Financial Statements
June 30, 2016

Benton County

Benton County

Name	Title	Term Expires
Don Frese	Board of Supervisors	December 2016
Terry Hertle	Board of Supervisors	December 2016
Todd Wiley	Board of Supervisors	December 2018
Jill Marlow	County Auditor	December 2016
Kelly Rae Geater	County Treasurer	December 2018
Lexa Speidel	County Recorder	December 2018
Randall L. Forsyth	County Sheriff	December 2016
David C. Thompson	County Attorney	December 2018
Larry Andreesen	County Assessor	Appointed

Independent Auditor's Report

To the Officials of Benton County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County, Iowa's financial statements. 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, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The list of county officials, combining nonmajor fund financial statements, and the schedule of revenues by source and expenditures by function are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Eide Bailly LLP

Dubuque, Iowa
December 13, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Benton County provides this Management's Discussion and Analysis of our annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. 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 2015 to 2016, approximately 14.58%.

Property tax revenue remained essentially unchanged with slightly more than one percent of an increase from $8.502 million in 2015 to 8.606 million in 2016.

Intergovernmental revenues including, grants and contributions, increased approximately $1.129 million from $6.442 million in 2015 to 7.572 million in 2016, or approximately 17.5%.

Governmental activities program expenses increased in 2016 when compared to 2015, by approximately $1.281 million. County Environment and Education experienced the largest decrease in 2016 down approximately $65.6 thousand from $1.969 million in 2015 to approximately $1.903 million in 2016. A slight decrease in Non-program expense of approximately $1 thousand was the only other activity to recognize a decrease in 2016 when compared to 2015 expense. Increases were realized in all other areas with the most prominent being in Administration Services with an increase of approximately $488.8 thousand in 2016 when compared to 2015.

Benton County enjoyed another uneventful year in 2016 when considering conditions that impacted the financial position of the County. The County began a major software upgrade which should be completed in FY17 and will provide more efficiency in all aspects of real estate processes.

The County also moved offices provided to the Department of Human Services from a county-owned facility to rented office space. The County hopes to dispose of the vacated property and eliminate the associated maintenance costs, which should ultimately result in financial savings to the County.

USING THIS ANNUAL REPORT

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

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The *Government-wide Financial Statements* consist of a statement of net position and a statement of activities. These provide information about the activities of Benton County as a whole and present an overall view of the County's finances.
- The *Fund Financial Statements* tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Benton County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Benton County acts solely as an agent or custodian for the benefit of those outside of the government.

- The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.
- *Supplementary Information* provides detailed information about the non-major governmental and the individual fiduciary funds.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include:

    a. The General Fund
    b. The Special Revenue Funds, such as Rural Services, Secondary Roads, and other nonmajor funds
    c. The Capital Projects Fund (Nonmajor Fund)
    d. The Debt Service Fund (Nonmajor Fund)
    e. Permanent Funds (Nonmajor Fund)

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

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

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

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

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

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

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

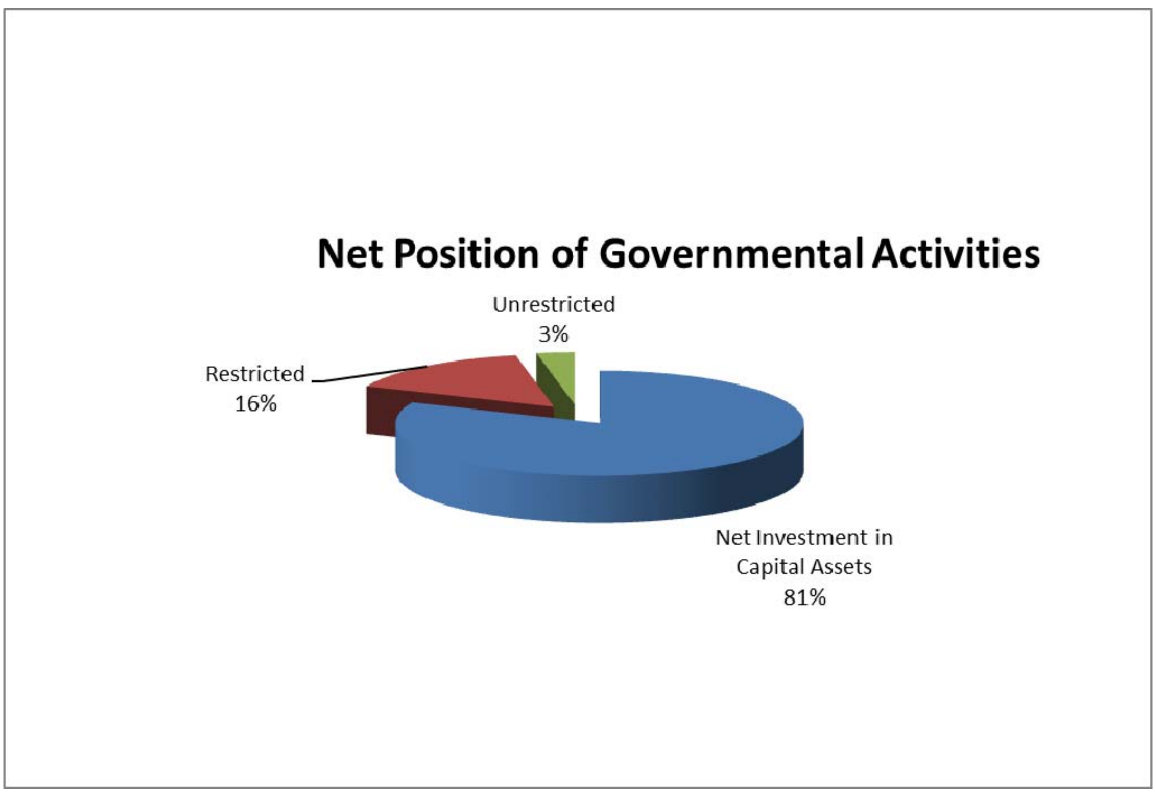
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The County's combined net position increased from $49.058 million in 2015 to $50.629 million in 2016. 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)

	2016	2015
Current and other Assets	$23,646,244	$23,873,785
Capital Assets	$41,238,232	$38,960,533
Total Assets	$64,884,476	$62,834,318
Deferred Outflows of Resources	$660,017	$587,163
Other Liabilities	$1,095,042	$861,366
Long-Term Liabilities	$3,943,535	$2,886,553
Total Liabilities	$5,038,577	$3,747,919
Deferred Inflows of Resources	$9,876,856	$10,614,961
Net Position		
Net Investment in Capital Assets	$41,238,232	$38,960,533
Restricted	$7,865,935	$8,811,401
Unrestricted	$1,524,893	$1,286,667
Total Net Assets	$50,629,060	$49,058,601

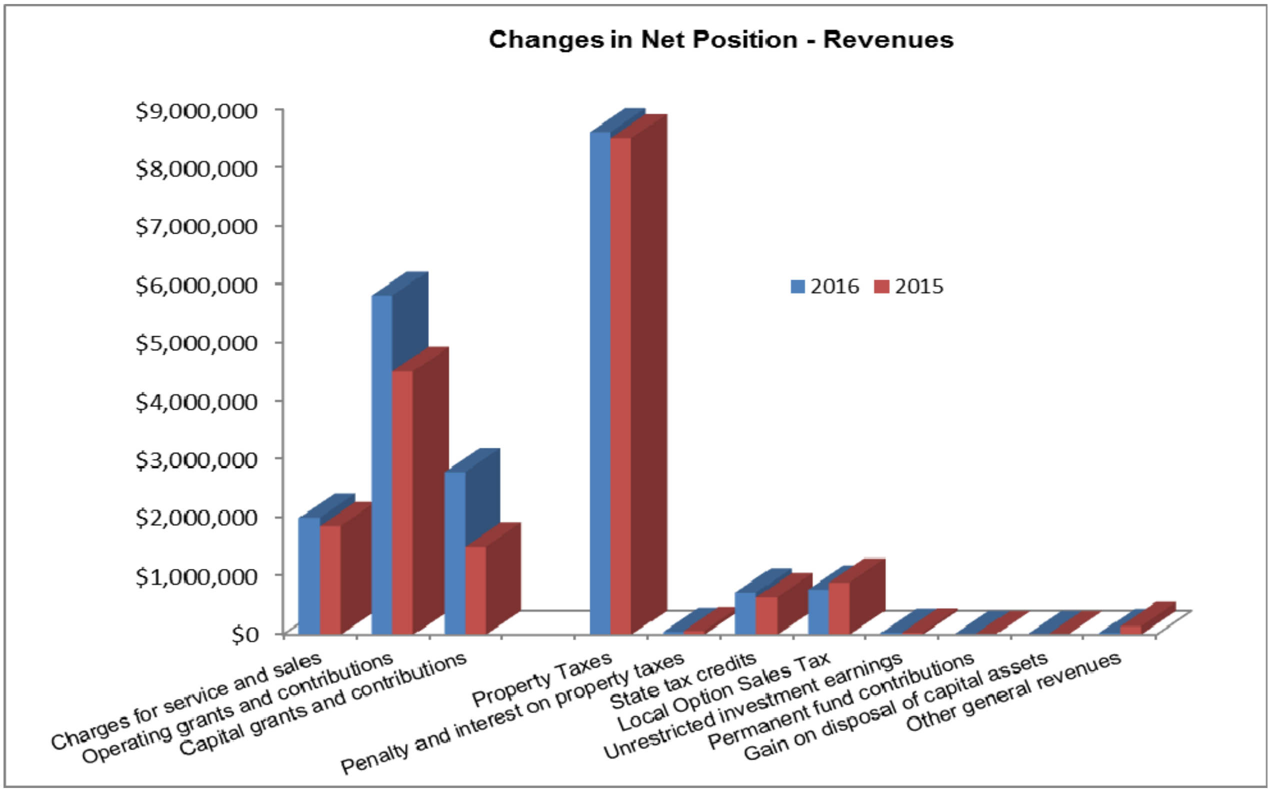


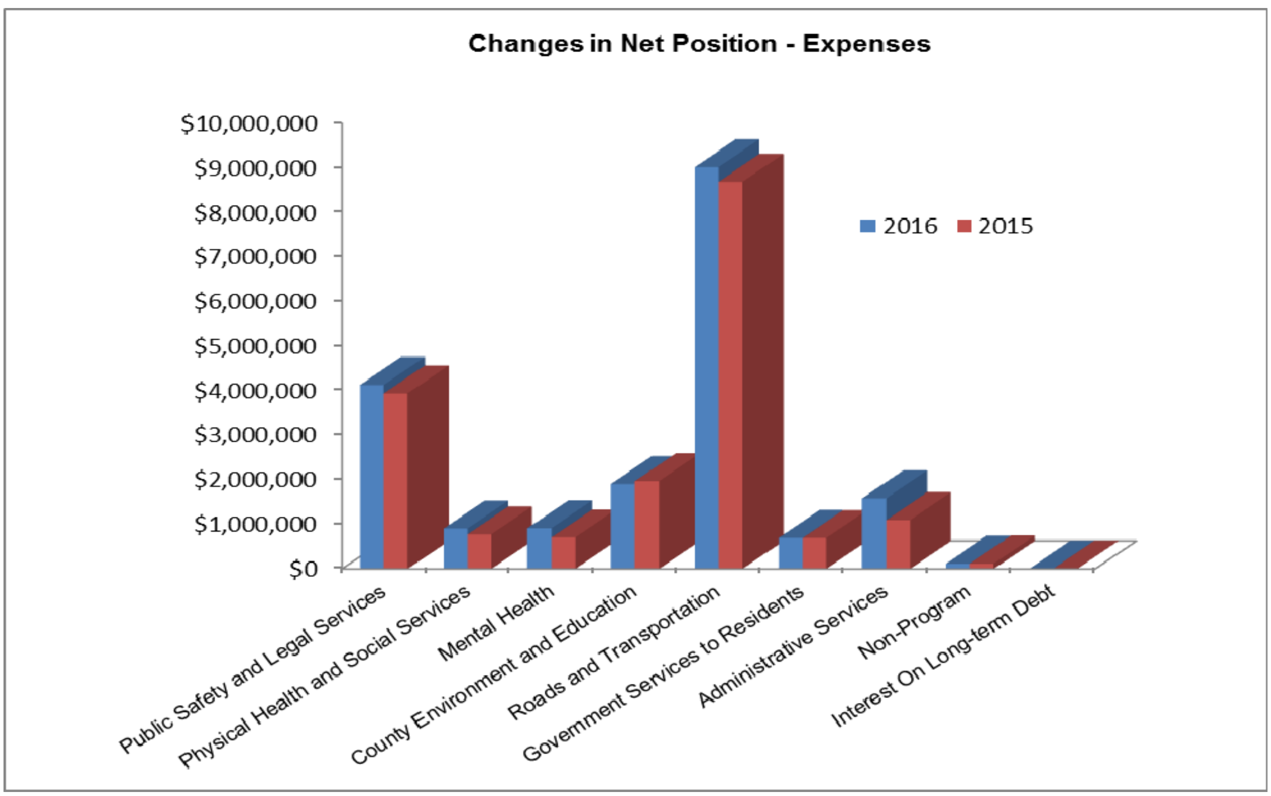
The Net Position of the County's governmental activities increased by approximately 3.2 percent from 49,058,601 in 2015 to $50,629,060 in 2016. The largest portion of the County's net position is invested in capital assets. The change in total net position is due largely to an increase in net investment in capital assets; primarily due to an increase in assets in secondary roads. Unrestricted net position are 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)

	2016	2015
Program Revenues:		
Charges for service and sales	$2,007,198	$1,863,089
Operating grants and contributions	$5,805,992	$4,511,069
Capital grants and contributions	$2,787,483	$1,506,675
General Revenues:		
Property Taxes	$8,606,969	$8,502,823
Penalty and interest on property taxes	$48,528	$66,174
State tax credits	$723,005	$641,238
Local Option Sales Tax	$772,851	$893,565
Unrestricted investment earnings	$35,413	$36,901
Other general revenues	$28,465	$145,211
	$20,815,904	$18,166,745
Program Expenses:		
Public Safety and Legal Services	$4,122,649	$3,933,437
Physical Health and Social Services	$904,675	$774,007
Mental Health	$911,187	$703,458
County Environment and Education	$1,903,335	$1,969,026
Roads and Transportation	$9,007,084	$8,678,027
Government Services to Residents	$691,949	$690,043
Administrative Services	$1,581,448	$1,092,591
Non-Program	$115,201	$116,134
Interest On Long-term Debt	$7,917	$6,935
Total Expenses	$19,245,445	$17,963,658
Special Item Transfer of Solid Waste Facility	$0	-$404,770
Increase in Net Position	$1,570,459	-$201,683
Net Position beginning of year	$49,058,601	$49,260,284
Net Position end of year	$50,629,060	$49,058,601

Benton County's total revenues increased in 2016. The largest increase was recognized in operating grants and contributions. The total cost of all programs and services also increased from 2015 to 2016. All program areas saw increases in expenses except for County Environment and Education and Non-program services. The largest increase in expense was experienced in Administrative Services followed by Roads and Transportation. Expenses increased by 7.1% overall with revenues increasing approximately 14.5%.


Changes in Net Position - Revenues
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
2016
2015
Charges for service and sales
Operating grants and contributions
Capital grants and contributions
Property Taxes
Penalty and interest on property taxes
State tax credits
Local Option Sales Tax
Unrestricted investment earnings
Permanent fund contributions
Gain on disposal of capital assets
Other general revenues


Changes in Net Position - Expenses
$10,000,000
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
2016
2015
Public Safety and Legal Services
Physical Health and Social Services
Mental Health
County Environment and Education
Roads and Transportation
Government Services to Residents
Administrative Services
Non-Program
Interest On Long-term Debt

Governmental Activities

The results of governmental activities for the year resulted in Benton County's net position increasing by approximately $1.570 million. Total revenues for governmental activities increased from the prior year, although property taxes remained relatively unchanged with only an increase of approximately $104 thousand, or 1.2 percent.

The county-wide property tax rates in 2016 decreased from 2015; however, the overall county-wide property tax dollars levied, including gas and electric, increased $84 thousand in 2016 from 2015. This is a result of the increased taxable valuation.

	FY2016	FY2015
Countywide taxable value	1,320,008,346	1,300,964,309
Countywide levy rate less debt	4.97900	5.10212
Dollars levied less debt	6,572,322	6,637,667
Countywide taxable debt service value	1,378,137,459	1,346,142,467
Countywide debt service levy rate	.10884	-----------
Dollars levied for debt service	150,000	-----------
Total countywide levy rate	**5.08784**	**5.10212**
Total dollars levied countywide	6,722,322	6,637,667
Rural taxable value	870,234,096	846,506,859
Rural tax levy rate	2.86947	2.86947
Dollars levied for rural area only	2,497,111	2,429,026
Total dollars levied	9,219,433	9,066,693

The cost of all governmental activities this year was $19.245 million compared to $17.963 million last year. However, as shown in the Statement of Activities on Page 18, the amount that our taxpayers ultimately financed for these activities through County taxes was only $8.655 million because some of the cost was paid by those directly benefiting from the programs ($2.007 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($8.593 million). The County paid for the remaining "public benefit" portion of governmental activities with other revenues, such as interest and general entitlements.

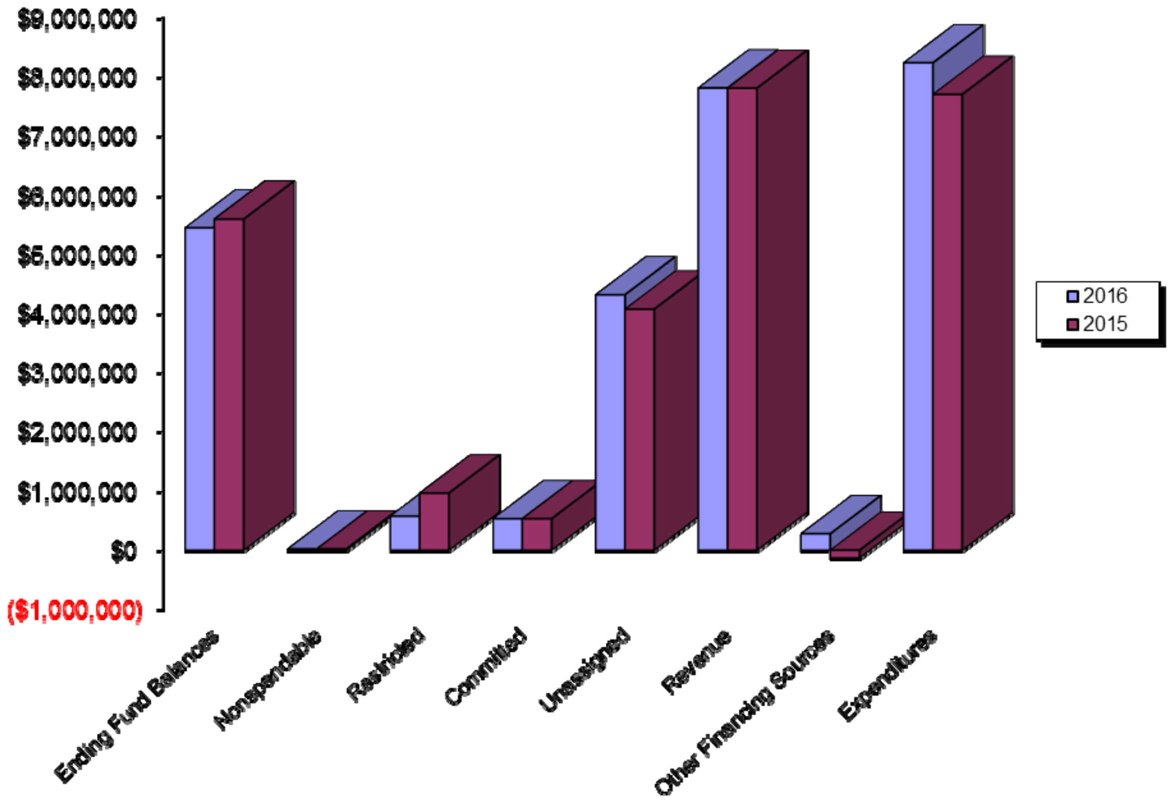
THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of $12,735,129, which is lower than last year's total of $13,388,741. The County funds expended $1,059,784 more than we received in operating revenues for the year. The following are the changes in the major funds from the prior year.

General Fund

General Fund revenues increased in 2016 by $3,968 and expenditures increased $533,585, when compared to the prior year. The ending fund balance decreased from 2015 to 2016 by $146,684 to $5,448,682 with $4,317,427 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.

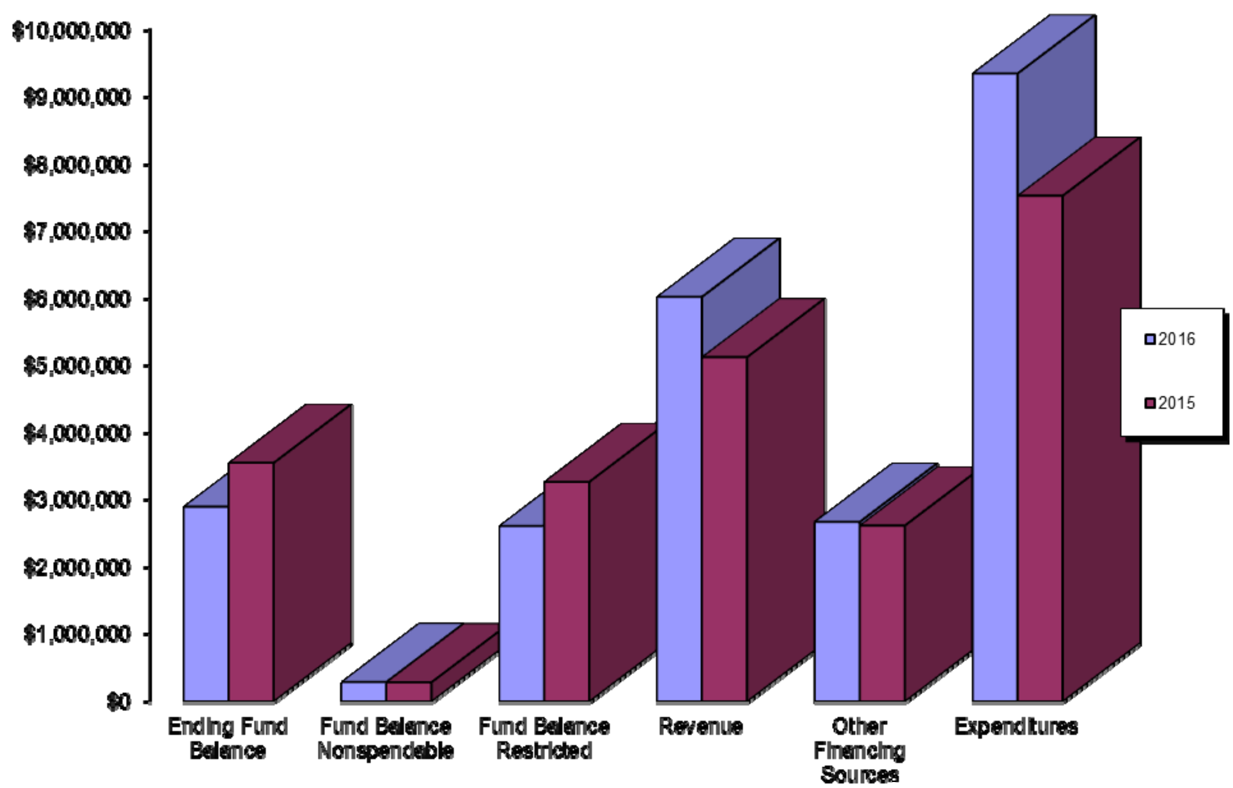
	2016	2015
Ending Fund Balances	$5,448,682	$5,595,366
Nonspendable	$22,465	$22,465
Restricted	$576,290	$966,217
Committed	$532,500	$532,500
Unassigned	$4,317,427	$4,074,184
Revenue	$7,812,647	$7,808,679
Other Financing Sources	$278,097	($128,485)
Expenditures	$8,237,428	$7,703,843



Secondary Roads

Secondary Roads Fund expenditures increased by approximately $1.819 million over the prior year, which is due mostly to increased construction costs, primarily from a large grading project and associated work. The fund also realized an increase in revenues from 2015 to 2016 of approximately $952,135, including other financing sources. This difference in revenue less other financing sources was an increase of approximately $897,486. The increase in fuel tax by 10 cents per gallon generated this increase in revenue, Nonspendable fund balance, which generally accounts for inventory reserves, increased approximately $3,731 from 2015 to 2016. All of these factors combined have resulted in a decrease in the Secondary Roads Fund ending balance of $652,702 or approximately 18.4%. The County continues to plan for long-range projects including grading and bridge replacement projects and expects to fund a portion of those projects through local option sales tax revenue. Steps continue to be taken to re-design current projects to reduce costs, yet still meet the needs and safety of the traveling public.

	2016	**2015**
Ending Fund Balance	$2,895,144	$3,547,846
Fund Balance Nonspendable	$286,394	$282,663
Fund Balance Restricted	$2,608,750	$3,265,183
Revenue	$6,018,558	$5,121,072
Other Financing Sources	$2,670,257	$2,615,608
Expenditures	$9,341,517	$7,522,500



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 FY16 Benton County had $41.238 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the County had $268,428 in outstanding general obligation debt. There were no revenue bonds outstanding. The current general obligation debt was incurred to allow the County to provide funding to the Benton County Solid Waste Construction in the amount of $402,642 for the construction of a new cell at the sanitary disposal facility. The debt will be paid off in June 2018.

All tax increment debt for internal loans had been paid as of June 30, 2016.

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 $134.79 million, based on 2015 values.

100% Assessed Values
for Calculating Debt Capacity

2015 for 16/17 collections	2014 for 15/16 collections	2013 for 14/15 collections
$2,695,893,956	$2,673,163,780	$2,642,296,836

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Benton County's elected and appointed officials and citizens considered many factors when setting the 2017 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Unemployment in the County stood at 3.3 percent in October 2016 compared with the State's October 2016 unemployment rate of 4.1percent and the national rate of 4.9 percent.

Inflation in the State is comparable to the increase in the national Consumer Price Index. The Midwest's CPI increase was 1.0 percent for the 12-month period ending October 2016 compared with the national rate of 1.6 percent.

At the time the 2017 General Fund budget was adopted these indicators were not at the same level they are today; however the County took the economic situation into account when adopting the General Fund budget for FY2017. Benton County continued to use local option sales and services tax receipts to fund activities in the rural fund resulting in a reduced levy. Benton County will continue to use fund reserves to finance programs we currently offer and offset the effect of inflation on program costs. Overall budgeted program disbursements are expected to increase by approximately $4.09 million in FY17 in comparison to actual disbursements for FY16. A significant increase of approximately $1.1 million is reflected in Secondary Road's Capital Projects, which includes costs for construction of roadways, bridge replacements, and roadway upgrades. 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 in its infant stage but it is anticipated that millions of grant dollars may flow through the County's financial system over the next several years. The County is also budgeting for the addition of a separately staffed information technology (IT) department in FY17. The County has gone without a staffed IT department for several years and contracted for managed IT services. The County's mental health budget provides funding to the mental health region and the County decreased its tax levy for this activity while continuing to fully budget for this activity. This action will result in a more rapid depletion of the County's mental health fund balance; however it is in accordance with the mental health region's by-laws. If all of these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2017.

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 again experienced a major flood event in FY17 and the potential for natural disasters affecting the County are forever present. 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

	Governmental Activities
Assets	
Cash and Pooled Investments	$ 13,050,107
Receivables:	
Property tax:	
Delinquent	10,946
Succeeding year	9,405,745
Interest and penalty on property tax	33,539
Accounts	42,101
Accrued interest	206
Due from Other Governments	645,969
Inventories	286,394
Prepaid Expenses	154,737
Loan Receivable	16,500
Capital Assets:	
Capital assets, not being depreciated	6,822,453
Capital assets (net of accumulated depreciation)	34,415,779
Total assets	64,884,476
Deferred Outflows of Resources	
Pension Related Deferred Outflows of Resources	660,017
Liabilities	
Accounts Payable	944,819
Salaries and Benefits Payable	106,925
Due to Other Governments	43,298
Long-Term Liabilities:	
Portion due or payable within one year:	
Bonds Payable	134,214
Compensated absences	340,789
Termination benefits	12,750
Portion due or payable after one year:	
Bonds Payable	134,214
Net pension liability	2,986,669
Net OPEB liability	287,299
Termination benefits	47,600
Total liabilities	5,038,577

	Governmental Activities
Deferred Inflows of Resources	
Succeeding Year Property Tax Revenue	$ 9,405,745
Pension Related Deferred Inflows of Resources	471,111
Total deferred inflows of resources	9,876,856
Net Position	
Net Investment in Capital Assets	41,238,232
Restricted for:	
Secondary roads purposes	2,895,144
Mental health purposes	1,968,442
Supplemental levy purposes	576,290
Other purposes	1,482,357
Endowments:	
Expendable	95,737
Nonexpendable	847,965
Unrestricted	1,524,893
Total net position	$ 50,629,060

	Expenses	Charges for Service
Functions/Programs:		
Governmental Activities:		
Public safety and legal services	$ 4,122,649	$ 434,735
Physical health and social services	904,675	241,434
Mental health	911,187	64
County environment and education	1,903,335	176,916
Roads and transportation	9,007,084	562,639
Government services to residents	691,949	521,389
Administration	1,581,448	70,021
Non-program	115,201	-
Interest on long-term debt	7,917	-
Total Governmental Activities	$ 19,245,445	$ 2,007,198

General Revenues:
Property and other County tax levied for:
General purposes
Penalty and interest on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings
Miscellaneous

Total General Revenues

Change in Net Position
Net Position Beginning of Year

Net Position End of Year

See Notes to Financial Statements

Program Revenues		
Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
$ 14,552	$ 116,049	$ (3,557,313)
284,559	-	(378,682)
125,438	-	(785,685)
132,013	-	(1,594,406)
5,112,657	2,671,434	(660,354)
-	-	(170,560)
136,773	-	(1,374,654)
-	-	(115,201)
-	-	(7,917)
$ 5,805,992	$ 2,787,483	$ (8,644,772)
		$ 8,606,969
		48,528
		723,005
		772,851
		35,413
		28,465
		10,215,231
		1,570,459
		49,058,601
		$ 50,629,060

	General	Special Rural Services
Assets		
Cash and Pooled Investments	$ 5,565,610	$ 157,937
Receivables:		
Property tax:		
Delinquent	7,617	1,909
Succeeding year	5,813,526	2,599,714
Interest and penalty on property tax	33,539	-
Accounts	41,113	-
Accounts interest	206	-
Due from Other Governments	94,575	-
Loan Receivable	-	-
Inventories	-	-
Advances to Other Funds	-	-
Prepaids	22,465	-
Total assets	$ 11,578,651	$ 2,759,560
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	$ 165,311	$ 4,966
Salaries and benefits payable	71,821	1,035
Due to other governments	38,155	-
Advance from other funds	-	-
Total liabilities	275,287	6,001
Deferred Inflows of Resources:		
Unavailable revenues		
Succeeding year property tax	5,813,526	2,599,714
Other	41,156	1,814
Total deferred inflows of resources	5,854,682	2,601,528
Fund Balances:		
Nonspendable	22,465	-
Restricted	576,290	152,031
Committed	532,500	-
Unassigned	4,317,427	-
Total fund balances	5,448,682	152,031
Total liabilities, deferred inflows of resources, and fund balances	$ 11,578,651	$ 2,759,560

See Notes to Financial Statements

Revenue: Secondary Roads	Revenue: Mental Health	Nonmajor Governmental Funds	Total
$ 3,026,602	$ 1,936,722	$ 2,129,534	$ 12,816,405
-	1,222	198	10,946
-	854,948	137,557	9,405,745
-	-	-	33,539
988	-	-	42,101
-	-	-	206
379,772	35,175	136,447	645,969
-	-	16,500	16,500
286,394	-	-	286,394
-	-	131,446	131,446
-	-	-	22,465
$ 3,693,756	$ 2,828,067	$ 2,551,682	$ 23,411,716
$ 763,326	$ 751	$ 10,465	944,819
32,644	1,425	-	106,925
2,642	2,501	-	43,298
-	-	131,446	131,446
798,612	4,677	141,911	1,226,488
-	854,948	137,557	9,405,745
-	1,191	193	44,354
-	856,139	137,750	9,450,099
286,394	-	847,965	1,156,824
2,608,750	1,967,251	1,424,056	6,728,378
-	-	-	532,500
-	-	-	4,317,427
2,895,144	1,967,251	2,272,021	12,735,129
$ 3,693,756	$ 2,828,067	$ 2,551,682	$ 23,411,716

Total Governmental Fund Balances		$ 12,735,129
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.		41,238,232
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as deferred infows of resources in the governmental funds.		44,354
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources		660,017
Deferred inflows of resources		(471,111)
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.		365,974
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at June 30, 2016, are:		
Compensated absences	$ (340,789)	
Net OPEB liability	(287,299)	
Revenue note payable	(268,428)	
Net pension liability	(2,986,669)	
Termination benefits	(60,350)	
Total long-term liabilities		(3,943,535)
Net Position of Governmental Activities		$ 50,629,060

	General	Special Rural Services
Revenues:		
Property and other County tax	$ 5,264,765	$ 2,345,849
Interest and penalty on property tax	54,004	-
Intergovernmental	1,430,999	162,223
Licenses and permits	20,190	-
Charges for service	828,251	11,086
Use of money and property	89,172	-
Miscellaneous	125,266	-
Total revenues	7,812,647	2,519,158
Expenditures:		
Operating:		
Public safety and legal services	3,688,117	1,283
Physical health and social services	905,653	-
Mental health	-	-
County environment and education	1,310,158	493,625
Roads and transportation	-	-
Governmental services to residents	658,486	5,155
Administration	1,559,813	5,652
Non-program	115,201	-
Debt service	-	-
Capital projects	-	-
Total expenditures	8,237,428	505,715
Excess (Deficiency) of Revenues over (Under) Expenditures	(424,781)	2,013,443
Other Financing Sources (Uses):		
Sale of capital assets	353	3,177
Issuance of long-term debt	402,642	-
Transfers in	70,836	254,502
Transfers out	(195,734)	(2,233,814)
Total other financing sources (uses)	278,097	(1,976,135)
Net Change in Fund Balances	(146,684)	37,308
Fund Balances Beginning of Year	5,595,366	114,723
Fund Balances End of Year	$ 5,448,682	$ 152,031

See Notes to Financial Statements

Revenue			
Secondary Roads	Mental Health	Nonmajor Governmental Funds	Total
$ -	$ 844,672	$ 928,355	$ 9,383,641
-	-	-	54,004
5,743,825	201,309	33,656	7,572,012
45,358	-	-	65,548
-	-	5,058	844,395
-	-	12,231	101,403
229,375	64	945	355,650
6,018,558	1,046,045	980,245	18,376,653
-	-	88,116	3,777,516
-	-	2,614	908,267
-	939,392	-	939,392
-	-	139,789	1,943,572
7,284,266	-	-	7,284,266
-	-	12,097	675,738
-	-	27,638	1,593,103
-	-	-	115,201
-	-	142,131	142,131
2,057,251	-	-	2,057,251
9,341,517	939,392	412,385	19,436,437
(3,322,959)	106,653	567,860	(1,059,784)
-	-	-	3,530
-	-	-	402,642
2,670,257	-	25,000	3,020,595
-	-	(591,047)	(3,020,595)
2,670,257	-	(566,047)	406,172
(652,702)	106,653	1,813	(653,612)
3,547,846	1,860,598	2,270,208	13,388,741
$2,895,144	$ 1,967,251	$ 2,272,021	$ 12,735,129

Net change in fund balances - total governmental funds		$ (653,612)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital Outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 2,316,723	
Contributed capital assets	2,492,502	
Depreciation expense	(2,510,233)	
		2,298,992
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.		(21,292)
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	(402,642)	
Repayments	134,214	
		(268,428)
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	(9,312)	
Grants	(47,470)	
		(56,782)
The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred inflow of resources in the Statement of Net Position.		527,819
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Change in compensated absences	1,449	
Change in net OPEB liability	(48,659)	
Pension Expense	(258,510)	
Change in termination benefits	(18,275)	
		(323,995)

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.	$ 67,757
Change in net position of governmental activities	$ 1,570,459

		Internal Service - Benton County Co-Insurance
Assets		
Cash and pooled investments	$	233,702
Prepaid expense		132,272
		365,974
Liabilities		-
Net Position		
Unrestricted	$	365,974

	Internal Service - Benton County Co-Insurance
Operating Revenues:	
Charges for service	$ 1,654,096
Miscellaneous	51,754
Total operating revenues	1,705,850
Operating Expenses	
Insurance Premiums	1,544,765
Claims and adminstrative expenses	93,328
Total operating expenses	1,638,093
Change in Net Position	67,757
Net Position Beginning of Year	298,217
Net Position End of Year	$ 365,974

	Internal Service - Benton County Co-Insurance
Cash Flows from Operating Activities:	
Cash received from employees and others	$ 1,705,850
Cash paid for administrative fees and supplies	(93,328)
Cash paid for insurance claims/premiums	(1,551,514)
Net Cash provided by Operating Activities	61,008
Cash and Pooled Investments at Beginning of Year	172,694
Cash and Pooled Investments at End of Year	$ 233,702
Reconciliation of Change in Net Position to Net Cash provided by Operating Activities:	
Change in net position	$ 67,757
Adjustments to reconcile change in net position to net cash used for operating activities:	
Increase in prepaid expense	(6,749)
Net Cash provided by Operating Activities	$ 61,008

Assets	
Cash and pooled investments	$ 2,342,879
Receivables:	
Property tax:	
Delinquent	50,897
Succeeding year	28,773,671
Special assessments	55,789
Interest on special assessments	339
Total assets	31,223,575
Liabilities	
Salaries and benefits payable	4,593
Due to other governments	31,166,352
Trusts payable	52,630
Total liabilities	31,223,575
Net Position	$ -

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, 2016.

Jointly Governed Organizations

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

Basis of Presentation

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014, assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2015.

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, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation benefits payable to employees. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and other unrecognized items not yet credited to pension expense.

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

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

Fund Balance Classification	Purpose	Fund	Amount
Nonspendable	Prepaids	General	$ 22,465
	Inventories	Secondary Roads	286,394
	Donor Restricted	Carol Sue Donovan Conservation Fund	847,965
			$ 1,156,824
Restricted	General Supplemental	General Fund	$ 576,290
	Rural Services	Rural Services	152,031
	Secondary Roads	Secondary Roads	2,608,750
	Mental Health	Mental Health	1,967,251
	Records Management	County Recorder's Records Management	17,301
	Conservation	REAP	15,532
	Environment	Environmental Projects	200
	Roads, Conservation, Libraries, Emergency Services	LOST	1,134,103
	Electronic Transactions	County Recorder's Electronic Transaction	569
	Forfeiture	County Sheriff's Forfeiture Fund	48,090
	Commissary	County Sheriff's Commissary Fund	11,903
	Sheriff	County Sheriff's Donation Fund	220
	County Attorney	County Attorney Forfeiture Fund	8,539
	Conservation	Land Acquisition Fund	77,495
	Conservation	Carol Sue Donovan Conservation Fund	95,737
	Debt Service	Debt Service Fund	14,367
			$ 6,728,378
Committed	Infrastructure Upgrades	General Fund	$ 500,000
	IT Upgrades	General Fund	16,500
	Equipment	General Fund	16,000
			$ 532,500

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

Note 2 - Cash and Pooled Investments

The County's deposits in banks at June 30, 2016, 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, 2016.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Note 3 - Interfund Balances and Transfers

The detail of advances to and from other funds at June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	$ 131,446

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

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer To	Transfer From	Amount
General	Nonmajor Governmental	$ 70,836
Rural Services	Nonmajor Governmental	254,502
Secondary Roads	General	170,734
	Rural Services	2,233,814
	Nonmajor Governmental	265,709
		2,670,257
Nonmajor Governmental	General	25,000
Total		$ 3,020,595

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

Note 4 - Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The agency funds also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
Governmental	Services	
General		$ 38,155
Secondary Roads		2,642
Mental Health		2,501
Total for Governmental Funds		43,298
Agency	Collections	
County Recorder		17,566
County Recorder's Electronic Fee		494
Agricultural Extension		234,206
County Assessor		1,313,449
Schools		19,973,779
Community Colleges		1,478,907
Corporations		6,372,919
Townships		401,525
Auto License and Use Tax		724,702
Brucellosis and Tuberculosis Eradication		4,533
Fire Districts		113,298
E911 Surcharge		433,706
Joint Disaster Services		38,649
City Special Assessments		58,619
Total for Agency Funds		31,166,352
Total		$ 31,209,650

Note 5 - Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,922,076	$ -	$ -	$ 1,922,076
Construction in progress	2,294,956	4,152,771	(1,547,350)	4,900,377
Total capital assets not being depreciated	4,217,032	4,152,771	(1,547,350)	6,822,453
Capital assets being depreciated:				
Buildings	9,479,986	120,781	-	9,600,767
Equipment	13,597,281	471,149	(132,287)	13,936,143
Infrastructure	46,298,832	1,611,873	-	47,910,705
Total capital assets being depreciated	69,376,099	2,203,803	(132,287)	71,447,615
Less accumulated depreciation for:				
Buildings	2,114,612	213,126	-	2,327,738
Equipment	9,777,503	915,823	(110,995)	10,582,331
Infrastructure	22,740,483	1,381,284	-	24,121,767
Total accumulated depreciation	34,632,598	2,510,233	(110,995)	37,031,836
Total capital assets being depreciated, net	34,743,501	(306,430)	(21,292)	34,415,779
Governmental Activities Capital Assets, Net	$ 38,960,533	$ 3,846,341	$ (1,568,642)	$ 41,238,232

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	$ 591,089
Physical health and social services	7,509
Mental health	37,604
County environment and education	91,389
Roads and transportation	1,675,473
Governmental services to residents	41,725
Administration	65,445
Total Depreciation Expense – Governmental Activities	$ 2,510,234

Note 6 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Compensated Absences	Termination Benefits	Net Pension Liability	Net OPEB Liability	Note Payable	Total
Balance Beginning of Year	$ 342,238	$ 42,075	$ 2,263,600	$ 238,640	$ -	$ 2,886,553
Increases	340,789	28,475	723,069	48,659	402,642	1,543,634
Decreases	(342,238)	(10,200)	-	-	(134,214)	(486,652)
Balance End of Year	$ 340,789	$ 60,350	$ 2,986,669	$ 287,299	$ 268,428	$ 3,943,535
Due Within One Year	$ 340,789	$ 12,750	$ -	$ -	$ 134,214	$ 487,753

Notes Payable

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

Note 7 - Pension Plan

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

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

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

A multiplier (based on years of service).

The member's highest five-year average salary, 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.

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

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

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

The member's highest three-year average salary.

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

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

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

Contributions – 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 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the County contributed 8.93 percent for a total rate of 14.88 percent. Sheriff and deputy members and the County both contributed 9.88 percent of pay for a total rate of 19.76 percent. Protection occupation members contributed 6.56 percent of pay and the County contributed 9.84 percent for a total rate of 16.40 percent.

The County's contributions to IPERS for the year ended June 30, 2016 were $527,819.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of $2,986,669 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the County's collective proportion was .0604 percent, which was a increase of .0033 percent from its collective proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of $258,510. At June 30, 2016, 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	$ 45,059	$ 39,620
Changes of Assumptions	82,111	26,429
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	351,524
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	5,028	53,538
County Contributions Subsequent to the Measurement Date	527,819	-
Total	$ 660,017	$ 471,111

$527,819 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, 2017. 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
2017	$ (167,578)
2018	(167,578)
2019	(167,578)
2020	163,547
2021	274
	$ (338,913)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation
Wage growth (effective June 30, 1990)	4.00 percent per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-Term Expected Rate of Return
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
	100%	

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

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

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's Proportionate Share of the Net Pension Liability (Asset)	$ 6,142,786	$ 2,986,669	$ 325,715

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

Payables to the Pension Plan – At June 30, 2016, the County reported no payables to the defined benefit pension plan.

Note 8 - Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 100 active and 5 retired members in the Plan. Participants must be age 55 or older at retirement. The Plan does not issue a stand–alone financial report.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the Plan and changes in the County's net OPEB obligation:

Annual Required Contribution	$	59,932
Interest on Net OPEB Obligation		9,546
Adjustments to Annual Required Contribution		(9,484)
Annual OPEB cost		59,994
Contributions Made		(11,335)
Increase in net OPEB obligation		48,659
Net OPEB Obligation, Beginning of Year		238,640
Net OPEB Obligation, End of Year	$	287,299

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the County contributed $11,335 to the medical plan. Plan members eligible for benefits contributed $6,896 or 100% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2016, are summarized as follows:

Years Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 59,994	18.9%	$ 287,299
2015	59,878	17.4%	238,640
2014	54,593	59.7%	189,160

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $517,561, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $517,561. The covered payroll (annual payroll of active employees covered by the Plan) was approximately $4,980,423 and the ratio of the UAAL to covered payroll was 10.4%. As of June 30, 2016, there were no trust fund assets.

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

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

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

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

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

Note 9 - Termination Benefits

The County offers an early retirement benefit to non-union employees who met certain requirements, such as age and years of service. Those who participate in the benefit receive $425 per month towards the cost of a single premium under the County's health insurance plan until the retiree turns 65.

As of June 30, 2016, the County has three participants in the plan for a net obligation of $60,350.

Note 10 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Benton County has entered into an agreement, as allowed by Chapter 331.301 of the Code of Iowa, to become a member in a local government risk pool. The pool was formed July 1, 1987, to provide workers' compensation and property/casualty insurance to counties in the State of Iowa. At present, ten counties are members of the pool. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the premiums on the insurance policies when due; to pay claims in accordance with the various coverages and to make other payments as required by applicable law; to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool; and to pay all reasonable and necessary expenses for administering the risk pool.

Initial risk of loss for the self-insured coverages is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2016, which covers exposures of specific losses in excess of $750,000, with a $250,000 corridor deductible, per occurrence up to the statutory limits for workers' compensation, including the retention of the pool. The pool also purchased a reinsurance policy for property coverage for losses in excess of $100,000 to a maximum of $30,000,000 in covered property (including the retention). In addition, the pool purchased a reinsurance policy in excess of $400,000 per occurrence up to a maximum of $7,000,000 per occurrence, including the retention of the pool for general liability, automobile liability, police professional, and errors and omissions. The risk pool fund records a liability for unpaid claims based on estimates of the costs of individual cases of losses and claims reported to year-end, plus a provision for losses incurred but not yet reported (IBNR). The IBNR estimates are based on the past experience of the Pool and upon the recommendations of By the Numbers Actuarial Consulting, Inc. who also performs an annual actuarial review of the entire program. At June 30, 2016, 2015, and 2014 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, 2016, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

Initial membership into the risk pool was for a mandatory three year period. Subsequent to the initial term, a member county may withdraw at the end of the fifth fiscal year of any five-year term, with a minimum of ninety (90) days written notice to the Chairman of the Board of Trustees. The initial membership period for the County commenced July 1, 1987. The County extended their membership for a five-year period, commencing July 1, 2010, until July 1, 2015. The County has subsequently extended their membership for another five-year period, commencing July 1, 2015 through July 1, 2020. The County also carries commercial insurance purchased by the risk pool from other insurers for coverages associated with boiler/machinery and cyber liability. The Public Officials Bond and crime coverage is purchased through a local broker. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - Donor-Restricted Endowment

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

Note 12 - 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, 2016 as follows:

Revenues:		
Property and other county tax		$ 844,672
Intergovernmental revenues:		
State tax credits	$ 75,778	
Receipts from regional fiscal agent	125,438	
Other intergovernmental revenues	93	
		201,309
Miscellaneous		64
Total revenues		1,046,045
Expenditures:		
Services to persons with:		
Mental illness	28,435	
		28,435
General administration:		
Direct administration	97,327	
Distribution to regional fiscal agent	813,630	
		910,957
Total expenditures		939,392
Excess of Revenues Over Expenditures		106,653
Fund Balance Beginning of Year		1,860,598
Fund Balance End of Year		$ 1,967,251

Note 13 - Prospective Accounting Pronouncements

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

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

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

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

Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, will be effective for fiscal year ending June 30, 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Statement No. 79, Certain External Investment Pools and Pool Participants, will be effective for the fiscal year ending June 30, 2017. The objective of this statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

Statement No. 80, Blending Requirements for certain component units- An amendment of GASB Statement No.14, will be effective for fiscal year ending June 30, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

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

Statement No. 82, An amendment of GASB statements 67, 68, and 73, will be effective for fiscal year June 30, 2017. The objective of this statement is address issues with respect to GASB 67, 68, and 73. Specific addressed by this statement are payroll-related measures for required supplementary information, selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice, and classification of payments made by employers to satisfy employee contribution requirements.

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, 2016

Benton County

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	Governmental Fund Types Actual	Budgeted Amounts Original	Budgeted Amounts Final
Receipts:			
Property and other County tax	$ 9,403,609	$ 9,469,525	$ 9,469,525
Interest and penalty on property tax	57,763	56,000	56,000
Intergovernmental	7,635,400	6,228,019	6,298,387
Licenses and permits	65,233	52,350	52,350
Charges for service	824,979	762,310	762,310
Use of money and property	101,044	132,437	86,737
Miscellaneous	370,349	317,335	317,335
Total receipts	18,458,377	17,017,976	17,042,644
Disbursements:			
Operating:			
Public safety and legal services	3,843,303	4,074,199	4,182,361
Physical health and social services	902,115	944,091	1,074,431
Mental health	945,896	1,098,063	1,098,063
County environment and education	1,962,636	2,484,009	2,156,651
Roads and transportation	7,136,612	7,349,972	7,349,972
Governmental services to residents	687,761	771,915	769,205
Administration	1,599,794	2,032,043	1,800,387
Non-program	126,478	165,000	165,000
Debt service	183,826	196,024	186,024
Capital projects	1,878,862	1,959,794	2,309,794
Total disbursements	19,267,283	21,075,110	21,091,888
Excess (Deficiency) of Receipts over (Under) Disbursements	(808,906)	(4,057,134)	(4,049,244)
Other Financing Sources, Net	447,967	795,238	447,880
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	(360,939)	(3,261,896)	(3,601,364)
Balance Beginning of Year	13,061,050	13,061,050	13,061,050
Balance End of Year	$ 12,700,111	$ 9,799,154	$ 9,459,686

Variance-Over (Under) Budget	Actual as % of Final Budget
$ (65,916)	99%
1,763	103
1,337,013	121
12,883	125
62,669	108
14,307	116
53,014	117
1,415,733	108
(339,058)	92%
(172,316)	84
(152,167)	86
(194,015)	91
(213,360)	97
(81,444)	89
(200,593)	89
(38,522)	77
(2,198)	99
(430,932)	81
(1,824,605)	91
3,240,338	
87	
3,240,425	
-	
$3,240,425	

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 18,458,377	$ (81,724)	$ 18,376,653
Expenditures	19,267,283	169,154	19,436,437
Net	(808,906)	(250,878)	(1,059,784)
Other Financing Sources, Net	447,967	(41,795)	406,172
Beginning Fund Balances	13,061,050	327,691	13,388,741
Ending Fund Balances	$ 12,700,111	$ 35,018	$ 12,735,129

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 $16,778. 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, 2016, disbursements did not exceed the amounts budgeted for any function.

	2016	2015
County's Collective Proportion of the Net Pension Liability (Asset)	0.0605%	0.0571%
County's Collective Proportionate Share of the Net Pension Liability (Asset)	$ 2,986,669	$ 2,263,600
County's Covered-Employee Payroll	$ 5,569,491	$ 5,401,356
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	53.63%	41.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

	2016	2015	2014	2013
Statutorily Required Contribution	$ 527,819	$ 512,755	$ 497,065	$ 466,148
Contributions in Relation to the Statutorily Required Contribution	527,819	512,755	497,065	466,148
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
County's Covered-Employee Payroll	$ 5,744,757	$ 5,569,491	$ 5,401,356	$ 5,185,707
Contributions as a Percentage of Covered-Employee Payroll	9.19%	9.21%	9.20%	8.99%

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

2012	2011	2010	2009	2008	2007
$ 428,734	$ 356,260	$ 341,191	$ 323,136	$ 302,072	$ 273,097
428,734	356,260	341,191	323,136	302,072	273,097
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,051,477	$ 4,776,742	$ 4,891,944	$ 4,854,440	$ 4,780,101	$ 4,421,578
8.49%	7.46%	6.97%	6.66%	6.32%	6.18%

Changes of Benefit Terms

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

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

Changes of Assumptions

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

Decreased the inflation assumption from 3.25 percent to 3.00 percent.

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

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

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

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

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

Adjusted retiree mortality assumptions.

Modified retirement rates to reflect fewer retirements.

Lowered disability rates at most ages.

Lowered employment termination rates.

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

Modified salary increase assumptions based on various service duration.

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

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

Other Supplementary Information

Benton County

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	Special Revenue				
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Urbana TIF
Assets					
Cash and Pooled Investments	$ 17,301	$ 15,532	$ -	$ 200	$ -
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding Year	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Loan Receivable	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-
Total assets	$ 17,301	$ 15,532	$ -	$ 200	$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Advance from other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources:					
Unavailable revenues					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	17,301	15,532	-	200	-
Total fund balances	17,301	15,532	-	200	-
Total liabilities, deferred inflows of resources, and fund balances	$ 17,301	$ 15,532	$ -	$ 200	$ -

Funds

Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	County Attorney Forfeiture Fund
$ 1,123,067	$ 569	$ 48,090	$ 11,903	$ 220	$ 8,539
-	-	-	-	-	-
-	-	-	-	-	-
136,447	-	-	-	-	-
16,500	-	-	-	-	-
-	-	-	-	-	-
$ 1,276,014	$ 569	$ 48,090	$ 11,903	$ 220	$ 8,539
$ 10,465	$ -	$ -	$ -	$ -	$ -
131,446	-	-	-	-	-
141,911	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,134,103	569	48,090	11,903	220	8,539
1,134,103	569	48,090	11,903	220	8,539
$ 1,276,014	$ 569	$ 48,090	$ 11,903	$ 220	$ 8,539

	Capital Projects Fund	Permanent Fund		
	Conservation Land Acquisition Fund	Carol Sue Donovan Conservation Fund	Debt Service	Total Nonmajor Governmental Funds
Assets				
Cash and Pooled Investments	$ 77,495	$ 812,256	$ 14,362	$ 2,129,534
Receivables:				
Property Tax:				
Delinquent	-	-	198	198
Succeeding year	-	-	137,557	137,557
Due from Other Governments	-	-	-	136,447
Loan Receivable	-	-	-	16,500
Advances to Other Funds	-	131,446	-	131,446
Total assets	$ 77,495	$ 943,702	$ 152,117	$ 2,551,682
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 10,465
Advance from other funds	-	-	-	131,446
Total liabilities	-	-	-	141,911
Deferred Inflows of Resources:				
Unavailable revenues				
Succeeding year property tax	-	-	137,557	137,557
Other	-	-	193	193
Total deferred inflows of resources	-	-	137,750	137,750
Fund Balances:				
Nonspendable	-	847,965	-	847,965
Restricted	77,495	95,737	14,367	1,424,056
Total fund balances	77,495	943,702	14,367	2,272,021
Total liabilities, deferred inflows of resources, and fund balances	$ 77,495	$ 943,702	$ 152,117	$ 2,551,682

	Special Revenue				
	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Food and Shelter Program	Environmental Projects	Urbana TIF
Revenues:					
Property and other County tax	$ -	$ -	$ -	$ -	$ 15,855
Intergovernmental	-	17,782	2,800	-	554
Charges for service	5,058	-	-	-	-
Use of money and property	24	19	-	-	-
Miscellaneous	-	75	-	-	-
Total revenues	5,082	17,876	2,800	-	16,409
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
Physical health and social services	-	-	2,614	-	-
County environment and education	-	14,114	-	-	-
Governmental services to residents	12,097	-	-	-	-
Administration	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	12,097	14,114	2,614	-	-
Excess (Deficiency) of Revenues over (Under) Expenditures	(7,015)	3,762	186	-	16,409
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(16,409)
Total other financing sources (uses)	-	-	-	-	(16,409)
Net change in fund balances	(7,015)	3,762	186	-	-
Fund Balances Beginning of Year	24,316	11,770	(186)	200	-
Fund Balances End of Year	$ 17,301	$ 15,532	$ -	$ 200	$ -

Funds					
Local Option Sales Tax	County Recorder's Electronic Transaction	County Sheriff's Forfeiture Fund	County Sheriff's Commissary Fund	County Sheriff's Donation Fund	County Attorney Forfeiture Fund
$ 772,851	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
155	-	76	-	-	10
-	-	-	-	155	715
773,006	-	76	-	155	725
73,660	-	14,456	-	-	-
-	-	-	-	-	-
125,675	-	-	-	-	-
-	-	-	-	-	-
27,638	-	-	-	-	-
4,329	-	-	-	-	-
231,302	-	14,456	-	-	-
541,704	-	(14,380)	-	155	725
-	-	-	-	-	-
(574,638)	-	-	-	-	-
(574,638)	-	-	-	-	-
(32,934)	-	(14,380)	-	155	725
1,167,037	569	62,470	11,903	65	7,814
$ 1,134,103	$ 569	$ 48,090	$ 11,903	$ 220	$ 8,539

	Capital Projects Fund	Permanent Fund		
	Conservation Land Acquisition Fund	Carol Sue Donovan Conservation Fund	Debt Service	Total Nonmajor Governmental Funds
Revenues:				
Property and other County tax	$ -	$ -	$ 139,649	$ 928,355
Intergovernmental	-	-	12,520	33,656
Charges for service	-	-	-	5,058
Use of money and property	-	11,947	-	12,231
Miscellaneous	-	-	-	945
Total revenues	-	11,947	152,169	980,245
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	88,116
Physical health and social services	-	-	-	2,614
County environment and education	-	-	-	139,789
Governmental services to residents	-	-	-	12,097
Administration	-	-	-	27,638
Debt service	-	-	137,802	142,131
Total expenditures	-	-	137,802	412,385
Excess (Deficiency) of Revenues over (Under) Expenditures	-	11,947	14,367	567,860
Other Financing Sources (Uses):				
Transfers in	25,000	-	-	25,000
Transfers out	-	-	-	(591,047)
Total other financing sources (uses)	25,000	-	-	(566,047)
Net change in fund balances	25,000	11,947	14,367	1,813
Fund Balances Beginning of Year	52,495	931,755	-	2,270,208
Fund Balances End of Year	$ 77,495	$ 943,702	$ 14,367	$ 2,272,021

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
County Auditor				
Assets:				
Cash and pooled investments	$ 497	$ -	$ -	$ 497
Liabilities:				
Trusts Payable	$ 497	$ -	$ -	$ 497
County Recorder				
Assets:				
Cash and pooled investments	$ 25,462	$ 508,455	$ 516,351	$ 17,566
Liabilities:				
Due to other funds	$ -	$ 173,031	$ 173,031	$ -
Due to other governments	25,462	335,424	343,320	17,566
Total liabilities	$ 25,462	$ 508,455	$ 516,351	$ 17,566
County Recorder's Electronic Fee				
Assets:				
Cash and pooled investments	$ 388	$ 5,142	$ 5,036	$ 494
Liabilities:				
Due to other governments	$ 388	$ 5,142	$ 5,036	$ 494
County Sheriff				
Assets:				
Cash and pooled investments	$ 4,799	$ 544,954	$ 544,082	$ 5,671
Liabilities:				
Due to other funds	$ -	$ 181,597	$ 181,597	$ -
Due to other governments	-	10,586	10,586	-
Trusts payable	4,799	352,771	351,899	5,671
Total liabilities	$ 4,799	$ 544,954	$ 544,082	$ 5,671

(continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Agricultural Extension Education Fund				
Assets:				
Cash and pooled investments	$ 3,024	$ 228,337	$ 228,433	$ 2,928
Property tax receivable:				
Delinquent	788	303	788	303
Succeeding year	225,138	230,975	225,138	230,975
Total assets	$ 228,950	$ 459,615	$ 454,359	$ 234,206
Liabilities:				
Due to other governments	$ 228,950	$ 459,615	$ 454,359	$ 234,206
County Assessor Fund				
Assets:				
Cash and pooled investments	$ 703,726	$ 507,511	$ 469,876	$ 741,361
Property tax receivable:				
Delinquent	1,551	672	1,551	672
Succeeding year	500,325	574,938	500,325	574,938
Total assets	$ 1,205,602	$ 1,083,121	$ 971,752	$ 1,316,971
Liabilities:				
Salaries and benefits payable	$ 10,354	$ 3,522	$ 10,354	$ 3,522
Due to other governments	1,195,248	1,079,599	961,398	1,313,449
Total liabilities	$ 1,205,602	$ 1,083,121	$ 971,752	$ 1,316,971
Schools Fund				
Assets:				
Cash and pooled investments	$ 247,046	$ 19,386,479	$ 19,389,715	$ 243,810
Property tax receivable:				
Delinquent	69,588	27,680	69,588	27,680
Succeeding year	19,103,924	19,702,289	19,103,924	19,702,289
Total assets	$ 19,420,558	$ 39,116,448	$ 38,563,227	$ 19,973,779
Liabilities:				
Due to other governments	$ 19,420,558	$ 39,116,448	$ 38,563,227	$ 19,973,779

(continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Community Colleges Fund				
Assets:				
Cash and pooled investments	$ 18,813	$ 1,425,680	$ 1,426,437	$ 18,056
Property tax receivable:				
Delinquent	4,893	1,895	4,893	1,895
Succeeding year	1,405,751	1,458,956	1,405,751	1,458,956
Total assets	$ 1,429,457	$ 2,886,531	$ 2,837,081	$ 1,478,907
Liabilities:				
Due to other governments	$ 1,429,457	$ 2,886,531	$ 2,837,081	$ 1,478,907
Corporations Fund				
Assets:				
Cash and pooled investments	$ 56,205	$ 8,006,433	$ 8,005,068	$ 57,570
Property tax receivable:				
Delinquent	27,937	19,891	27,937	19,891
Succeeding year	6,156,931	6,295,458	6,156,931	6,295,458
Total assets	$ 6,241,073	$ 14,321,782	$ 14,189,936	$ 6,372,919
Liabilities:				
Due to other governments	$ 6,241,073	$ 14,321,782	$ 14,189,936	$ 6,372,919
Townships Fund				
Assets:				
Cash and pooled investments	$ 6,197	$ 401,356	$ 401,597	$ 5,956
Property tax receivable:				
Delinquent	1,796	440	1,796	440
Succeeding year	398,613	395,129	398,613	395,129
Total assets	$ 406,606	$ 796,925	$ 802,006	$ 401,525
Liabilities:				
Due to other governments	$ 406,606	$ 796,925	$ 802,006	$ 401,525
Auto License and Use Tax Fund				
Assets:				
Cash and pooled investments	$ 712,456	$ 8,433,183	$ 8,420,938	$ 724,702
Liabilities:				
Due to other governments	$ 712,456	$ 8,433,183	$ 8,420,938	$ 724,702

(continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Brucellosis and Tuberculosis Eradication Fund				
Assets:				
Cash and pooled investments	$ 59	$ 4,420	$ 4,423	$ 56
Property tax receivable:				
Delinquent	15	6	15	6
Succeeding year	4,358	4,471	4,358	4,471
Total assets	$ 4,432	$ 8,897	$ 8,796	$ 4,533
Liabilities:				
Due to other governments	$ 4,432	$ 8,897	$ 8,796	$ 4,533
Fire Districts Fund				
Assets:				
Cash and pooled investments	$ 1,878	$ 109,263	$ 109,308	$ 1,833
Property tax receivable:				
Delinquent	10	10	10	10
Succeeding year	108,539	111,455	108,539	111,455
Total assets	$ 110,427	$ 220,728	$ 217,857	$ 113,298
Liabilities:				
Due to other governments	$ 110,427	$ 220,728	$ 217,857	$ 113,298
E911 Surcharge Fund				
Assets:				
Cash and pooled investments	$ 277,024	$ 351,585	$ 194,903	$ 433,706
Liabilities:				
Due to other governments	$ 277,024	$ 351,585	$ 194,903	$ 433,706

(continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Joint Disaster Services Fund				
Assets:				
Cash and pooled investments	$ 44,406	$ 190,054	$ 194,740	$ 39,720
Liabilities:				
Salaries and benefits payable	$ 3,154	$ 1,071	$ 3,154	$ 1,071
Due to other governments	41,252	188,983	191,586	38,649
Total liabilities	$ 44,406	$ 190,054	$ 194,740	$ 39,720
City Special Assessments Fund				
Assets:				
Cash and pooled investments	$ 403	$ 27,624	$ 25,536	$ 2,491
Receivables:				
Special assessments	54,946	55,789	54,946	55,789
Interest on special assessments	977	339	977	339
Total assets	$ 56,326	$ 83,752	$ 81,459	$ 58,619
Liabilities:				
Due to other governments	$ 56,326	$ 83,752	$ 81,459	$ 58,619
Treasurer's Trust Fund				
Assets:				
Cash and pooled investments	$ 59,893	$ 1,058,724	$ 1,072,155	$ 46,462
Liabilities:				
Trusts payable	$ 59,893	$ 1,058,724	$ 1,072,155	$ 46,462

(continued)

Total Combined Funds	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Assets:				
Cash and pooled investments	$ 2,162,276	$ 41,189,200	$ 41,008,598	$ 2,342,879
Receivables:				
Property tax:				
Delinquent	106,578	50,897	106,578	50,897
Succeeding year	27,903,579	28,773,671	27,903,579	28,773,671
Special assessments	54,946	55,789	54,946	55,789
Interest on special assessments	977	339	977	339
Total assets	$ 30,228,356	$ 70,069,896	$ 69,074,678	$ 31,223,575
Liabilities:				
Salaries and benefits payable	$ 13,508	$ 4,593	$ 13,508	$ 4,593
Due to other funds	-	354,628	354,628	-
Due to other governments	30,149,659	68,299,180	67,282,488	31,166,352
Trusts payable	65,189	1,411,495	1,424,054	52,630
Total liabilities	$ 30,228,356	$ 70,069,896	$ 69,074,678	$ 31,223,575

	Modified Accrual Basis			
	2016	2015	2014	2013
Revenues:				
Property and other County tax	$ 9,383,641	$ 9,396,646	$ 9,263,165	$ 9,066,277
Interest and penalty on property tax	54,004	68,058	54,401	67,455
Intergovernmental	7,572,012	6,442,227	6,934,298	7,063,795
Licenses and permits	65,548	63,988	50,916	55,517
Charges for service	844,395	789,381	1,039,262	1,134,314
Use of money and property	101,403	149,507	230,181	229,341
Miscellaneous	355,650	539,276	673,090	312,031
Total	$ 18,376,653	$ 17,449,083	$ 18,245,313	$ 17,928,730
Expenditures:				
Operating:				
Public safety and legal services	$ 3,777,516	$ 3,702,267	$ 3,372,083	$ 3,094,449
Physical health and social services	908,267	779,444	772,894	791,283
Mental health	939,392	667,148	717,608	877,412
County environment and education	1,943,572	1,595,984	1,858,870	2,135,404
Roads and transportation	7,284,266	7,305,395	6,587,736	6,247,839
Governmental services to residents	675,738	660,222	676,648	797,697
Administration	1,593,103	1,535,126	1,354,202	1,399,113
Non-program	115,201	116,134	114,899	139,267
Debt service	142,131	57,081	59,714	61,930
Capital projects	2,057,251	628,069	1,031,306	618,578
Total	$ 19,436,437	$ 17,046,870	$ 16,545,960	$ 16,162,972

Modified Accrual Basis

2012	2011	2010	2009	2008	2007
$ 9,283,332	$ 9,040,465	$ 7,789,764	$ 7,569,896	$ 6,525,469	$ 6,256,778
60,888	68,851	71,665	61,120	58,381	55,253
8,270,387	11,598,891	8,463,098	7,110,465	6,628,717	5,782,973
53,781	28,429	26,552	36,023	21,153	22,973
1,074,105	918,755	938,342	918,653	804,952	818,345
242,838	212,614	167,459	226,983	351,193	355,305
480,803	344,701	1,249,374	435,863	371,763	533,102
$ 19,466,134	$ 22,212,706	$ 18,706,254	$ 16,359,003	$ 14,761,628	$ 13,824,729
$ 3,378,100	$ 2,776,780	$ 2,944,413	$ 3,404,479	$ 2,688,409	$ 2,544,185
727,188	826,041	870,817	680,759	647,780	665,196
2,241,438	1,858,003	1,790,594	1,768,492	1,828,868	1,696,472
1,680,767	1,820,864	1,817,202	1,798,472	1,448,612	1,294,735
6,433,156	5,884,434	6,665,097	6,169,023	6,257,448	5,533,679
586,446	555,980	587,292	585,539	498,175	459,681
1,365,671	1,178,054	1,307,990	1,491,420	1,454,672	1,396,253
134,980	-	-	-	-	-
819,476	66,230	-	-	-	-
269,161	7,115,336	1,516,791	1,294,315	824,059	126,239
$ 17,636,383	$ 22,081,722	$ 17,500,196	$ 17,192,499	$ 15,648,023	$ 13,716,440

Information Provided to Comply with
Government Auditing Standards
June 30, 2016

Benton County

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Officials of Benton County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements, and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Responses as items 2016-A, 2016-B, 2016-C, and 2016-D to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2016-E, 2016-F, and 2016-G to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part II of the accompanying Schedule of Findings and Responses. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

County's Responses to Findings

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

Purpose of this Report

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

Eide Bailly LLP

Dubuque, Iowa
December 13, 2016

Part I: Findings Related to the Basic Financial Statements:

Material Weaknesses

2016-A Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles, *Audits of States, Local Governments, and Non-Profit Organizations*.

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

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

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles, *Audits of State, Local Governments, and Non-Profit Organizations.*

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

Response – The Auditor's Office staff currently contacts the various departments for input on capital asset projects and acquisitions. The staff also reviews invoices for items which meet the County's capitalization policy. The review of invoices has not included acquisitions completed through agency funds. The Auditor's Office staff will review all invoices, including agency fund purchases, that meet the County's capitalization policy to determine if those assets should be recorded in the County's financial statements. Staff will also use general ledger reports and other available documentation to determine if there are unrecorded assets and/or construction projects.

2016-B Preparation of Financial Statements

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

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

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

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 I: 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. There will be no change until is fiscally responsible to add additional staff.

2016-C Treasurer's Office – Segregation of Duties

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

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

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

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

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

Response – At this time, the Treasurer is doing the daily reconciling of the office with the State Motor Vehicle System and the County tax collection system. In addition, a mail log has been implemented, with the Treasurer verifying that the amounts are being properly distributed.

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

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

2016-D Capital Asset Completion Procedures

Criteria – A properly designed system of internal control over financial reporting allows for the preparation of financial statements which are free from material misstatement and presented in conformity with generally accepted accounting principles (GAAP).

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

Condition – As a result of our audit procedures, we noted a lack of internal control procedures designed to ensure the completion of the County's capital asset records.

Cause – The capital asset procedures relating to the completion of the capital asset records rely solely on information received from County departments.

Effect –The lack of procedures could result in incomplete capital asset records and ultimately financial data not in accordance with generally accepted accounting principles.

Recommendation – We recommend that County staff implement additional capital asset procedures to ensure all capital assets are being recorded. Additional procedures should include a review of the County's disbursement records for capital assets purchased.

Response – The Auditor's Office staff currently contacts the various departments for input on capital asset projects and acquisitions. The staff also reviews invoices for items which meet the County's capitalization policy. The review of invoices has not included acquisitions completed through agency funds. The Auditor's Office staff will review all invoices, including agency fund purchases, that meet the County's capitalization policy to determine if those assets should be recorded in the County's financial statements. Staff will also use general ledger reports and other available documentation to determine if there are unrecorded assets and/or construction projects.

Significant Deficiencies

2016-E 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 – We plan on making the following changes to comply with your recommendations. We understand that it is difficult on comply with all aspects of segregation of duties in a small office.

In the opening and distribution of money received. We will have one person open the mail and have a second person enter it into the docketing system.

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

In the Stellar financial system, money entered by staff is normally by different staff than those that release and disperses monies. Money is deposited in money manager where it is counted and classified by denomination. Monies deposited without using the counter because of errors are segregated in the machine and noted by the system. Upon release, a debit card is issued by the system for the amount specified by the accounting system. Intervention by jail staff is not possible with the issuance.

Bank reconciliation of non-Stellar accounts will be done by Bonnie Ehlinger rather than Karen Uthoff.

2016-F Recorder's Office – Segregation of Duties

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

Condition – In the Recorder's Office there are generally only one or two individuals in the office with control over the receipts and disbursements areas for which no compensating controls exist.

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

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

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – We understand and are aware of this. We have two employees in our office, and duties are split between daily balancing and preparing bank deposits.

2016-G 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.

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

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

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

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

Part II: Other Findings Related to Required Statutory Reporting:

2016-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2015, did not exceed the amounts budgeted by function.

2016-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.

2016-IA-C **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2016-IA-D **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Kipp Schoettner, owner of John's Tire Service, spouse of Melinda Schoettner, Deputy Treasurer	Services	$ 6,462
Terry Ehlinger, owner of Ehlinger's Vinton Express, spouse of Bonnie Ehlinger, Sheriff's Office	Supplies	897
James Anderson, father of Susan Meyer, Transportation Department	Services	424

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

Name, Title, and Business Connection	Transaction Description	Amount
Barb Campbell, sister of Deb Fleming County Attorney Office	Supplies	195
Bryon Geater, husband of Kelly Geater, County Treasurer.	Services	150
Marc Phelps, husband of Karen Phelps, Benton County Conservation Director.	Supplies	47

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

2016-IA-E **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2016-IA-F **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

2016-IA-G **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

2016-IA-H **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and b)(3).

2016-IA-I **County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2016, for the County Extension Office did not exceed the amount budgeted.

2016-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.