



Financial Statements
June 30, 2020
Benton County

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Benton County

Benton County
Officials

Name	Title	Term Expires
Gary Bierschenk Rick Primmer Tracy Seeman	Board of Supervisors Board of Supervisors Board of Supervisors	December 2020 December 2020 December 2022
Hayley Rippel	County Auditor	December 2020
Melinda Schottmer	County Treasurer	December 2022
Lexa Speidel	County Recorder	December 2022
Ronald J. Tippet	County Sheriff	December 2020
David C. Thompson	County Attorney	December 2022
Larry Andreesen	County Assessor	Appointed



Independent Auditor's Report

To the Officials of Benton County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, as of and for the year ended June 30, 2020, 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, 2020, 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's financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (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, the schedule of revenues by source and expenditures by function, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the schedule of revenues by source and expenditures by function, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dubuque, Iowa
February 1, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Benton County provides this Management's Discussion and Analysis as part of our annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. 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 2019 to 2020, approximately 7.8%.

Property tax experienced a 5.5% increase, growing from \$9.243 million in 2019 to \$9.750 million in 2020.

Intergovernmental revenues including, grants and contributions, increased approximately \$1.80 million from \$9.374 million in 2019 to \$11.179 million in 2020.

Governmental activities program expenses increased in 2020 when compared to 2019, by approximately \$3.6 million. Most areas had an increase in 2020. County environment and education experienced the most significant increase in 2020 from \$3.266 million to \$5.166 million. Roads and transportation had an increase of \$701,343 in 2020 when compared to 2019.

2020 was pretty uneventful regarding the financial position of the County.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The *Government-wide Financial Statements* consist of a statement of net position and a statement of activities. These provide information about the activities of Benton County as a whole and present an overall view of the County's finances.
- The *Fund Financial Statements* tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Benton County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Benton County acts solely as an agent or custodian for the benefit of those outside of the government.
- The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.
- *Supplementary Information* provides detailed information about the non-major governmental and the individual fiduciary funds.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position presents all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as "net position." Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The County's combined net position decreased from \$53.391 million in 2019 to \$51.944 million in 2020. 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>2020</u>	<u>2019</u>
Current and other Assets	\$26,057,574	\$24,876,094
Capital Assets	<u>43,885,264</u>	<u>44,787,727</u>
Total Assets	69,942,838	69,663,821
Deferred Outflows of Resources	<u>1,576,729</u>	<u>1,643,458</u>
Other Liabilities	2,340,806	2,378,129
Long-Term Liabilities	<u>3,930,386</u>	<u>4,315,217</u>
Total Liabilities	6,271,192	6,693,346
Deferred Inflows of Resources	<u>13,303,881</u>	<u>11,222,822</u>
Net Position		
Net Investment in Capital Assets	43,885,264	44,787,727
Restricted	7,676,663	7,927,702
Unrestricted	<u>382,567</u>	<u>675,682</u>
Total Net Position	<u>\$51,944,494</u>	<u>\$53,391,111</u>

The Net Position of the County's governmental activities decreased from \$53,391,111 in 2019 to \$51,944,494 in 2020. The largest portion of the County's net position is invested in capital assets. The change in total net position is due largely to a decrease in net investment in capital assets. 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>2020</u>	<u>2019</u>
Revenues		
Charges for service and sales	\$ 2,207,802	\$ 2,015,178
Operating grants and contributions	9,789,296	7,849,077
Capital grants and contributions	455,693	1,645,643
Property taxes	9,750,391	9,243,847
Penalty and interest on property taxes	34,835	47,672
State tax credits	710,612	727,449
Local option sales tax	1,026,869	874,335
Unrestricted investment earnings	72,352	49,245
Miscellaneous	<u>304,942</u>	<u>141,971</u>
Total revenues	<u>24,352,792</u>	<u>22,594,417</u>
Expenses		
Public safety and legal services	4,899,529	4,641,562
Physical health and social services	1,104,513	1,098,670
Mental health	1,022,854	807,559
County environment and education	5,165,940	3,266,587
Roads and transportation	10,562,384	9,861,041
Government services to residents	802,441	765,830
Administration	2,134,968	1,636,288
Non-program	106,780	107,340
Interest on long-term debt	<u>0</u>	<u>9,882</u>
Total expenses	<u>25,799,409</u>	<u>22,194,759</u>
Change in net position	-1,446,617	399,658
Net position beginning of the year	<u>53,391,111</u>	<u>52,991,453</u>
Net position end of year	<u>\$ 51,944,494</u>	<u>\$ 53,391,111</u>

GOVERNMENTAL ACTIVITIES

The results of governmental activities for the year resulted in Benton County's net position decreasing by \$1,446,617. Total revenues for governmental activities increased from the prior year, although property taxes remained relatively unchanged with only an increase of \$506,544.

The county-wide property tax rates in 2020 increased from 2019; the overall county-wide property tax dollars levied, including gas and electric, increased \$488,106 in 2020 from 2019. This is a result of the increased taxable valuation and the increased .09431 in levy.

	<u>FY2020</u>	<u>FY2019</u>
Countywide taxable value	1,505,641,064	1,457,350,684
Countywide levy rate less debt	4.97141	4.41983
Dollars levied less debt	7,485,162	6,441,237
Countywide taxable debt service value	1,545,993,972	1,496,808,951
Countywide debt service levy rate	0	.45727
Dollars levied for debt service	0	684,444
Total countywide levy rate	4.97141	4.8771
Total dollars levied countywide	7,485,162	7,125,681
Rural taxable value	966,391,948	936,218,732
Rural tax levy rate	2.97858	2.93719
Dollars levied for rural area only	2,878,477	2,749,852
Total dollars levied	10,363,639	9,875,533

The cost of all governmental activities this year was \$25.799 million compared to \$22.194 million last year. However, as shown in the Statement of Activities on page 16, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$9.785 million because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. 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 \$11,039,254 which is lower than last year's total of \$11,642,274. The following are the changes in the major funds from the prior year.

General Fund

General Fund revenues increased in 2020 by \$1,236,042 and expenditures increased \$111,389 when compared to the prior year. The ending fund balance increased from 2019 to 2020 by \$748,105 to \$5,002,177 with \$3,342,730 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>2020</u>	<u>2019</u>
Ending Fund Balances	\$5,002,177	\$4,254,072
Nonspendable	\$0	\$12,990
Restricted	\$1,063,447	\$465,844
Committed	\$596,000	\$830,585
Unassigned	\$3,342,730	\$2,944,653
Revenue	\$9,923,456	\$8,687,414
Other Financing Sources	\$(74,836)	\$(231,437)
Expenditures	\$9,100,515	\$8,989,126

Secondary Roads

Secondary Roads Fund expenditures increased by \$448,475 over the prior year, which is mainly due to more bridge replacement and paving projects. The fund encountered a decrease in revenues from 2019 to 2020 of \$17,565. Non-spendable fund balance, which generally accounts for inventory reserves, increased \$10,329 from 2019 to 2020. All of these factors combined have resulted in a decrease in the Secondary Roads Fund ending balance of \$513,357. The County continues to plan for long-range projects including grading, paving and bridge replacement projects and expects to fund a portion of those projects through local option sales tax revenue. Steps continue to be taken to re-design current projects to reduce costs, yet still meet the needs and safety of the traveling public.

	<u>2020</u>	<u>2019</u>
Ending Fund Balance	\$2,194,553	\$2,707,910
Fund Balance Nonspendable	\$274,523	\$264,194
Fund Balance Restricted	\$1,920,030	\$2,443,716
Revenue	\$6,103,297	\$6,085,732
Other Financing Sources	\$3,203,889	\$2,900,389
Expenditures	\$9,820,543	\$9,372,068

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 FY20, Benton County had \$43.885 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

The County had no outstanding general obligation debt for 2020.

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 \$131.42 million, based on 2020 values.

100% Assessed Values for Calculating Debt Capacity

<u>2019 for 20/21 collections</u>	<u>2018 for 19/20 collections</u>	<u>2017 for 18/19 collections</u>
\$2,628,421,863	\$2,755,808,842	\$2,712,331,708

Other obligations include accrued vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Benton County's elected and appointed officials and citizens considered many factors when setting the 2020 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 1.4 percent for 2020.

Benton County takes the economic situation in account when adopting the General Fund budget for FY2020. 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 in FY21 in comparison to actual disbursements for FY20. 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 getting closer to the final stages and is continually having millions of grant dollars flowing through the County's financial system over the next two years. The County's mental health budget provides funding to the mental health region and the County. However, it is in accordance with the mental health region's by-laws. In 2020, the County is still paying a portion of the regional payment using the fund balance, but also continues improving on utilizing the Rural Access Center (RAC). Benton County is continuing to work hard filling the gaps in mental health services, the RAC is a collaborative approach to increase access to much needed mental health services and is setting a big example for other counties in the state to do the same.

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, 2020

	Governmental Activities
Assets	
Cash and Pooled Investments	\$ 11,039,881
Receivables:	
Property tax:	
Delinquent	129,855
Succeeding year	11,893,933
Interest and penalty on property tax	81,187
Accounts	107,165
Due from Other Governments	2,338,919
Inventories	274,523
Prepaid Expenses	192,111
Capital Assets:	
Capital assets, not being depreciated	3,312,303
Capital assets, net of accumulated depreciation	40,572,961
Total assets	69,942,838
Deferred Outflows of Resources	
Pension Related Deferred Outflows	1,354,578
OPEB Related Deferred Outflows	222,151
Total deferred outflows of resources	1,576,729
Liabilities	
Accounts Payable	1,488,332
Salaries and Benefits Payable	223,144
Unearned revenue	135,979
Long-Term Liabilities:	
Portion due or payable within one year:	
Installment purchase agreement	21,653
Compensated absences	461,498
Termination benefits	10,200
Portion due or payable after one year:	
Installment purchase agreement	21,653
Net pension liability	3,377,472
Total OPEB liability	524,461
Termination benefits	6,800
Total liabilities	6,271,192

Benton County
Exhibit A – Statement of Net Position
June 30, 2020

	Governmental Activities
Deferred Inflows of Resources	
Succeeding Year Property Tax Revenue	\$ 11,893,933
Pension Related Deferred Inflows	969,881
OPEB Related Deferred Inflows	440,067
Total deferred inflows of resources	13,303,881
 Net Position	
Net Investment in Capital Assets	43,885,264
Restricted for	
Secondary roads purposes	2,594,553
Mental health purposes	943,417
Supplemental levy purposes	1,063,447
Other purposes	2,120,602
Endowments:	
Expendable	106,679
Nonexpendable	847,965
Unrestricted	382,567
Total net position	\$ 51,944,494

Benton County
Exhibit B - Statement of Activities
Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Governmental Activities:					
Public safety and legal services	\$ 4,899,529	\$ 675,140	\$ 8,730	\$ -	\$ (4,215,659)
Physical health and social services	1,104,513	321,582	279,600	-	(503,331)
Mental health	1,022,854	29	167,395	-	(855,430)
County environment and education	5,165,940	124,030	3,520,674	-	(1,521,236)
Roads and transportation	10,562,384	436,907	5,708,025	455,693	(3,961,759)
Government services to residents	802,441	610,240	-	-	(192,201)
Administration	2,134,968	39,874	104,872	-	(1,990,222)
Non-program	106,780	-	-	-	(106,780)
Total Governmental Activities	<u>\$ 25,799,409</u>	<u>\$ 2,207,802</u>	<u>\$ 9,789,296</u>	<u>\$ 455,693</u>	<u>\$ (13,346,618)</u>
General Revenues:					
Property and other County tax levied for:					
General purposes					\$ 9,750,391
Penalty and interest on property tax					34,835
State tax credits					710,612
Local option sales tax					1,026,869
Unrestricted investment earnings					72,352
Miscellaneous					<u>304,942</u>
Total General Revenues					<u>11,900,001</u>
Change in Net Position					(1,446,617)
Net Position Beginning of Year					<u>53,391,111</u>
Net Position End of Year					<u>\$ 51,944,494</u>

Benton County
Exhibit C – Balance Sheet
Governmental Funds
June 30, 2020

	Special Revenue					Nonmajor Governmental Funds	Total
	General	Rural Services	Secondary Roads	Mental Health	Watershed Management Authority		
Assets							
Cash and Pooled Investments	\$ 5,032,587	\$ 504,110	\$ 1,849,424	\$ 859,700	\$ -	\$ 2,286,214	\$ 10,532,035
Receivables:							
Property tax:							
Delinquent	89,357	30,690	-	9,808	-	-	129,855
Succeeding year	7,944,005	3,077,965	-	871,963	-	-	11,893,933
Interest and penalty on property tax	81,187	-	-	-	-	-	81,187
Accounts	25,183	-	81,234	-	-	-	106,417
Due from Other Funds	-	-	-	-	-	36,863	36,863
Due from Other Governments	186,395	-	1,058,486	84,089	927,120	82,829	2,338,919
Inventories	-	-	274,523	-	-	-	274,523
Prepays	-	-	-	-	-	63,208	63,208
Total assets	\$ 13,358,714	\$ 3,612,765	\$ 3,263,667	\$ 1,825,560	\$ 927,120	\$ 2,469,114	\$ 25,456,940
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable	\$ 124,900	\$ 6,745	\$ 608,263	\$ 6,912	\$ 736,010	\$ 4,997	1,487,827
Salaries and benefits payable	153,576	3,197	60,851	3,268	1,608	644	223,144
Unearned revenue	-	-	-	-	135,979	-	135,979
Due to other funds	-	-	-	-	36,863	-	36,863
Total liabilities	278,476	9,942	669,114	10,180	910,460	5,641	1,883,813
Deferred Inflows of Resources:							
Unavailable revenues							
Succeeding year property tax	7,944,005	3,077,965	-	871,963	-	-	11,893,933
Other	134,056	9,785	400,000	9,184	86,915	-	639,940
Total deferred inflows of resources	8,078,061	3,087,750	400,000	881,147	86,915	-	12,533,873
Fund Balances:							
Nonspendable	-	-	274,523	-	-	911,173	1,185,696
Restricted	1,063,447	515,073	1,920,030	934,233	-	1,552,300	5,985,083
Committed	596,000	-	-	-	-	-	596,000
Unassigned	3,342,730	-	-	-	(70,255)	-	3,272,475
Total fund balances	5,002,177	515,073	2,194,553	934,233	(70,255)	2,463,473	11,039,254
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,358,714	\$ 3,612,765	\$ 3,263,667	\$ 1,825,560	\$ 927,120	\$ 2,469,114	\$ 25,456,940

Benton County
 Exhibit D – Reconciliation of the Balance Sheet –
 Governmental Funds to the Statement of Net Position
 June 30, 2020

Total Governmental Fund Balances		\$ 11,039,254
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		43,885,264
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.		639,940
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources		1,576,729
Deferred inflows of resources		(1,409,948)
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.		636,992
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at June 30, 2020, are:		
Compensated absences	\$ (461,498)	
Total OPEB liability	(524,461)	
Revenue note payable	(43,306)	
Net pension liability	(3,377,472)	
Termination benefits	(17,000)	
Total long-term liabilities	(4,423,737)	(4,423,737)
Net Position of Governmental Activities		\$ 51,944,494

Benton County
Exhibit E – Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	Special Revenue						Total
	General	Rural Services	Secondary Roads	Mental Health	Watershed Management Authority	Nonmajor Governmental Funds	
Revenues:							
Property and other County tax	\$ 6,974,081	\$ 2,728,425	\$ -	\$ 624	\$ -	\$ 1,026,610	\$ 10,729,740
Interest and penalty on property tax	22,157	-	-	-	-	-	22,157
Intergovernmental	1,695,757	156,580	5,726,631	167,395	3,419,475	13,598	11,179,436
Licenses and permits	25,878	-	42,403	-	-	-	68,281
Charges for service	827,023	11,600	-	-	-	6,471	845,094
Use of money and property	114,730	-	-	-	-	18,183	132,913
Miscellaneous	263,830	-	334,263	28	111,176	22,623	731,920
Total revenues	9,923,456	2,896,605	6,103,297	168,047	3,530,651	1,087,485	23,709,541
Expenditures:							
Operating:							
Public safety and legal services	4,533,728	1,742	-	-	-	26,570	4,562,040
Physical health and social services	952,423	-	-	-	-	-	952,423
Mental health	-	-	-	999,890	-	-	999,890
County environment and education	946,704	471,590	-	-	3,530,842	301,496	5,250,632
Roads and transportation	-	-	8,608,241	-	-	-	8,608,241
Governmental services to residents	808,746	5,273	-	-	-	1,259	815,278
Administration	1,752,134	4,714	-	-	-	122,057	1,878,905
Non-program	106,780	-	-	-	-	-	106,780
Capital projects	-	-	1,212,302	-	-	105,000	1,317,302
Total expenditures	9,100,515	483,319	9,820,543	999,890	3,530,842	556,382	24,491,491
Excess (Deficiency) of Revenues over (Under) Expenditures	822,941	2,413,286	(3,717,246)	(831,843)	(191)	531,103	(781,950)
Other Financing Sources (Uses):							
Sale of capital assets	8,597	-	105,373	-	-	-	113,970
Installment Purchase Agreement	64,960	-	-	-	-	-	64,960
Transfers in	82,603	255,000	3,098,516	-	-	134,000	3,570,119
Transfers out	(230,996)	(2,612,520)	-	-	-	(726,603)	(3,570,119)
Total other financing sources (uses)	(74,836)	(2,357,520)	3,203,889	-	-	(592,603)	178,930
Net Change in Fund Balances	748,105	55,766	(513,357)	(831,843)	(191)	(61,500)	(603,020)
Fund Balances Beginning of Year	4,254,072	459,307	2,707,910	1,766,076	(70,064)	2,524,973	11,642,274
Fund Balances End of Year	\$ 5,002,177	\$ 515,073	\$ 2,194,553	\$ 934,233	\$ (70,255)	\$ 2,463,473	\$ 11,039,254

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, 2020

Net change in fund balances - total governmental funds \$ (603,020)

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

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

Expenditures for capital assets	\$ 1,859,637	
Contributed capital assets	28,246	
Depreciation expense	<u>(2,764,012)</u>	(876,129)

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. (26,334)

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

Proceeds	(64,960)	
Repayments	<u>21,653</u>	(43,307)

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	60,198	
Grants	430,136	
Charges for services	<u>10,700</u>	501,034

The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 651,720

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, 2020

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

Compensated absences	\$ (30,329)	
OPEB Expense	(29,752)	
Pension Expense	(843,946)	
Termination Benefits	<u>10,200</u>	
		\$ (893,827)

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.

(156,754)

Change in net position of governmental activities

\$ (1,446,617)

Benton County
 Exhibit G – Statement of Net Position
 Proprietary Fund
 June 30, 2020

	<u>Internal Service - Benton County Co-Insurance</u>
Assets	
Cash and pooled investments	\$ 507,846
Accounts receivable	748
Prepaid expense	<u>128,903</u>
Total assets	637,497
Liabilities	
Accounts payable	<u>505</u>
Net Position	
Unrestricted	<u><u>\$ 636,992</u></u>

Benton County
 Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 Year Ended June 30, 2020

	Internal Service - Benton County <u>Co-Insurance</u>
Operating Revenues:	
Charges for service	\$ 1,595,741
Miscellaneous	<u>47,165</u>
Total operating revenues	<u>1,642,906</u>
Operating Expenses:	
Insurance premiums	1,745,189
Claims and administrative expenses	<u>54,471</u>
Total operating expenses	<u>1,799,660</u>
Change in Net Position	(156,754)
Net Position Beginning of Year	<u>793,746</u>
Net Position End of Year	<u><u>\$ 636,992</u></u>

Benton County
 Exhibit I – Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2020

	<u>Internal Service - Benton County Co-Insurance</u>
Cash Flows from Operating Activities:	
Cash received from employees and others	\$ 1,642,202
Cash paid for administrative fees and supplies	(96,435)
Cash paid for insurance claims/premiums	<u>(1,751,686)</u>
Net Cash provided by Operating Activities	(205,919)
Cash and Pooled Investments at Beginning of Year	<u>713,765</u>
Cash and Pooled Investments at End of Year	<u><u>\$ 507,846</u></u>
Reconciliation of Change in Net Position to Net Cash provided by Operating Activities:	
Change in net position	\$ (156,754)
Adjustments to reconcile change in net position to net cash used for operating activities:	
Increase in accounts receivable	(704)
Decrease in accounts payable	(41,964)
Increase in prepaid expense	<u>(6,497)</u>
Net Cash provided by Operating Activities	<u><u>\$ (205,919)</u></u>

Benton County
 Exhibit J – Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2020

Assets	
Cash and pooled investments	\$ 2,477,946
Receivables:	
Property tax:	
Delinquent	414,559
Succeeding year	33,764,768
Accounts	25,364
Special assessments	44,923
Interest on special assessments	7,621
Due from other governments	<u>44,359</u>
Total assets	<u>36,779,540</u>
Liabilities	
Accounts payable	64,393
Due to other governments	36,602,697
Trusts payable	<u>112,450</u>
Total liabilities	<u>36,779,540</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, 2020.

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. The Watershed Management Authority Fund is used to account for the Watershed Management grant.

Additionally, the County reports the following fund types:

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018, assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2019.

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, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Prepaid Expenses – Prepaid expenses represent certain payments to vendors that reflect costs applicable to future accounting periods.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$500 and estimated useful lives in excess of two years.

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation benefits payable to employees. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

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

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

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

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

Fund Balance Classification	Purpose	Fund	Amount
Nonspendable	Prepays	Local Option Sales Tax	\$ 63,208
	Inventories	Secondary Roads	274,523
	Donor Restricted	Carol Sue Donovan Conservation Fund	847,965
			<u>\$ 1,185,696</u>
Restricted	General Supplemental	General Fund	\$ 1,063,447
	Rural Services	Rural Services	515,073
	Secondary Roads	Secondary Roads	1,920,030
	Mental Health	Mental Health	934,233
	Records	County Recorder's	
	Management	Records Management	7,372
	Conservation	REAP	13,681
	Emergency Food	Emergency Food	
	and Shelter	and Shelter Program	2
	Environment	Environmental Projects	200
	Roads, Conservation,		
	Libraries, Emergency		
	Services	LOST	942,675
	Electronic	County Recorder's	
	Transactions	Electronic Transaction	582
	Forfeiture	County Sheriff's Forfeiture Fund	68,043
	Commissary	County Sheriff's Commissary Fund	11,903
	Sheriff	County Sheriff's Donation Fund	296
	County Attorney	County Attorney Collections Incentive	40,799
	County Attorney	County Attorney Forfeiture Fund	19,883
	Conservation	Land Acquisition Fund	130,251
	Conservation	Capital Projects	195,474
Conservation	Carol Sue Donovan Conservation Fund	106,679	
Debt Service	Debt Service Fund	<u>14,460</u>	
		<u>\$ 5,985,083</u>	
Committed	Infrastructure		
	Upgrades	General Fund	\$ 592,915
	Historic Preservation	General Fund	<u>3,085</u>
		<u>\$ 596,000</u>	

Budgets and Budgetary Accounting – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, no departments or functions exceeded the budgeted amount.

Note 2 - Deficit Fund Balance

The Watershed Management Authority fund, a governmental fund, had a deficit balance of \$70,255 as of June 30, 2020. 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, 2020, 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, 2020.

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, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Watershed Management	\$ 36,863

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

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 82,603
Rural Services	Nonmajor Governmental	255,000
Secondary Roads	General	230,996
	Rural Services	2,612,520
	Nonmajor Governmental	255,000
		<u>3,098,516</u>
Nonmajor Governmental	Nonmajor Governmental	134,000
Total		<u>\$ 3,570,119</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, 2020 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency	Collections	
County Recorder		\$ 25,061
County Recorder's Electronic Fee		438
Agricultural Extension		266,504
County Assessor		1,231,145
Schools		22,187,738
Community Colleges		2,043,288
Corporations		8,706,498
Townships		463,935
Auto License and Use Tax		811,712
Brucellosis and Tuberculosis Eradication		4,396
Fire Districts		131,505
E911 Surcharge		597,234
Joint Disaster Services		79,724
City Special Assessments		53,519
Total for Agency Funds		<u>\$ 36,602,697</u>

Note 6 - Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,768,076	\$ -	\$ -	\$ 1,768,076
Construction in progress	2,858,678	1,260,860	(2,575,311)	1,544,227
Total capital assets not being depreciated	<u>4,626,754</u>	<u>1,260,860</u>	<u>(2,575,311)</u>	<u>3,312,303</u>
Capital assets being depreciated				
Buildings	10,321,555	-	-	10,321,555
Equipment	16,427,509	627,023	(1,271,726)	15,782,806
Infrastructure	57,795,920	2,575,311	-	60,371,231
Total capital assets being depreciated	<u>84,544,984</u>	<u>3,202,334</u>	<u>(1,271,726)</u>	<u>86,475,592</u>
Less accumulated depreciation for:				
Buildings	2,974,351	234,110	-	3,208,461
Equipment	12,597,494	880,961	(1,245,392)	12,233,063
Infrastructure	28,812,165	1,648,941	-	30,461,106
Total accumulated depreciation	<u>44,384,010</u>	<u>2,764,012</u>	<u>(1,245,392)</u>	<u>45,902,630</u>
Total capital assets being depreciated, net	<u>40,160,974</u>	<u>438,322</u>	<u>(26,334)</u>	<u>40,572,961</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,787,728</u>	<u>\$ 1,699,182</u>	<u>\$ (2,601,645)</u>	<u>\$ 43,885,264</u>

Depreciation expense was charged to the following functions:

Governmental Activities	
Public safety and legal services	\$ 334,474
Physical health and social services	124,352
Mental health	27,099
County environment and education	331
Roads and transportation	2,168,768
Governmental services to residents	10,665
Administration	<u>98,323</u>
 Total Depreciation Expense – Governmental Activities	 <u><u>\$ 2,764,012</u></u>

Note 7 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Compensated Absences	Termination Benefits	Installment Purchase Agreement	Total
Balance beginning of year	\$ 431,169	\$ 27,200	\$ -	\$ 458,369
Increases	461,498	-	64,960	526,458
Decreases	<u>(431,169)</u>	<u>(10,200)</u>	<u>(21,654)</u>	<u>(463,023)</u>
Balance end of year	<u><u>\$ 461,498</u></u>	<u><u>\$ 17,000</u></u>	<u><u>\$ 43,306</u></u>	<u><u>\$ 521,804</u></u>
Due within one year	<u><u>\$ 461,498</u></u>	<u><u>\$ 10,200</u></u>	<u><u>\$ 21,653</u></u>	<u><u>\$ 493,351</u></u>

Installment Purchase Agreement

In fiscal year 2020, the County entered a \$64,960 purchase obligation for leased software. The County chose to pay the obligation in three installments. \$21,653 was redeemed during the year ended June 30, 2020. The current portion of the obligation is \$21,653 and the long-term portion is \$21,653.

Note 8 - Pension Plan

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

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 2020, pursuant to the required rate, Regular members contributed 6.29% of pay and the County contributed 9.44% for a total rate of 15.73%. Sheriff, deputies, and the County each contributed 9.51% of covered payroll, for a total rate 19.02%. Protection occupation members contributed 6.61% of pay and the County contributed 9.91% for a total rate of 16.52%

The County’s contributions to IPERS for the year ended June 30, 2020 were \$651,720.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020 the County reported a liability of \$3,377,472 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the County’s collective proportion was .058326%, which was a decrease of .000009% from its collective proportion measured as of June 30, 2018.

For the year ended June 30, 2020 the County recognized pension expense of \$843,946. At June 30, 2020, 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	\$ 27,594	\$ 152,357
Changes of assumptions	538,680	131,267
Net difference between projected and actual earnings on pension plan investments	-	615,750
Changes in proportion and differences between county contributions and proportionate share of contributions	136,584	70,507
County contributions subsequent to the measurement date	651,720	-
Total	\$ 1,354,578	\$ 969,881

\$651,720 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, 2021. 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
2021	\$ 73,772
2022	(164,777)
2023	(102,407)
2024	(72,725)
2025	(886)
	\$ (267,023)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equity	22%	5.60%
International equity	15	6.08
Global smart beta equity	3	5.82
Core-plus fixed income	27	1.71
Public credit	3.5	3.32
Public real assets	7	2.81
Cash	1	(0.21)
Private equity	11	10.13
Private real assets	7.4	4.76
Private credit	3	3.01
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 7,447,362	\$ 3,377,472	\$ (34,973)

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

Payables to IPERS– All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

Note 9 - Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	2
Active employees	106
	106
Total	108
	108

Total OPEB Liability- The County’s total OPEB liability of \$524,461 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions- The total OPEB liability in the June 30, 2020 measurement was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.60% per annum
Rates of salary increase (effective June 30, 2020)	3.25% per annum including inflation
Discount rate (effective June 30, 2020)	2.66% compounded annually including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate- The discount rate used to measure the total OPEB liability was 2.66%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 (general retirees), SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019 (special service retirees), and the SOA Pub-2010 Contingent Headcount

Weighted Mortality Table fully generational using Scale MP-2019 (surviving spouses). Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability Beginning of Year	\$ 606,635
Changes for the Year	
Service Cost	68,998
Interest	23,438
Changes in Assumptions	56,014
Differences Between Expected and Actual Experiences	(195,837)
Benefit Payments	(34,787)
Net Changes	(82,174)
Total OPEB Liability End of Year	\$ 524,461

Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 555,672	\$ 524,461	\$ 493,978

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease (7.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (9.0% decreasing to 5.50%)
Total OPEB liability	\$ 467,885	\$ 524,461	\$ 590,405

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$64,541. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,816	\$ 440,067
Changes in assumptions	91,335	-
Total	\$ 222,151	\$ 440,067

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

Year Ending June 30,	
2021	\$ (27,895)
2022	(27,895)
2023	(27,895)
2024	(27,895)
2025	(27,895)
Thereafter	(78,441)
Total	\$ (217,916)

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, 2020, the County has two participants in the plan for a net obligation of \$17,000.

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, 2020, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers' compensation, including the retention of the pool. The pool also purchased a reinsurance policy for property coverage for losses in excess of \$100,000 to a maximum of \$30,000,000 (limited to scheduled values) in covered property (including the retention). In addition, the pool purchased a reinsurance policy in excess of \$400,000 per occurrence up to a maximum of \$7,000,000 per occurrence, including the retention of the pool for general liability, automobile liability, police professional, and errors and omissions. The risk pool fund records a liability for unpaid claims based on estimates of the costs of individual cases of losses and claims reported to year-end, plus a provision for losses incurred but not yet reported (IBNR). The IBNR estimates are based on the past experience of the Pool and upon the recommendations of By the Numbers Actuarial Consulting, Inc. who also performs an annual actuarial review of the entire program. At June 30, 2020, 2019, and 2018, 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, 2020, 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, 2015, until July 1, 2020. The County has subsequently extended their membership for another five-year period, commencing July 1, 2020 through July 1, 2025. The County also carries commercial insurance purchased by the risk pool from other insurers for coverage associated with equipment breakdown and cyber liability. The Public Officials Bond and crime coverage is purchased through a local broker. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12 - Donor-Restricted Endowment

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

Note 13 - Commitment

On October 14, 2019, the County entered into an agreement with the Iowa Natural Heritage Foundation to acquire 160 acres of property. The total purchase price is \$1,024,500 and will be paid for by grants, private contributions, and County funds. The land remains under ownership of the Iowa Heritage Foundation until the balance is satisfied. As of June 30, 2020, the remaining balance owed to the Iowa Heritage Foundation is \$165,972.

Note 14 - 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, 2020 as follows:

Revenues		
Property and other county tax	\$	624
Intergovernmental revenues		
Receipts from regional fiscal agent		167,395
Miscellaneous		28
Total revenues		168,047
Expenditures		
Services to persons with		
Mental illness	140,935	
Intellectual disability	12,831	
		153,766
General administration		
Direct administration	53,530	
Distribution to regional fiscal agent	792,594	
		846,124
Total expenditures		999,890
Excess of Revenues Over Expenditures		(831,843)
Fund Balance Beginning of Year		1,766,076
Fund Balance End of Year		\$ 934,233

Note 15 - Contingencies

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the County, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the County's operations and finances.

Note 16 - Prospective Accounting Pronouncements

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

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the County beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the County beginning with its fiscal year ending June 30, 2022. 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.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the County beginning with its fiscal year ending June 30, 2022. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the County beginning with its fiscal year ending June 30, 2021. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the County beginning with its fiscal year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the County beginning with its fiscal year ending June 30, 2022, except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, will be effective for the County beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the County beginning with its fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

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, 2020

Benton County

Benton County
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual
(Cash Basis) – All Governmental Funds
Required Supplementary Information
Year Ended June 30, 2020

	Governmental		Variance- Over (Under) Budget	Actual as % of Final Budget	
	Fund Types	Budgeted Amounts			
	Actual	Original	Final		
Receipts					
Property and other County tax	\$ 10,659,191	\$ 10,464,422	\$ 10,464,422	\$ 194,769	102%
Interest and penalty on property tax	21,027	69,188	69,188	(48,161)	30
Intergovernmental	10,966,128	13,424,616	13,481,754	(2,515,626)	81
Licenses and permits	67,783	63,650	63,650	4,133	106
Charges for service	863,941	772,800	772,800	91,141	112
Use of money and property	144,155	72,262	72,262	71,893	199
Miscellaneous	569,049	378,750	378,750	190,299	150
Total receipts	23,291,274	25,245,688	25,302,826	(2,011,552)	92
Disbursements					
Operating					
Public safety and legal services	4,527,727	5,159,491	5,169,491	(641,764)	88%
Physical health and social services	948,774	1,764,081	1,764,081	(815,307)	54
Mental health	996,648	1,234,232	1,234,232	(237,584)	81
County environment and education	4,844,313	6,187,485	6,244,623	(1,400,310)	78
Roads and transportation	9,250,185	8,697,824	9,597,824	(347,639)	96
Governmental services to residents	742,020	829,486	839,486	(97,466)	88
Administration	1,880,982	2,369,999	2,369,999	(489,017)	79
Non-program	112,664	123,000	123,000	(10,336)	92
Capital projects	1,292,538	2,482,500	2,482,500	(1,189,962)	52
Total disbursements	24,595,851	28,848,098	29,825,236	(5,229,385)	82
Excess (Deficiency) of Receipts over (Under) Disbursements	(1,304,577)	(3,602,410)	(4,522,410)	3,217,833	
Other Financing Sources, Net	71,479	38,250	38,250	33,229	
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	(1,233,098)	(3,564,160)	(4,484,160)	3,251,062	
Balance Beginning of Year	11,608,437	8,363,547	8,363,547	3,244,890	
Balance End of Year	<u>\$ 10,375,339</u>	<u>\$ 4,799,387</u>	<u>\$ 3,879,387</u>	<u>\$ 6,495,952</u>	

Benton County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 23,291,274	\$ 418,267	\$ 23,709,541
Expenditures	24,595,851	(104,360)	24,491,491
Net	(1,304,577)	522,627	(781,950)
Other Financing Sources, Net	71,479	107,451	178,930
Beginning Fund Balances	11,608,437	33,837	11,642,274
Ending Fund Balances	\$ 10,375,339	\$ 663,915	\$ 11,039,254

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 \$977,138. 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, 2020, 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
For the Last Six Years
Required Supplementary Information

	2020	2019	2018	2017	2016	2015
County's Collective Proportion of the Net Pension Liability	0.0583%	0.0583%	0.0620%	0.0639%	0.0605%	0.0571%
County's Collective Proportionate Share of the Net Pension Liability	\$ 3,377,472	\$ 3,691,582	\$ 4,127,125	\$ 4,019,266	\$ 2,986,669	\$ 2,263,600
County's Covered Payroll	\$ 6,575,434	\$ 6,059,655	\$ 5,783,634	\$ 5,744,757	\$ 5,569,491	\$ 5,401,356
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	51.37%	60.92%	71.36%	69.96%	53.63%	41.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

In accordance with GASB Statement No.68, the amounts presented for each fiscal year were determined as of June 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.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily Required Contribution	\$ 651,720	\$ 634,402	\$ 555,053	\$ 528,953	\$ 527,819	\$ 512,755	\$ 497,065	\$ 466,148	\$ 428,734	\$ 356,260
Contributions in Relation to the Statutorily Required Contribution	651,720	634,402	555,053	528,953	527,819	512,755	497,065	466,148	428,734	356,260
Contribution Deficiency (Excess)	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 6,805,378	\$ 6,575,434	\$ 6,059,655	\$ 5,783,634	\$ 5,744,757	\$ 5,569,491	\$ 5,401,356	\$ 5,185,707	\$ 5,051,477	\$ 4,776,742
Contributions as a Percentage of Covered Payroll	9.58%	9.65%	9.16%	9.15%	9.19%	9.21%	9.20%	8.99%	8.49%	7.46%

Changes of Benefit Terms

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

Changes of Assumptions

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

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

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

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

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

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

Benton County
Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes
For the Last Three Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 68,998	\$ 77,388	\$ 46,160
Interest Cost	23,438	36,279	21,638
Difference Between Expected and Actual Experiences	(195,837)	(358,281)	209,305
Changes in Assumptions	56,014	10,406	55,230
Benefit Payments	<u>(34,787)</u>	<u>(38,067)</u>	<u>(23,122)</u>
Net Change in Total OPEB Liability	<u>(82,174)</u>	<u>(272,275)</u>	<u>309,211</u>
Total OPEB Liability Beginning of Year	<u>606,635</u>	<u>878,910</u>	<u>569,699</u>
Total OPEB Liability End of Year	<u>\$ 524,461</u>	<u>\$ 606,635</u>	<u>\$ 878,910</u>
Covered-employee Payroll	\$ 5,722,906	\$ 5,457,905	\$ 5,286,107
Total OPEB Liability as a Percentage of Covered-employee Payroll	9.2%	11.1%	16.6%

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.56%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

GASB Statement No.75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.



Other Supplementary Information
Benton County

Benton County
Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds									
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	County Attorney Collections Incentive
Assets										
Cash and Pooled Investments	\$ 7,372	\$ 13,681	\$ 2	\$ 200	\$ 831,460	\$ 582	\$ 68,043	\$ 11,903	\$ 296	\$ 37,963
Receivables:										
Due from Other Funds	-	-	-	-	36,863	-	-	-	-	-
Due from Other Governments	-	-	-	-	79,349	-	-	-	-	3,480
Prepays	-	-	-	-	63,208	-	-	-	-	-
Total assets	\$ 7,372	\$ 13,681	\$ 2	\$ 200	\$ 1,010,880	\$ 582	\$ 68,043	\$ 11,903	\$ 296	\$ 41,443
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,997	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-	-	-	-	-	-	644
Total liabilities	-	-	-	-	4,997	-	-	-	-	644
Fund Balances:										
Nonspendable	-	-	-	-	63,208	-	-	-	-	-
Restricted	7,372	13,681	2	200	942,675	582	68,043	11,903	296	40,799
Total fund balances	7,372	13,681	2	200	1,005,883	582	68,043	11,903	296	40,799
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,372	\$ 13,681	\$ 2	\$ 200	\$ 1,010,880	\$ 582	\$ 68,043	\$ 11,903	\$ 296	\$ 41,443

Benton County
Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Fund	Capital Projects Funds		Permanent Fund		Total Nonmajor Governmental Funds
	County Attorney Forfeiture Fund	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund	Debt Service	
Assets						
Cash and Pooled Investments	\$ 19,883	\$ 130,251	\$ 195,474	\$ 954,644	\$ 14,460	\$ 2,286,214
Receivables:						
Due from Other Funds	-	-	-	-	-	36,863
Due from Other Governments	-	-	-	-	-	82,829
Prepays	-	-	-	-	-	63,208
Total assets	\$ 19,883	\$ 130,251	\$ 195,474	\$ 954,644	\$ 14,460	\$ 2,469,114
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,997
Salaries and benefits payable	-	-	-	-	-	644
Total liabilities	-	-	-	-	-	5,641
Fund Balances:						
Nonspendable	-	-	-	847,965	-	911,173
Restricted	19,883	130,251	195,474	106,679	14,460	1,552,300
Total fund balances	19,883	130,251	195,474	954,644	14,460	2,463,473
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,883	\$ 130,251	\$ 195,474	\$ 954,644	\$ 14,460	\$ 2,469,114

Benton County
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds									
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	County Attorney Collections Incentive
Revenues:										
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ 1,026,610	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	13,598	-	-	-	-	-	-	-	-
Charges for service	6,471	-	-	-	-	-	-	-	-	-
Use of money and property	40	61	-	-	1,075	-	584	-	-	-
Miscellaneous	-	-	-	-	-	6	2,696	-	2	19,919
Total revenues	6,511	13,659	-	-	1,027,685	6	3,280	-	2	19,919
Expenditures:										
Operating:										
Public safety and legal services	-	-	-	-	2,000	-	-	-	-	24,570
County environment and education	-	-	-	-	285,103	-	-	-	-	-
Governmental services to residents	1,259	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	122,057	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,259	-	-	-	409,160	-	-	-	-	24,570
Excess (Deficiency) of Revenues over (Under) Expenditures	5,252	13,659	-	-	618,525	6	3,280	-	2	(4,651)
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(592,603)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(592,603)	-	-	-	-	-
Net change in fund balances	5,252	13,659	-	-	25,922	6	3,280	-	2	(4,651)
Fund Balances Beginning of Year	2,120	22	2	200	979,961	576	64,763	11,903	294	45,450
Fund Balances End of Year	\$ 7,372	\$ 13,681	\$ 2	\$ 200	\$ 1,005,883	\$ 582	\$ 68,043	\$ 11,903	\$ 296	\$ 40,799

Benton County
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Fund	Capital Projects Funds		Permanent Fund	Debt Service	Total Nonmajor Governmental Funds
	County Attorney Forfeiture Fund	Conservation Land Acquisition Fund	Capital Projects Fund	Carol Sue Donovan Conservation Fund		
Revenues						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026,610
Intergovernmental	-	-	-	-	-	13,598
Charges for service	-	-	-	-	-	6,471
Use of money and property	175	-	-	16,248	-	18,183
Miscellaneous	-	-	-	-	-	22,623
Total revenues	175	-	-	16,248	-	1,087,485
Expenditures						
Operating						
Public safety and legal services	-	-	-	-	-	26,570
County environment and education	-	-	-	16,393	-	301,496
Governmental services to residents	-	-	-	-	-	1,259
Administration	-	-	-	-	-	122,057
Capital projects	-	105,000	-	-	-	105,000
Total expenditures	-	105,000	-	16,393	-	556,382
Excess (Deficiency) of Revenues over (Under) Expenditures	175	(105,000)	-	(145)	-	531,103
Other Financing Sources (Uses)						
Transfers in	-	-	134,000	-	-	134,000
Transfers out	-	-	-	-	(134,000)	(726,603)
Total other financing sources (uses)	-	-	134,000	-	(134,000)	(592,603)
Net change in fund balances	175	(105,000)	134,000	(145)	(134,000)	(61,500)
Fund Balances Beginning of Year	19,708	235,251	61,474	954,789	148,460	2,524,973
Fund Balances End of Year	\$ 19,883	\$ 130,251	\$ 195,474	\$ 954,644	\$ 14,460	\$ 2,463,473

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
County Auditor				
Assets				
Cash and pooled investments	\$ 497	\$ -	\$ 497	\$ -
Liabilities				
Trusts Payable	\$ 497	\$ -	\$ 497	\$ -
County Recorder				
Assets				
Cash and pooled investments	\$ 19,129	\$ 528,479	\$ 522,547	\$ 25,061
Liabilities				
Due to other funds	\$ -	\$ 181,010	\$ 181,010	\$ -
Due to other governments	19,129	347,469	341,537	25,061
Total liabilities	\$ 19,129	\$ 528,479	\$ 522,547	\$ 25,061
County Recorder's Electronic Fee				
Assets				
Cash and pooled investments	\$ 424	\$ 4,862	\$ 4,848	\$ 438
Liabilities				
Due to other governments	\$ 424	\$ 4,862	\$ 4,848	\$ 438
County Sheriff				
Assets				
Cash and pooled investments	\$ 8,401	\$ 903,386	\$ 893,452	\$ 18,335
Liabilities				
Due to other funds	\$ -	\$ 309,186	\$ 309,186	\$ -
Due to other governments	-	5,011	5,011	-
Trusts payable	8,401	589,189	579,255	18,335
Total liabilities	\$ 8,401	\$ 903,386	\$ 893,452	\$ 18,335

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Agricultural Extension Education Fund				
Assets				
Cash and pooled investments	\$ 1,086	\$ 254,023	\$ 253,082	\$ 2,027
Property tax receivable:				
Delinquent	409	2,942	409	2,942
Succeeding year	251,532	261,535	251,532	261,535
Total assets	<u>\$ 253,027</u>	<u>\$ 518,500</u>	<u>\$ 505,023</u>	<u>\$ 266,504</u>
Liabilities				
Due to other governments	<u>\$ 253,027</u>	<u>\$ 518,500</u>	<u>\$ 505,023</u>	<u>\$ 266,504</u>
County Assessor Fund				
Assets				
Cash and pooled investments	\$ 1,167,903	\$ 572,134	\$ 1,115,534	\$ 624,503
Property tax receivable:				
Delinquent	894	6,751	894	6,751
Succeeding year	571,067	600,090	571,067	600,090
Total assets	<u>\$ 1,739,864</u>	<u>\$ 1,178,975</u>	<u>\$ 1,687,495</u>	<u>\$ 1,231,344</u>
Liabilities				
Accounts payable	\$ 460	\$ 199	\$ 460	\$ 199
Due to other governments	1,739,404	1,178,776	1,687,035	1,231,145
Total liabilities	<u>\$ 1,739,864</u>	<u>\$ 1,178,975</u>	<u>\$ 1,687,495</u>	<u>\$ 1,231,344</u>
Schools Fund				
Assets				
Cash and pooled investments	\$ 91,185	\$ 20,792,697	\$ 20,726,786	\$ 157,096
Property tax receivable:				
Delinquent	36,470	257,987	36,470	257,987
Succeeding year	20,719,030	21,772,655	20,719,030	21,772,655
Total assets	<u>\$ 20,846,685</u>	<u>\$ 42,823,339</u>	<u>\$ 41,482,286</u>	<u>\$ 22,187,738</u>
Liabilities				
Due to other governments	<u>\$ 20,846,685</u>	<u>\$ 42,823,339</u>	<u>\$ 41,482,286</u>	<u>\$ 22,187,738</u>

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Community Colleges Fund				
Assets				
Cash and pooled investments	\$ 7,593	\$ 1,826,380	\$ 1,819,263	\$ 14,710
Property tax receivable:				
Delinquent	2,876	22,565	2,876	22,565
Succeeding year	<u>1,826,119</u>	<u>2,006,013</u>	<u>1,826,119</u>	<u>2,006,013</u>
Total assets	<u>\$ 1,836,588</u>	<u>\$ 3,854,958</u>	<u>\$ 3,648,258</u>	<u>\$ 2,043,288</u>
Liabilities				
Due to other governments	<u>\$ 1,836,588</u>	<u>\$ 3,854,958</u>	<u>\$ 3,648,258</u>	<u>\$ 2,043,288</u>
Corporations Fund				
Assets				
Cash and pooled investments	\$ 48,625	\$ 8,311,336	\$ 8,307,333	\$ 52,628
Property tax receivable:				
Delinquent	19,763	118,021	19,763	118,021
Succeeding year	<u>8,241,657</u>	<u>8,535,849</u>	<u>8,241,657</u>	<u>8,535,849</u>
Total assets	<u>\$ 8,310,045</u>	<u>\$ 16,965,206</u>	<u>\$ 16,568,753</u>	<u>\$ 8,706,498</u>
Liabilities				
Due to other governments	<u>\$ 8,310,045</u>	<u>\$ 16,965,206</u>	<u>\$ 16,568,753</u>	<u>\$ 8,706,498</u>
Townships Fund				
Assets				
Cash and pooled investments	\$ 1,394	\$ 446,695	\$ 445,197	\$ 2,892
Property tax receivable:				
Delinquent	716	5,541	716	5,541
Succeeding year	<u>449,671</u>	<u>455,502</u>	<u>449,671</u>	<u>455,502</u>
Total assets	<u>\$ 451,781</u>	<u>\$ 907,738</u>	<u>\$ 895,584</u>	<u>\$ 463,935</u>
Liabilities				
Due to other governments	<u>\$ 451,781</u>	<u>\$ 907,738</u>	<u>\$ 895,584</u>	<u>\$ 463,935</u>
Auto License and Use Tax Fund				
Assets				
Cash and pooled investments	<u>\$ 726,853</u>	<u>\$ 9,445,046</u>	<u>\$ 9,360,187</u>	<u>\$ 811,712</u>
Liabilities				
Due to other governments	<u>\$ 726,853</u>	<u>\$ 9,445,046</u>	<u>\$ 9,360,187</u>	<u>\$ 811,712</u>

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Brucellosis and Tuberculosis Eradication Fund				
Assets				
Cash and pooled investments	\$ 18	\$ 4,217	\$ 4,201	\$ 34
Property tax receivable:				
Delinquent	7	48	7	48
Succeeding year	4,216	4,314	4,216	4,314
Total assets	<u>\$ 4,241</u>	<u>\$ 8,579</u>	<u>\$ 8,424</u>	<u>\$ 4,396</u>
Liabilities				
Due to other governments	<u>\$ 4,241</u>	<u>\$ 8,579</u>	<u>\$ 8,424</u>	<u>\$ 4,396</u>
Fire Districts Fund				
Assets				
Cash and pooled investments	\$ 334	\$ 120,159	\$ 118,502	\$ 1,991
Property tax receivable:				
Delinquent	4	704	4	704
Succeeding year	120,027	128,810	120,027	128,810
Total assets	<u>\$ 120,365</u>	<u>\$ 249,673</u>	<u>\$ 238,533</u>	<u>\$ 131,505</u>
Liabilities				
Due to other governments	<u>\$ 120,365</u>	<u>\$ 249,673</u>	<u>\$ 238,533</u>	<u>\$ 131,505</u>
E911 Surcharge Fund				
Assets				
Cash and pooled investments	\$ 747,787	\$ 376,094	\$ 534,755	\$ 589,126
Receivables				
Accounts	17,861	25,364	17,861	25,364
Due from other governments	75,575	44,359	75,575	44,359
Total assets	<u>\$ 841,223</u>	<u>\$ 445,817</u>	<u>\$ 628,191</u>	<u>\$ 658,849</u>
Liabilities				
Accounts payable	\$ 6,040	\$ 61,615	\$ 6,040	\$ 61,615
Due to other governments	835,183	384,202	622,151	597,234
Total liabilities	<u>\$ 841,223</u>	<u>\$ 445,817</u>	<u>\$ 628,191</u>	<u>\$ 658,849</u>

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Joint Disaster Services Fund				
Assets				
Cash and pooled investments	\$ 65,051	\$ 198,814	\$ 181,562	\$ 82,303
Liabilities				
Accounts payable	\$ 8,957	\$ 2,579	\$ 8,957	\$ 2,579
Due to other governments	56,094	196,235	172,605	79,724
Total liabilities	<u>\$ 65,051</u>	<u>\$ 198,814</u>	<u>\$ 181,562</u>	<u>\$ 82,303</u>
City Special Assessments Fund				
Assets				
Cash and pooled investments	\$ 6,676	\$ 13,930	\$ 19,631	\$ 975
Receivables:				
Special assessments	64,804	48,538	68,419	44,923
Interest on special assessments	6,976	7,051	6,406	7,621
Total assets	<u>\$ 78,456</u>	<u>\$ 69,519</u>	<u>\$ 94,456</u>	<u>\$ 53,519</u>
Liabilities				
Due to other governments	<u>\$ 78,456</u>	<u>\$ 69,519</u>	<u>\$ 94,456</u>	<u>\$ 53,519</u>
Treasurer's Trust Fund				
Assets				
Cash and pooled investments	<u>\$ 86,457</u>	<u>\$ 380,957</u>	<u>\$ 373,299</u>	<u>\$ 94,115</u>
Liabilities				
Trusts payable	<u>\$ 86,457</u>	<u>\$ 380,957</u>	<u>\$ 373,299</u>	<u>\$ 94,115</u>

Benton County
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Total Combined Funds				
Assets				
Cash and pooled investments	\$ 2,979,413	\$ 44,179,209	\$ 44,680,676	\$ 2,477,946
Receivables:				
Property tax:				
Delinquent	61,139	414,559	61,139	414,559
Succeeding year	32,183,319	33,764,768	32,183,319	33,764,768
Accounts	17,861	25,364	17,861	25,364
Special assessments	64,804	48,538	68,419	44,923
Interest on special assessments	6,976	7,051	6,406	7,621
Due from other governments	75,575	44,359	75,575	44,359
Total assets	<u>\$ 35,389,087</u>	<u>\$ 78,483,848</u>	<u>\$ 77,093,395</u>	<u>\$ 36,779,540</u>
Liabilities				
Accounts payable	\$ 15,457	\$ 64,393	\$ 15,457	\$ 64,393
Due to other funds	-	490,196	490,196	-
Due to other governments	35,278,275	76,959,113	75,634,691	36,602,697
Trusts payable	95,355	970,146	953,051	112,450
Total liabilities	<u>\$ 35,389,087</u>	<u>\$ 78,483,848</u>	<u>\$ 77,093,395</u>	<u>\$ 36,779,540</u>

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

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Property and other County tax	\$ 10,729,740	\$ 10,105,857	\$ 9,893,064	\$ 9,608,610	\$ 9,383,641	\$ 9,396,646	\$ 9,263,165	\$ 9,066,277	\$ 9,283,332	\$ 9,040,465
Interest and penalty on property tax	22,157	47,672	53,847	46,645	54,004	68,058	54,401	67,455	60,888	68,851
Intergovernmental	11,179,436	9,374,366	7,825,924	8,028,085	7,572,012	6,442,227	6,934,298	7,063,795	8,270,387	11,598,891
Licenses and permits	68,281	68,313	73,142	60,141	65,548	63,988	50,916	55,517	53,781	28,429
Charges for service	845,094	882,129	881,892	816,903	844,395	789,381	1,039,262	1,134,314	1,074,105	918,755
Use of money and property	132,913	107,825	191,315	89,245	101,403	149,507	230,181	229,341	242,838	212,614
Miscellaneous	731,920	543,923	529,201	527,920	355,650	539,276	673,090	312,031	480,803	344,701
Total	\$ 23,709,541	\$ 21,130,085	\$ 19,448,385	\$ 19,177,549	\$ 18,376,653	\$ 17,449,083	\$ 18,245,313	\$ 17,928,730	\$ 19,466,134	\$ 22,212,706
Expenditures										
Operating:										
Public safety and legal services	\$ 4,562,040	\$ 4,344,032	\$ 4,019,187	\$ 3,884,346	\$ 3,777,516	\$ 3,702,267	\$ 3,372,083	\$ 3,094,449	\$ 3,378,100	\$ 2,776,780
Physical health and social services	952,423	1,082,917	980,849	913,160	908,267	779,444	772,894	791,283	727,188	826,041
Mental health	999,890	813,179	843,669	955,600	939,392	667,148	717,608	877,412	2,241,438	1,858,003
County environment and education	5,250,632	3,262,597	2,125,837	1,877,291	1,943,572	1,595,984	1,858,870	2,135,404	1,680,767	1,820,864
Roads and transportation	8,608,241	8,898,519	7,243,446	8,020,685	7,284,266	7,305,395	6,587,736	6,247,839	6,433,156	5,884,434
Governmental services to residents	815,278	740,414	727,617	713,645	675,738	660,222	676,648	797,697	586,446	555,980
Administration	1,878,905	1,861,769	1,973,233	1,754,532	1,593,103	1,535,126	1,354,202	1,399,113	1,365,671	1,178,054
Non-program	106,780	107,340	109,663	105,123	115,201	116,134	114,899	139,267	134,980	-
Debt service	-	559,882	139,511	140,956	142,131	57,081	59,714	61,930	819,476	66,230
Capital projects	1,317,302	967,075	433,638	1,963,367	2,057,251	628,069	1,031,306	618,578	269,161	7,115,336
Total	\$ 24,491,491	\$ 22,637,724	\$ 18,596,650	\$ 20,328,705	\$ 19,436,437	\$ 17,046,870	\$ 16,545,960	\$ 16,162,972	\$ 17,636,383	\$ 22,081,722



Information Provided to Comply with
Government Auditing Standards and the Uniform Guidance
June 30, 2020

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 then ended June 30, 2020, 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 1, 2021.

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) as a basis for designing 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, and 2020-003 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 2020-004, 2020-005, and 2020-006 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 financial statements. 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, 2020 are based exclusively on knowledge obtained from the procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

County's Responses to Findings

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

Purpose of this Report

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



Dubuque, Iowa
February 1, 2021



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, 2020. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP". The letters are dark and fluidly connected.

Dubuque, Iowa
February 1, 2021

Benton County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services Pass-through program from Iowa Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	N/A	\$ <u>15</u>
Department of Housing and Urban Development Pass-through program from Iowa Economic Development Authority CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster National Disaster Resilience Competition	14.272	13-NRDI-002	<u>3,419,666</u>
Department of Transportation Pass-through program from Iowa Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	BROS-C006(106)-8J-06	10,348
Pass-through program from East Central Iowa Council of Governments Formula Grants for Rural Areas	20.509	FTA5311	<u>107,761</u>
Total Department of Transportation			<u>118,109</u>
Department of Health and Human Services Pass-through program from Iowa Department of Human Services TANF Cluster Temporary Assistance for Needy Families Refugee and Entrant Assistance - State Administered Programs CCDF Cluster Child Care Mandatory and Matching Funds of the Child Care and Development Fund Adoption Assistance - Title IV-E Social Services Block Grant Children's Health Insurance Program Medicaid Cluster Medical Assistance Program	93.558 93.566 93.596 93.659 93.667 93.767 93.778	N/A N/A N/A N/A N/A N/A	6,854 7,963 3,232 23,557 7,478 5,600 <u>35,602</u>
Total Department of Health and Human Services			<u>90,286</u>
Total Federal Financial Assistance			<u>\$ 3,628,076</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Benton County, Iowa, (the County) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2 - Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Part I: Summary of Independent Auditor’s Results:

Financial Statements

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

Federal Awards

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

Part II: Findings Related to the Basic Financial Statements:

Material Weaknesses

2020-001 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 due from other governments, intergovernmental revenue, and unearned revenue.

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 was 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 due from other governments and revenue.

Response – The employees fill out a slip that goes with the checks to deposit stating the line items and description. It has been noted, that if its due from other governments we will mark it better so for reporting purposes these will be easier to track. DFOG will be entered in the memo.

2020-002 Preparation of Financial Statements

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

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

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

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

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

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.

2020-003 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 1st, 2nd or 3rd deputy perform the daily balancing. The First Deputy balances the bank account daily. Monthly balancing is done by the Treasurer, first and second deputy. Monthly motor vehicle balancing to the state report is completed by the second deputy with first deputy verifying the amounts. Bank statements are done in the computer by the Treasurer and the hard copies of all deposits are verified to the statements by the second deputy. In addition, a daily verification of the Daily Bank Deposit Transfers Journal Entry is performed. We continually look for ways to separate the duties performed within the confines of the staff available.

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

Significant Deficiencies

2020-004 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)

2020-005 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 finding. Still limited on staff in the office.

2020-006 Conservation Camping Fees – Segregation of Duties

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

Condition – The collection of camping fees is generally performed by the same park ranger that has performed the camper counts. In addition, the reconciliation process is performed by staff, who also has access to the monies collected.

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

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

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

Response – There are currently two people counting the camping fees to agree on totals. The camper registration rosters are sent to the director and cross referenced with camping receipts turned in. There will be credit card payments and staff will not deal with cash for those reservations. There is an on-line option now available also.

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:

2020-IA-A Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted by function or department.

2020-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.

2020-IA-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2020-IA-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
John's Tire Service, owned by husband of Melinda Schottmer (County Treasurer)	Services	\$ 5,055
Ehlinger's Vinton Express, owned by husband of Bonnie Ehlinger (employee)	Supplies	1,248
Benson Security, owned by Mike Benson (employee)	Services	443
Barb Campbell, sister is Deb Fleming (employee)	Supplies	154

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 \$6,000 in a fiscal year or to contracts made by a county upon competitive bid.

2020-IA-E Restricted Donor Activity – No transactions were noted between the County and County officials, County employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2020-IA-F 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.

2020-IA-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

- 2020-IA-H 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.
- 2020-IA-I 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).
- 2020-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.