-06	339,890
Highway Planning and Construction			
	20.205	NRT-CO06(94)-9G-06	97,941
			<u>952,075</u>
East Central Iowa Council of Governments			
Formula Grants for Rural Areas			
	20.509	FTA5311	<u>51,153</u>
Total U.S. Department of Transportation			<u>1,003,228</u>

Benton County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Health and Human Services:			
Pass-through program from:			
Iowa Department of Human Services			
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	\$ 67
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	6,283
Foster Care Title IV-E	93.658	N/A	8,171
Adoption Assistance Title IV-E	93.659	N/A	2,578
Social Services Block Grant	93.667	N/A	6,512
Children's Health Insurance Program Medicaid Cluster	93.767	N/A	174
Medical Assistance Program	93.778	N/A	38,452
Total U.S. Department of Health and Human Services			<u>62,237</u>
U.S. Department of Homeland Security			
Pass-through program from:			
United Way of America			
Emergency Food and Shelter National Board Program	97.024	20-2856-00	4,371
Iowa Department of Homeland Security			
Disaster Grants - Public Assistance	97.036	DR 4289	102,114
Disaster Grants - Public Assistance	97.036	DR 4289	13,841
Disaster Grants - Public Assistance	97.036	DR 4289	20,524
			<u>136,479</u>
Total U.S. Department of Homeland Security			<u>140,850</u>
Total			<u>\$ 1,410,030</u>

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Benton County, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The County received federal awards indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. The County had no subrecipients during the year ended June 30, 2017.

Note 2 - Significant Accounting Policies

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

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>
Highway Planning and Construction	20.205
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

2017-A Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – During the course of our engagement, we proposed material audit adjustments to capital assets, due from other governments, and unavailable revenues that were not identified as a result of the County’s existing internal controls and, therefore, could have resulted in a material misstatement of the County’s financial statements.

Cause – There is a limited number of office employees with varying levels of experience with the reporting requirements. This significantly limits the County’s review procedures.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles.

Recommendation – We recommend that County staff continue to receive relevant training and that additional review procedures be implemented, especially in the area of capital assets, due from other governments, and unavailable revenues.

Response – The Auditor’s office staff reviews invoices for items which meet the county’s capitalization policy and try to determine if they are to be input into our financial statements. Currently contacts the various departments for their input once a year, but will try on a monthly basis. Will use general ledger reports from our financial software and other documentation to determine if there are unrecorded assets and/or projects. Training in the software will be sought.

2017-B 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.

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

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

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

Response – The County will continue to review operating procedures and segregate employee duties to the extent financially feasible to maximize internal control.

2017-C Treasurer’s Office – Segregation of Duties

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

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

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

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

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

Response – The Treasurer or first deputy are doing the daily balancing at this time. The monthly balancing is done by both the Treasurer and the first deputy. (monthly mv 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) We continually look for ways to separate the duties performed within the confines of the staff available.

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

Significant Deficiencies

2017-D 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)

2017-E 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.

2017-F Conservation Camping Fees – Segregation of Duties

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

Condition – The collection of camping fees is generally performed by the same park ranger that has performed the camper counts. In addition, the reconciliation process is performed by 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 2 people counting the camping fees to agree on totals.

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:

2017-IA-A Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted by function.

2017-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.

2017-IA-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2017-IA-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Kipp Schoettner, owner of John’s Tire Service, spouse of Melinda Schoettner, Deputy Treasurer	Services	\$ 4,683
Terry Ehlinger, owner of Ehlinger’s Vinton Express, spouse of Bonnie Ehlinger, Sheriff’s Office	Supplies	856
Barbara Campbell, sister to Deb Fleming, County Attorney’s office	Services	127

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 transaction with Kipp Schoettner was not entered into through competitive bidding.

2017-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.

2017-IA-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2017-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.

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

2017-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).

2017-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, 2017, for the County Extension Office did not exceed the amount budgeted.

2017-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.