

BENTON COUNTY

BENTON COUNTY

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BENTON COUNTY

BENTON COUNTY OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--------------------|----------------------|---------------------|
| David Vermedahl | Board of Supervisors | December 2012 |
| Ron Buch | Board of Supervisors | December 2012 |
| Jason Sanders | Board of Supervisors | December 2010 |
| Jill Marlow | County Auditor | December 2012 |
| Kelly Rae Geater | County Treasurer | December 2010 |
| Lexa Speidel | County Recorder | December 2010 |
| Randall L. Forsyth | County Sheriff | December 2012 |
| David C. Thompson | County Attorney | December 2010 |
| Larry Andreesen | County Assessor | Appointed |



INDEPENDENT AUDITOR'S REPORT

To the Officials of Benton County:

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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Benton County. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2010, on our consideration of Benton 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information, listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Benton County. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2008 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Benton County. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa
January 15, 2010

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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

Revenue for the County's governmental funds increased 10.8%, or approximately \$1.597 million from fiscal 2008 to fiscal 2009.

Property taxes levied increased 5.1% from \$6.515 million in 2008 to \$6.849 million in 2009. Net property taxes increased approximately 7.5% or \$389,000. Net property taxes are levied taxes less credits.

Intergovernmental revenues, including grants and contributions, increased approximately \$482,000 from \$6.629 million in 2008 to \$7.110 million in 2009, or about 7.3%.

Governmental fund program expenses were approximately \$1.544 million more in 2009 than in 2008. Public Safety saw the largest increase rising from \$2.688 million in 2008 to slightly over \$3.404 million in 2009 or approximately \$716,000. Increases in Capital Project program expense followed with an increase of approximately \$470,000 over 2008. An increase was also realized in County Environment and Education with an increase of approximately \$350,000 in 2009 compared to 2008.

Benton County continued with recovery efforts throughout 2009 from the damage incurred during the 2008 flood. Repairs were made to secondary roads and associated structures as well as several area parks. The County replaced much of the emergency communications equipment lost from the flood event and repaired several facilities including the Governor Sherman building, courthouse, and transportation building. Steps were taken towards the demolition and replacement of the law enforcement center, with construction of a new facility planned to start in FY2010 at an estimated cost of \$6 million, the cost of which will be reimbursed by the Federal Emergency Management Agency. Additionally, the Benton County Emergency Management Commission has been awarded a \$500,000 federal grant, which will be used for a new operations center that will be incorporated into the new law enforcement facility. The County is also constructing a new cell at the solid waste disposal facility, increasing the life span of the landfill. This will require the issuance of approximately \$250,000 in debt. The County continues to house inmates in out-of-county facilities; however the County has been notified that reimbursement of those costs will be minimal, as reimbursement will only be for that amount in excess of the County's pre-disaster inmate housing expenses. The County's finances are being impacted as a result of the State of Iowa's budget crisis as many reductions in state funding are being passed on to local governments as the state tries to balance its budget.

The County's net assets increased by approximately 4% or \$1.365 million, at June 30, 2009.

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 Assets 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 governmental 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 (Agency Funds).
- *Notes to the Financial Statements* 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 special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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 Assets 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 Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 presented in the Statement of Net Assets 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 Mental Health, Rural Services, and Secondary Roads
 - c. the Capital Projects Fund
 - d. the Permanent 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 be readily 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 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 assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

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

E-911 services
Empowerment
Emergency management services
The County Assessor

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

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

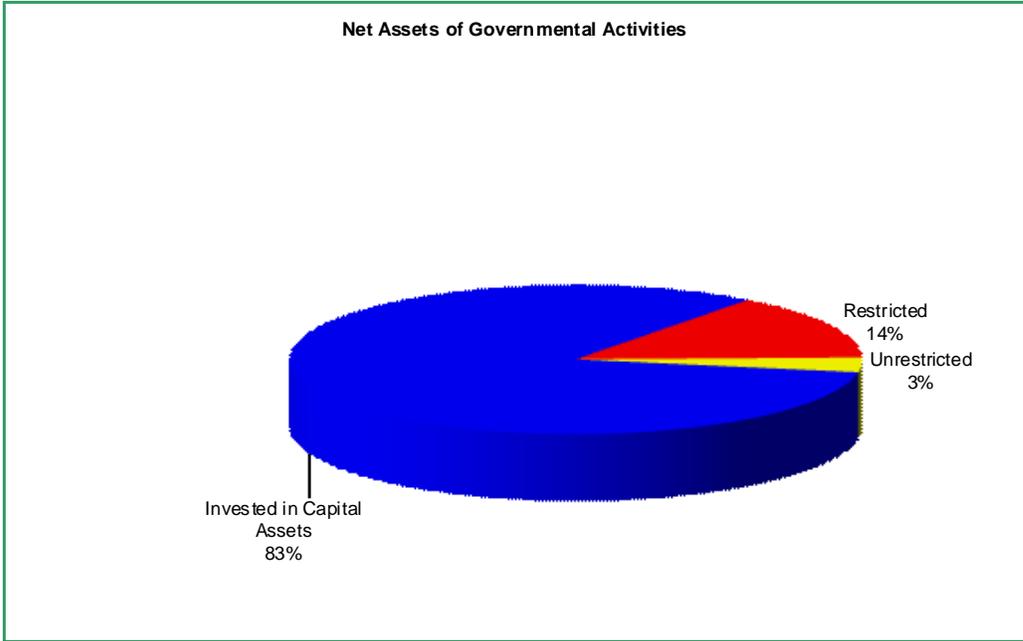
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The County's combined net assets increased from \$33.581 million in 2008 to \$34.946 million in 2009. Our analysis below focuses on the net assets and changes in net assets of the County's governmental activities.

NET ASSETS OF GOVERNMENTAL ACTIVITIES **(as shown in the Statement of Net Assets)**

| | 2009 | 2008 |
|----------------------------|---------------|---------------|
| Current and other assets | \$ 16,459,720 | \$ 17,045,462 |
| Capital assets | 28,837,654 | 26,401,415 |
| Total assets | 45,297,374 | 43,446,877 |
| Long-term debt outstanding | 1,612,364 | 1,444,981 |
| Other liabilities | 8,738,821 | 8,421,026 |
| Total liabilities | 10,351,185 | 9,866,007 |
| Net assets: | | |
| Invested in capital assets | 28,837,654 | 26,401,415 |
| Restricted | 5,003,560 | 4,752,640 |
| Unrestricted | 1,104,975 | 2,426,815 |
| Total net assets | \$ 34,946,189 | \$ 33,580,870 |



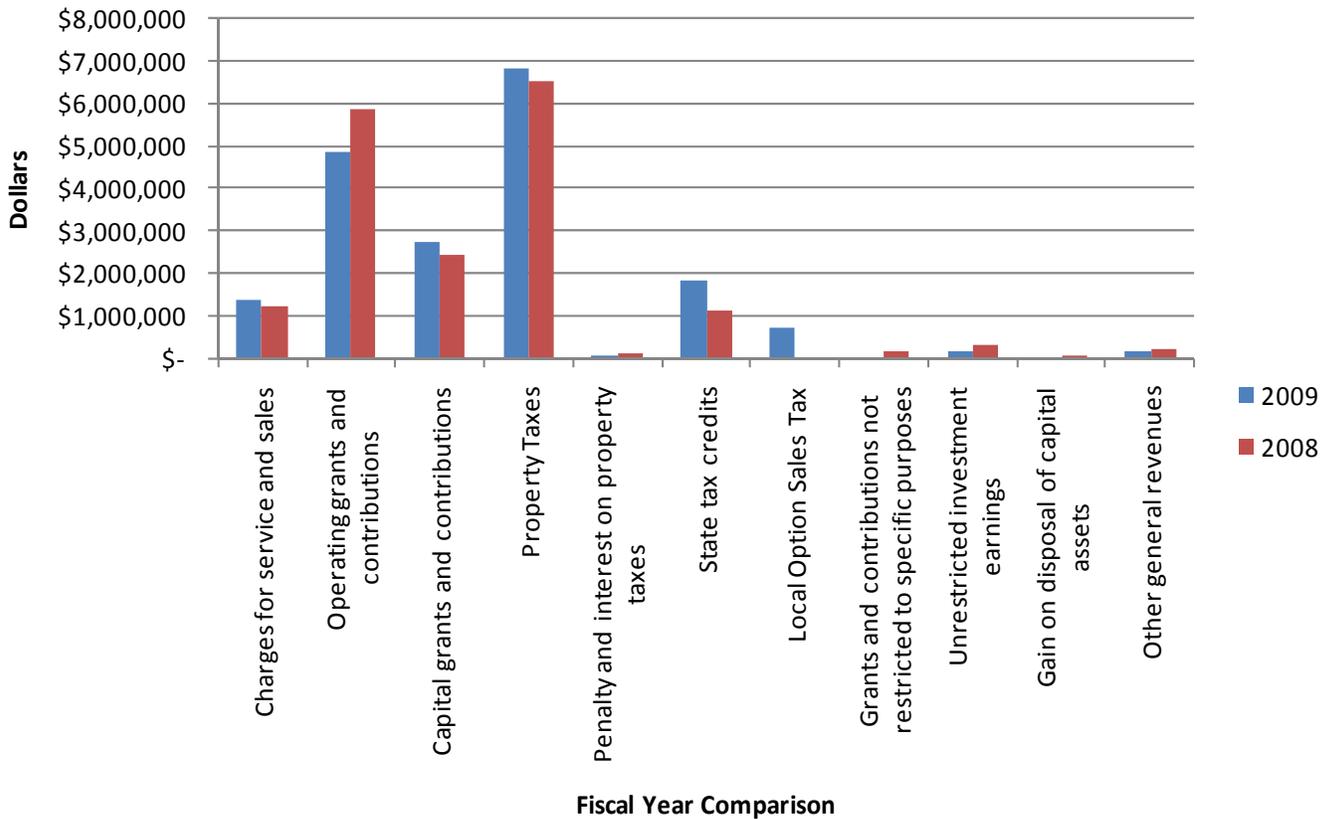
Net assets of the County's governmental activities increased by 4% (\$34,946,189 compared to \$33,580,870). The largest portion of the County's net assets is invested in capital assets. Currently, the County has no related debt to capital assets. The large increase is due primarily to *construction in progress*, which is for the new law enforcement center and associated costs. Unrestricted net assets are that part of net assets 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 ASSETS OF GOVERNMENTAL ACTIVITIES
(as shown in the Statement of Activities)

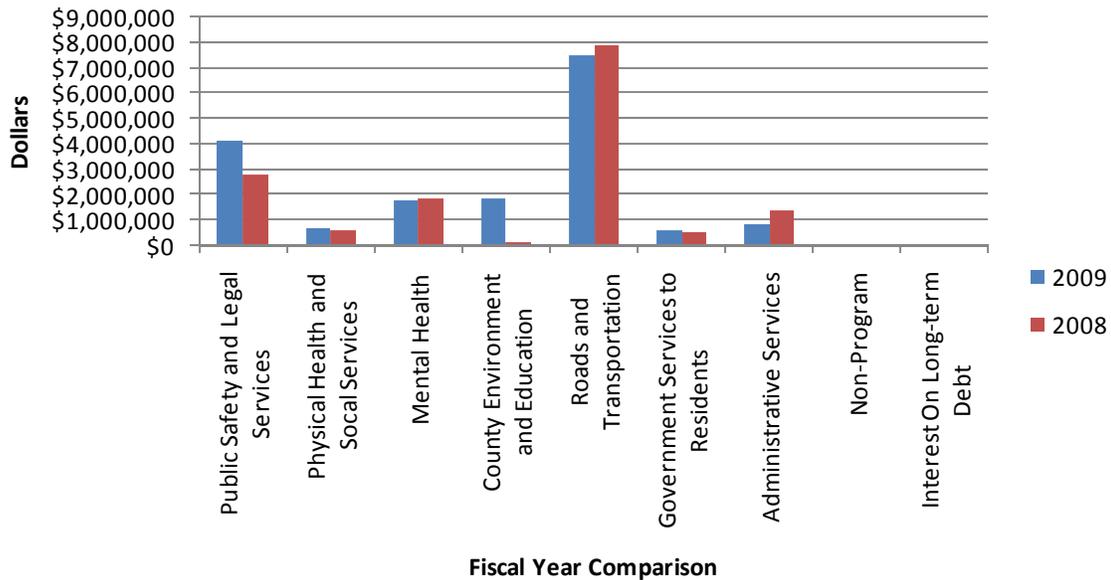
| | <u>2009</u> | <u>2008</u> |
|--|-------------------|-------------------|
| Revenues | | |
| Program Revenues | | |
| Charges for service | \$ 1,375,660 | \$ 1,207,735 |
| Operating grants and contributions | 4,856,651 | 5,847,708 |
| Capital grants and contributions | 2,747,825 | 2,399,538 |
| General Revenues | | |
| Property taxes | 6,849,681 | 6,515,814 |
| Penalty and interest on property tax | 62,257 | 58,723 |
| State tax credits | 1,829,424 | 1,116,079 |
| Local Option Sales Tax | 718,682 | ----- |
| Grants and contributions not restricted to specific purposes | ----- | 110,607 |
| Unrestricted investment earnings | 179,273 | 308,896 |
| Gain on disposal of capital assets | 8,000 | 32,125 |
| Other general revenues | 174,238 | 162,726 |
| Total revenues | <u>18,801,691</u> | <u>17,759,951</u> |

| | 2009 | 2008 |
|-------------------------------------|----------------------|----------------------|
| Program Expenses | | |
| Public safety and legal services | \$ 4,120,205 | \$ 3,725,007 |
| Physical health and social services | 673,210 | 648,508 |
| Mental health | 1,791,146 | 1,849,918 |
| County environment and education | 1,862,586 | 1,388,486 |
| Roads and transportation | 7,519,379 | 7,871,134 |
| Governmental services to residents | 607,945 | 540,108 |
| Administrative services | 861,901 | 1,425,991 |
| Total expenses | <u>17,436,372</u> | <u>17,449,152</u> |
| Increase in net assets | 1,365,319 | 310,799 |
| Net assets beginning of year | <u>33,580,870</u> | <u>33,270,071</u> |
| Net assets end of year | <u>\$ 34,946,189</u> | <u>\$ 33,580,870</u> |

Changes in Net Assets of Governmental Activities - Revenue



Changes in Net Assets of Government Activities - Expenses



Benton County's total revenues increased as well as the total cost of all programs and services from 2008 to 2009 with no new programs added this year. The increases in expenses outpaced the increase in revenues and the County relied on fund reserves to cover the difference between revenues and expenses.

Governmental Activities

The results of governmental activities for the year ended June 30, 2009, resulted in Benton County's net assets increasing by approximately \$1.365 million. Revenues for governmental activities increased by approximately \$1.042 million over the prior year, with property tax increasing from the prior year by approximately \$337,400, or a little more than 5%. The major increase in revenues for governmental activities was in capital grants and contributions, much of which can be attributed to the federal government's disaster assistance for the 2008 flood event.

The County's property tax rates in 2009 increased from 2008. This is a result of the increased costs for providing and expanding existing services and a reduction in the County's reserves available to offset those increases.

| | <u>FY2009</u> | <u>FY2008</u> |
|---------------------------------------|---------------|---------------|
| Countywide taxable value | 1,022,614,959 | 937,273,079 |
| Countywide levy rate less debt | 5.06960 | 4.93778 |
| Dollars levied less debt | 5,184,241 | 4,628,051 |
| Countywide taxable debt service value | 1,070,674,054 | 985,419,685 |
| Countywide debt service levy rate | 0.00 | 0.00 |
| Dollars levied for debt service | 0.00 | 0.00 |
| Total countywide levy rate | 5.06960 | 4.93778 |
| Total dollars levied countywide | 5,184,241 | 4,628,051 |
| Rural taxable value | 676,484,495 | 623,821,010 |
| Rural tax levy rate | 2.76374 | 3.24372 |
| Dollars levied for rural area only | 1,869,625 | 2,023,501 |
| Total dollars levied | 7,053,866 | 6,651,552 |

The cost of all governmental activities this year was \$17.436 million compared to \$17.449 million last year. However, as shown in the Statement of Activities on page 16, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$6.912 million because some of the cost was paid by those directly benefiting from the programs (\$1.376 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.604 million). The County paid for the remaining "public benefit" portion of governmental activities with other revenues, such as interest and general entitlements.

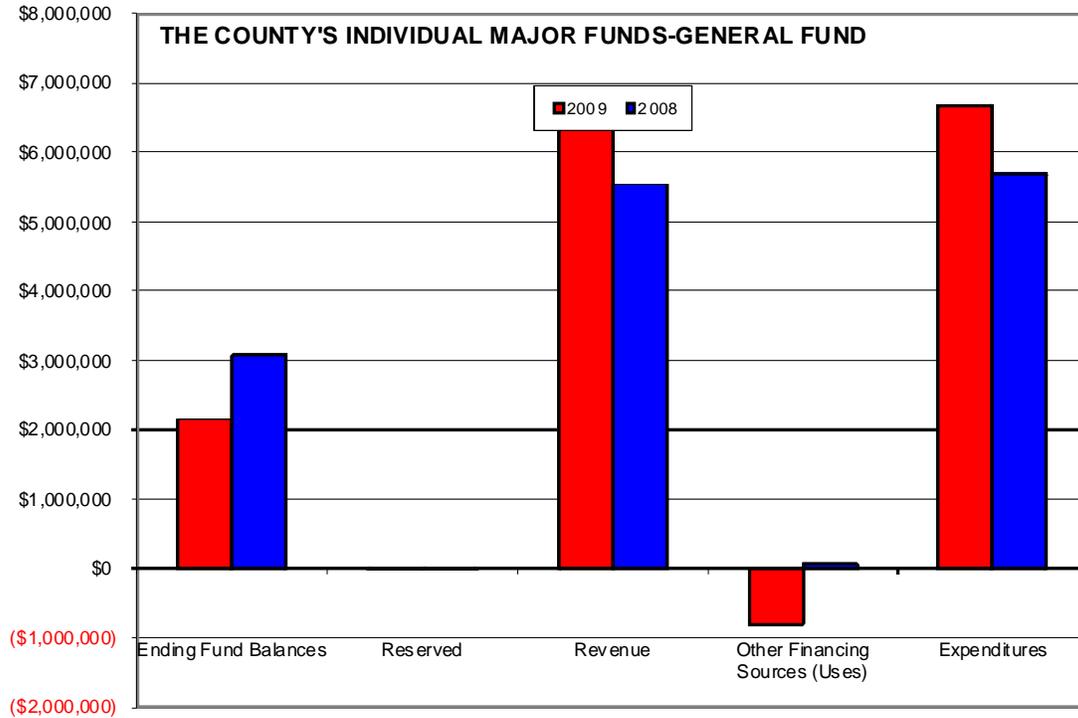
INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$6,798,228, which is lower than last year's total of \$7,672,701. The County funds expended \$825,496 more than we received in operating revenues for the year. Additionally, the County experienced a decrease in inventory reserves of \$48,977. The following are the key reasons for the changes in fund balances of the major funds from the prior year.

General Fund

General Fund revenues increased \$1.034 million and expenditures increased \$998,524 when compared to the prior year. The increases in both revenue and expenditures can, in part, be attributed to the 2008 flood disaster. Disaster assistance funds were receipted into the general fund and reallocated to appropriate areas as repairs and replacement of equipment were accomplished. The ending fund balance decreased from the prior year by \$915,367. The County continues to designate a portion of the ending fund balance for the future replacement of election equipment, addressing any hazardous material incident in Benton County, equipment/vehicle replacement, and to special projects.

| | <u>2009</u> | <u>2008</u> |
|--------------------------------|--------------|--------------|
| Ending Fund Balance | \$ 2,149,302 | \$ 3,064,669 |
| Reserved | 4,385 | 4,270 |
| Revenue | 6,565,344 | 5,531,282 |
| Other Financing Sources (Uses) | (802,286) | 62,511 |
| Expenditures | 6,678,602 | 5,690,078 |

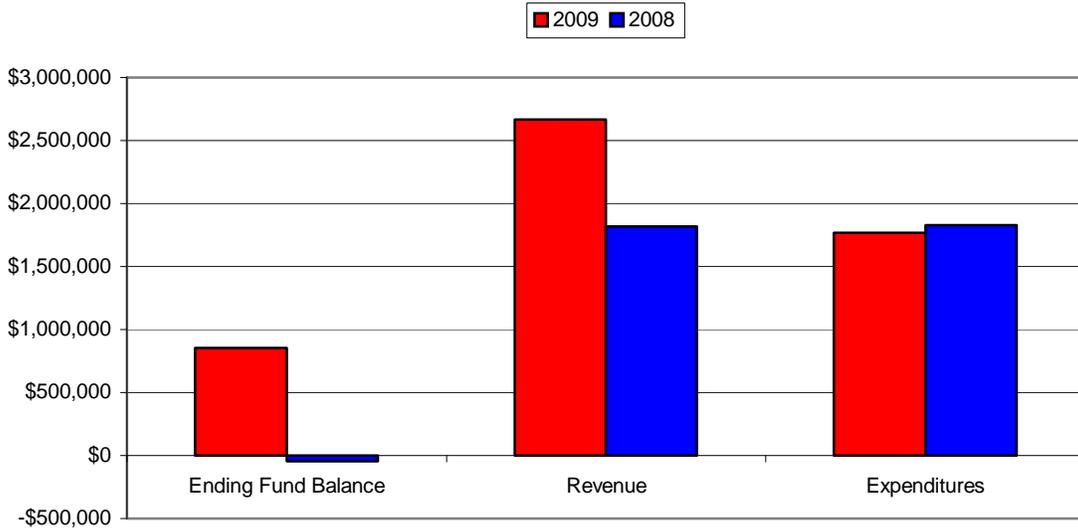


Mental Health

The County continues to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1.768 million, a decrease of approximately 3% from the prior year. The County's goal is to maintain a reserve that is equal to approximately 25% of the annual operating costs in the Mental Health Fund. The Mental Health Fund balance at year-end increased by \$898,877 from the prior year; this was primarily a result of additional funding received from the State of Iowa due to the County's deficit balance at the end of FY08 and an increase in tax revenue. However, due to the economic condition of the State of Iowa, it is anticipated that State mental health tax relief funding will be reduced in an effort to balance the state's budget. If the County is unable to finance the mental health services needed by its clients, then waiting lists will be required. The County continues to emphasize that legislative changes will be required if the County is to continue to comply with legal mandates and escalating costs.

| | 2009 | 2008 |
|---------------------|------------|-------------|
| Ending Fund Balance | \$ 852,765 | \$ (46,112) |
| Revenue | 2,667,369 | 1,816,406 |
| Expenditures | 1,768,492 | 1,828,868 |

THE COUNTY'S INDIVIDUAL MAJOR FUNDS-MENTAL HEALTH

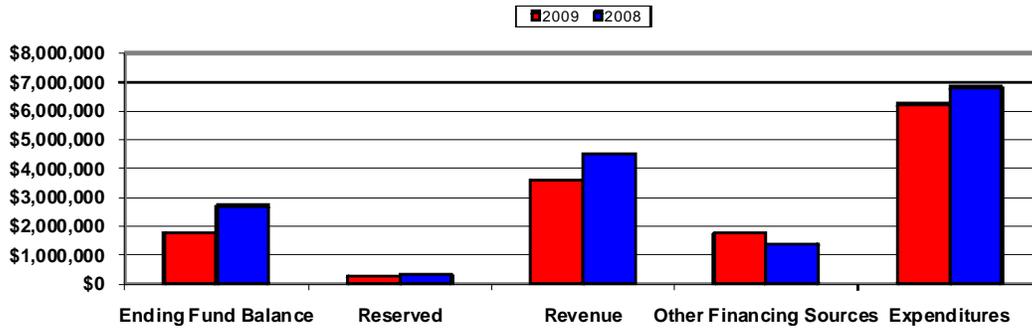


Secondary Roads

Secondary Roads Fund expenditures decreased by approximately \$585,000 over the prior year, which is due to the County spending less money on construction projects. The projects were all small and primarily involved hard surfacing three different short road segments. The bridge replacement project in 2009 was funded with Farm-to-Market funds. The County experienced a milder winter and lower fuel costs, which lowered operating and personnel costs but were forced to address necessary pavement repairs on numerous paved roadways. The fund also realized a significant decrease in revenues from 2008 to 2009 of approximately \$878,000. This difference in revenue was due to FEMA and BROS reimbursements. Inventory reserves decreased approximately \$49,000 from 2008 to 2009. This has resulted in a decrease in the Secondary Roads Fund ending balance of \$919,329 or approximately 34%. The County continues to plan for long-range projects including several resurfacing projects, but without additional revenue, some of these plans may need to be put on hold.

| | <u>2009</u> | <u>2008</u> |
|-------------------------|--------------|--------------|
| Ending Fund Balance | \$ 1,801,101 | \$ 2,720,430 |
| Reserved | 284,023 | 333,177 |
| Revenue | 3,614,021 | 4,491,859 |
| Other Financing Sources | 1,761,652 | 1,395,114 |
| Expenditures | 6,245,848 | 6,831,170 |

THE COUNTY'S INDIVIDUAL MAJOR FUNDS-SECONDARY ROADS



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 FY09 Benton County had \$28.838 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. More detailed information about the County's capital assets is presented in **Note 6** to the financial statements.

Debt

At year-end, the County had no outstanding general obligation bonds and did not issue any new general obligation debt during 2009.

Tax increment debt stood at \$4,260 as of June 30, 2009. The County's current tax increment financed debt is for internal loans. Less than \$100 is debt attributable to the infrastructure (water and sewer) constructed in Benton Commerce Village. The remaining tax increment debt is for expenses incurred to provide tax rebate incentives to Frontier Cooperative, an employer in rural Benton County. The County created an additional \$65,000 in tax increment financed debt in FY10 for a road improvement project that accesses the Frontier Cooperative facility.

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt limitation is \$101.683 million, based on 2009 values.

100% Assessed Values
for Calculating Debt Capacity

| <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-----------------|-----------------|-----------------|
| \$2,033,671,186 | \$1,809,975,358 | \$1,764,393,765 |

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Benton County's elected and appointed officials and citizens considered many factors when setting the 2009 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 6.0% in November 2009 compared with the State's November 2009 unemployment rate of 6.7% and the national rate of 10.0%.

Inflation in the State is comparable to the national Consumer Price Index increase. The Midwest's CPI increase was 2.2% for the 12-month period ending November 2009 compared with the national rate of 1.8%. The Midwest's CPI was at -1.7% for the fiscal year ending June 30, 2009.

At the time the 2009 General Fund budget was adopted these indicators were not at the level they are today. The County took the economic situation into account when adopting the General Fund budget for FY2010. The County continued its commitment to moderating the growth in property taxes as demonstrated by a slight increase in tax revenue in the general fund in FY09, although an increase in the mental health tax levy was necessary. Benton County reduced the levy for the rural fund by using local option sales and services tax receipts in accordance with the referendum passed implementing the tax. Benton County will continue to use fund reserves to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted program disbursements are expected to raise by approximately \$7.158 million in FY10 in comparison to actual disbursements for FY09. Increases are being experienced in virtually all programs, however the largest increases are due to disaster related repairs in public safety and capital projects. A decrease is budgeted in county environment and education.

If these estimates are realized, the County's budgetary operating balance is expected to significantly decrease by the close of 2010. The FY09 financial statements indicating a decrease in the balance in the County's governmental funds supports this.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Benton County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Benton County, P.O. Box 549, 111 E. 4th Street, Vinton, Iowa, 52349.

BASIC FINANCIAL STATEMENTS

BENTON COUNTY

BENTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2009

Exhibit A

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and pooled investments | \$ 7,672,824 |
| Receivables: | |
| Property tax: | |
| Delinquent | 17,319 |
| Succeeding year | 7,472,839 |
| Interest and penalty on property tax | 15,722 |
| Accounts | 113,062 |
| Accrued interest | 29,328 |
| Due from other governments | 775,831 |
| Inventories | 288,409 |
| Prepaid expenses | 74,386 |
| Land and construction in progress | 5,996,362 |
| Buildings, equipment, and infrastructure (net of accumulated depreciation) | <u>22,841,292</u> |
| Total assets | <u>45,297,374</u> |
| LIABILITIES | |
| Accounts payable | 566,545 |
| Salaries and benefits payable | 153,098 |
| Due to other governments | 295,508 |
| Unearned revenue: | |
| Succeeding year property tax | 7,472,839 |
| Other | 250,831 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Compensated absences | 316,075 |
| Portion due or payable after one year: | |
| Landfill closure and postclosure care | 1,253,307 |
| Net other postemployment benefits | <u>42,982</u> |
| Total liabilities | <u>10,351,185</u> |
| NET ASSETS | |
| Invested in capital assets | 28,837,654 |
| Restricted for or by: | |
| Supplemental levy purposes | 422,228 |
| Mental health purposes | 852,765 |
| Secondary roads purposes | 1,801,101 |
| Landfill closure and postclosure care | 1,117,847 |
| State statute | 10,030 |
| Endowments | |
| Expendable | 149,180 |
| Nonexpendable | 27,515 |
| Other purposes | 622,894 |
| Unrestricted | <u>1,104,975</u> |
| Total net assets | <u>\$ 34,946,189</u> |

See notes to financial statements.

BENTON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

| | <u>Expenses</u> | <u>Charges for Service</u> |
|-------------------------------------|--------------------------|--------------------------------|
| Functions/Programs: | | |
| Governmental activities: | | |
| Public safety and legal services | \$ 4,120,205 | \$ 210,952 |
| Physical health and social services | 673,210 | 46,609 |
| Mental health | 1,791,146 | 22,945 |
| County environment and education | 1,862,586 | 345,539 |
| Roads and transportation | 7,519,379 | 273,835 |
| Governmental services to residents | 607,945 | 443,635 |
| Administration | <u>861,901</u> | <u>32,145</u> |
| Total | <u>\$ 17,436,372</u> | <u>\$ 1,375,660</u> |

General Revenues:

Property and other County tax levied for:

 General purposes

 Penalty and interest on property tax

 State tax credits

 Local option sales tax

 Unrestricted investment earnings

 Gain on disposal of capital assets

 Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

| <u>Program Revenues</u> | | Net (Expense) |
|---|---|--|
| <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Revenue and Changes in Net Assets</u> |
| \$ 305,442 | \$ 223,393 | \$ (3,380,418) |
| 262,791 | - | (363,810) |
| 307,909 | - | (1,460,292) |
| 528,780 | 2,115 | (986,152) |
| 2,922,806 | 2,519,677 | (1,803,061) |
| 5,057 | - | (159,253) |
| <u>523,866</u> | <u>2,640</u> | <u>(303,250)</u> |
| | | |
| <u>\$ 4,856,651</u> | <u>\$ 2,747,825</u> | <u>(8,456,236)</u> |

| |
|----------------------|
| 6,849,681 |
| 62,257 |
| 1,829,424 |
| 718,682 |
| 179,273 |
| 8,000 |
| <u>174,238</u> |
| |
| <u>9,821,555</u> |
| |
| 1,365,319 |
| |
| <u>33,580,870</u> |
| |
| <u>\$ 34,946,189</u> |

**BENTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

| | <u>General</u> | <u>Rural Services</u> |
|--|---------------------|---------------------------|
| ASSETS | | |
| Cash and pooled investments | \$ 2,481,011 | \$ 172,487 |
| Receivables: | | |
| Property tax: | | |
| Delinquent | 10,709 | 4,348 |
| Succeeding year | 4,509,403 | 2,056,562 |
| Interest and penalty on property tax | 15,722 | - |
| Accounts | 10,374 | - |
| Accrued interest | 26,725 | - |
| Due from other funds | 27,401 | - |
| Due from other governments | 559,583 | - |
| Inventories | 4,385 | - |
| | <u>4,385</u> | <u>-</u> |
| Total assets | <u>\$ 7,645,313</u> | <u>\$ 2,233,397</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 64,590 | \$ 483 |
| Salaries and benefits payable | 92,900 | 6,979 |
| Due to other funds | 1,017 | - |
| Due to other governments | 26,217 | - |
| Deferred revenue: | | |
| Succeeding year property tax | 4,509,403 | 2,056,562 |
| Other | 801,884 | 2,360 |
| Total liabilities | <u>5,496,011</u> | <u>2,066,384</u> |
| Fund balances: | | |
| Reserved for or by: | | |
| Landfill closure and postclosure care | - | - |
| Inventories | 4,385 | - |
| State statute | - | - |
| Unreserved, reported in: | | |
| General fund: | | |
| Designated for election equipment | 32,000 | - |
| Designated for emergency response | 50,000 | - |
| Designated for historic preservation | 10,000 | - |
| Designated for equipment/vehicle replacement | 92,000 | 7,000 |
| Undesignated | 1,960,917 | - |
| Special revenue funds | - | 160,013 |
| Capital projects fund | - | - |
| Permanent fund | - | - |
| Total fund balances | <u>2,149,302</u> | <u>167,013</u> |
| Total liabilities and fund balances | <u>\$ 7,645,313</u> | <u>\$ 2,233,397</u> |

See notes to financial statements.

| <u>Special Revenue</u> | | <u>Nonmajor</u> | |
|------------------------|---------------------|---------------------|----------------------|
| <u>Secondary</u> | <u>Mental</u> | <u>Governmental</u> | <u>Total</u> |
| <u>Roads</u> | <u>Health</u> | <u>Funds</u> | |
| \$ 1,780,023 | \$ 1,158,031 | \$ 1,891,969 | \$ 7,483,521 |
| - | 2,262 | - | 17,319 |
| - | 899,063 | 7,811 | 7,472,839 |
| - | - | - | 15,722 |
| 46,907 | 5,535 | 50,246 | 113,062 |
| - | - | 2,603 | 29,328 |
| 59,565 | - | - | 86,966 |
| 61,043 | 358 | 154,847 | 775,831 |
| 284,024 | - | - | 288,409 |
| <u>\$ 2,231,562</u> | <u>\$ 2,065,249</u> | <u>\$ 2,107,476</u> | <u>\$ 16,282,997</u> |
| | | | |
| \$ 292,094 | \$ 68,933 | \$ 140,445 | \$ 566,545 |
| 45,979 | 2,366 | 4,874 | 153,098 |
| - | - | 85,949 | 86,966 |
| 1,342 | 234,225 | 33,724 | 295,508 |
| - | 899,063 | 7,811 | 7,472,839 |
| 91,046 | 7,897 | 6,626 | 909,813 |
| <u>430,461</u> | <u>1,212,484</u> | <u>279,429</u> | <u>9,484,769</u> |
| | | | |
| - | - | 1,117,847 | 1,117,847 |
| 284,023 | - | - | 288,408 |
| - | - | 10,030 | 10,030 |
| | | | |
| - | - | - | 32,000 |
| - | - | - | 50,000 |
| - | - | - | 10,000 |
| - | - | - | 99,000 |
| - | - | - | 1,960,917 |
| 1,517,078 | 852,765 | 772,074 | 3,301,930 |
| - | - | (99,419) | (99,419) |
| - | - | 27,515 | 27,515 |
| <u>1,801,101</u> | <u>852,765</u> | <u>1,828,047</u> | <u>6,798,228</u> |
| | | | |
| <u>\$ 2,231,562</u> | <u>\$ 2,065,249</u> | <u>\$ 2,107,476</u> | <u>\$ 16,282,997</u> |

BENTON COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Exhibit D

| | |
|--|----------------------|
| Total fund balances for governmental funds | \$ 6,798,228 |
| Total net assets reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | 28,837,654 |
| Other assets, such as County taxes and intergovernmental revenue, are not available to pay for current period expenditures and therefore are deferred in the funds. | 658,982 |
| The Internal Service Fund is used by the County to charge costs of health insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. | 263,689 |
| Long-term liabilities, including compensated absences and landfill closure and postclosure care are not due and payable in the current period and therefore are not reported in the governmental funds. | |
| Compensated absences | \$ (316,075) |
| Landfill closure and postclosure care | (1,253,307) |
| Net other postemployment benefits | <u>(42,982)</u> |
| | <u>(1,612,364)</u> |
| Total net assets of governmental activities | <u>\$ 34,946,189</u> |

BENTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

| | General | Rural Services |
|---|---------------------|--------------------|
| Revenues: | | |
| Property and other County tax | \$ 4,046,564 | \$ 1,766,477 |
| Interest and penalty on property tax | 61,120 | - |
| Intergovernmental | 1,477,735 | 106,967 |
| Licenses and permits | 23,434 | - |
| Charges for service | 678,828 | 11,825 |
| Use of money and property | 177,460 | - |
| Miscellaneous | 100,203 | 106 |
| Total revenues | <u>6,565,344</u> | <u>1,885,375</u> |
| Expenditures: | | |
| Operating: | | |
| Public safety and legal services | 3,292,242 | 70,485 |
| Physical health and social services | 671,788 | - |
| Mental health | - | - |
| County environment and education | 669,294 | 204,457 |
| Roads and transportation | - | 92,647 |
| Governmental services to residents | 573,210 | 5,933 |
| Administration | 1,472,068 | 5,884 |
| Capital projects | - | - |
| Total expenditures | <u>6,678,602</u> | <u>379,406</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(113,258)</u> | <u>1,505,969</u> |
| Other financing sources (uses): | | |
| Sale of capital assets | - | - |
| Transfers in | 898,903 | 153,876 |
| Transfers out | <u>(1,701,189)</u> | <u>(1,841,218)</u> |
| Total other financing sources (uses) | <u>(802,286)</u> | <u>(1,687,342)</u> |
| Net change in fund balances | (915,544) | (181,373) |
| Fund balances beginning of year | 3,064,669 | 348,386 |
| Increase (decrease) in reserve for inventories | <u>177</u> | <u>-</u> |
| Fund balances end of year | <u>\$ 2,149,302</u> | <u>\$ 167,013</u> |

See notes to financial statements.

| Special Revenue | | Nonmajor | |
|---------------------|-------------------|-----------------------|---------------------|
| Secondary Roads | Mental Health | Governmental Funds | Total |
| \$ - | \$ 854,952 | \$ 901,903 | \$ 7,569,896 |
| - | - | - | 61,120 |
| 3,330,838 | 1,785,041 | 409,884 | 7,110,465 |
| 5,055 | 7,534 | - | 36,023 |
| 42 | 17,580 | 210,378 | 918,653 |
| - | - | 49,523 | 226,983 |
| 278,086 | 2,262 | 55,206 | 435,863 |
| <u>3,614,021</u> | <u>2,667,369</u> | <u>1,626,894</u> | <u>16,359,003</u> |
| - | - | 41,752 | 3,404,479 |
| - | - | 8,971 | 680,759 |
| - | 1,768,492 | - | 1,768,492 |
| - | - | 924,721 | 1,798,472 |
| 6,076,376 | - | - | 6,169,023 |
| - | - | 6,396 | 585,539 |
| - | - | 13,468 | 1,491,420 |
| 169,472 | - | 1,124,843 | 1,294,315 |
| <u>6,245,848</u> | <u>1,768,492</u> | <u>2,120,151</u> | <u>17,192,499</u> |
| <u>(2,631,827)</u> | <u>898,877</u> | <u>(493,257)</u> | <u>(833,496)</u> |
| 8,000 | - | - | 8,000 |
| 1,753,652 | - | 1,168,755 | 3,975,186 |
| - | - | (432,779) | (3,975,186) |
| <u>1,761,652</u> | <u>-</u> | <u>735,976</u> | <u>8,000</u> |
| (870,175) | 898,877 | 242,719 | (825,496) |
| 2,720,430 | (46,112) | 1,585,328 | 7,672,701 |
| (49,154) | - | - | (48,977) |
| <u>\$ 1,801,101</u> | <u>\$ 852,765</u> | <u>\$ 1,828,047</u> | <u>\$ 6,798,228</u> |

BENTON COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Exhibit F

Net change in fund balances - Total governmental funds \$ (825,496)

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

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

| | | |
|---------------------------------|--------------------|-----------|
| Expenditures for capital assets | \$ 1,718,770 | |
| Contributed capital assets | 2,453,949 | |
| Depreciation expense | <u>(1,736,482)</u> | |
| | | 2,436,237 |

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

| | | |
|------------------------------------|-----------------|----------|
| Property tax | (505) | |
| Charges for services | 51,262 | |
| Miscellaneous | 538 | |
| Governmental services to residents | 5,057 | |
| Operating grants | <u>(75,680)</u> | |
| | | (19,328) |

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 | 4,778 | |
| Change in net other postemployment benefits | (42,982) | |
| Change in landfill closure/postclosure liability | <u>(129,180)</u> | |
| | | (167,384) |

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted.

(48,974)

The Internal Service Fund is used by the County to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

(9,736)

Change in net assets of governmental activities.

\$ 1,365,319

BENTON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

Exhibit G

| | <u>Internal Service- Benton County Co-Insurance</u> |
|-----------------------------|---|
| ASSETS | |
| Cash and pooled investments | \$ 189,303 |
| Prepaid expense | <u>74,386</u> |
| Total assets | 263,689 |
| LIABILITIES | |
| | <u>-</u> |
| NET ASSETS | |
| Unrestricted | <u><u>\$ 263,689</u></u> |

BENTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

Exhibit H

| | <u>Internal Service - Benton County Co-Insurance</u> |
|------------------------------------|--|
| Operating revenues: | |
| Charges for service | \$ 904,348 |
| Miscellaneous | <u>69,598</u> |
| Total operating revenues | <u>973,946</u> |
| | |
| Operating expenses: | |
| Insurance premiums | 863,095 |
| Claims and administrative expenses | <u>120,587</u> |
| Total operating expenses | <u>983,682</u> |
| | |
| Change in net assets | (9,736) |
| | |
| Net assets beginning of year | <u>273,425</u> |
| | |
| Net assets end of year | <u>\$ 263,689</u> |

BENTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

Exhibit I

| | <u>Internal Service - Benton County Co-Insurance</u> |
|---|--|
| Cash flows from operating activities: | |
| Cash received from employees and others | \$ 973,981 |
| Cash paid for administrative fees and supplies | (77,589) |
| Cash paid for insurance claims/premiums | <u>(906,508)</u> |
| Net cash used for operating activities | (10,116) |
| Cash and pooled investments at beginning of year | <u>199,419</u> |
| Cash and pooled investments at end of year | <u>\$ 189,303</u> |
| Reconciliation of change in net assets to net cash used for operating activities: | |
| Change in net assets | \$ (9,736) |
| Adjustments to reconcile change in net assets to net cash used for operating activities: | |
| Increase in prepaid expense | (415) |
| Decrease in accounts receivable | <u>35</u> |
| Net cash used for operating activities | <u>\$ (10,116)</u> |

BENTON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009

Exhibit J

ASSETS

| | |
|---------------------------------|-----------------------|
| Cash and pooled investments | \$ 1,542,022 |
| Receivables: | |
| Property tax: | |
| Delinquent | 54,242 |
| Succeeding year | 23,238,508 |
| Accounts | 22,650 |
| Accrued interest | 311 |
| Special assessments | 166,400 |
| Interest on special assessments | 6,308 |
| Due from other governments | <u>28,266</u> |
| Total assets | <u>25,058,707</u> |

LIABILITIES

| | |
|-------------------------------|-----------------------|
| Accounts payable | 38,783 |
| Salaries and benefits payable | 6,650 |
| Due to other governments | 24,993,468 |
| Trusts payable | <u>19,806</u> |
| Total liabilities | <u>25,058,707</u> |

NET ASSETS

\$ -

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton 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, 2009.

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, and Benton County Joint E911 Service Board. 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.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary 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 non-exchange transactions.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

The Statement of Net Assets presents the County's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets consists of capital assets, net of accumulated depreciation.

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have 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 non-major governmental funds.

The County reports the following major governmental funds:

The 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:

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 secondary road construction and maintenance.

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

Additionally, the County reports the following funds:

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.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 assets 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.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, Liabilities, 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, 2007, assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2008.

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, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

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, 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 Assets. 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:

| <u>Asset Class</u> | <u>Estimated Useful Lives (In Years)</u> |
|--------------------|--|
| Infrastructure | 15 – 65 |
| Buildings | 20 – 50 |
| Equipment | 2 – 30 |

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.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as delinquent property tax receivable and amounts due from other governments not collected within sixty days after year-end and succeeding year property tax receivable.

Unearned revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, Secondary Roads, and Sanitary Disposal Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2009, 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 investments at June 30, 2009.

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.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 – DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2009, is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------------|------------------|
| General | Nonmajor Governmental | \$ 27,401 |
| Secondary Roads | General | 1,017 |
| | Nonmajor Governmental | <u>58,548</u> |
| Total | | <u>\$ 86,966</u> |

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

NOTE 4 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009, is as follows:

| Transfer to | Transfer from | Amount |
|-----------------------|-----------------------|---------------------|
| General | Nonmajor Governmental | \$ 198,903 |
| General Supplemental | General | 700,000 |
| Rural Services | Nonmajor Governmental | 153,876 |
| Secondary Roads | General | 129,394 |
| | Rural Services | 1,624,258 |
| Nonmajor Governmental | General | 871,795 |
| | Rural Services | 216,960 |
| | Nonmajor Governmental | <u>80,000</u> |
| Total | | <u>\$ 3,975,186</u> |

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

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 – DUE TO OTHER GOVERNMENTS

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

| Fund | Description | Amount |
|--|-------------|----------------------|
| General | Services | \$ 26,217 |
| Secondary Roads | Services | 1,342 |
| Mental Health | Services | 234,225 |
| Nonmajor Governmental | Services | <u>33,724</u> |
| Total for governmental funds | | <u>295,508</u> |
| Agency: | Collections | |
| County Recorder | | 14,075 |
| County Recorder's Electronic Fee | | 1,151 |
| County Sheriff | | 55 |
| Agricultural Extension Education | | 192,599 |
| County Assessor | | 679,882 |
| Schools | | 15,716,121 |
| Community Colleges | | 939,222 |
| Corporations | | 6,006,144 |
| Townships | | 347,571 |
| Auto License and Use Tax | | 562,069 |
| Brucellosis and Tuberculosis Eradication | | 3,307 |
| Fire Districts | | 93,515 |
| E911 Surcharge | | 185,132 |
| Joint Disaster Services | | 57,199 |
| City Special Assessments | | 178,550 |
| Empowerment Board | | <u>16,876</u> |
| Total for agency funds | | <u>24,993,468</u> |
| Total | | <u>\$ 25,288,976</u> |

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, was as follows:

| | <u>Balance Beginning of Year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance End of Year</u> |
|---|--|---------------------|--------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,987,076 | \$ - | \$ - | \$ 1,987,076 |
| Construction in progress | <u>1,336,757</u> | <u>2,672,529</u> | <u>-</u> | <u>4,009,286</u> |
| Total capital assets not being depreciated | <u>3,323,833</u> | <u>2,672,529</u> | <u>-</u> | <u>5,996,362</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 2,458,623 | 322,225 | (24,000) | 2,756,848 |
| Equipment | 9,196,329 | 737,106 | (208,122) | 9,725,313 |
| Infrastructure | <u>32,982,910</u> | <u>473,387</u> | <u>-</u> | <u>33,456,297</u> |
| Total capital assets being depreciated | <u>44,637,862</u> | <u>1,532,718</u> | <u>(232,122)</u> | <u>45,938,458</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,178,017 | 65,052 | (15,900) | 1,227,169 |
| Equipment | 6,497,350 | 610,702 | (183,696) | 6,924,356 |
| Infrastructure | <u>13,884,913</u> | <u>1,060,728</u> | <u>-</u> | <u>14,945,641</u> |
| Total accumulated depreciation | <u>21,560,280</u> | <u>1,736,482</u> | <u>(199,596)</u> | <u>23,097,166</u> |
| Total capital assets being depreciated, net | <u>23,077,582</u> | <u>(203,764)</u> | <u>(32,526)</u> | <u>22,841,292</u> |
| Governmental activities capital assets, net | <u>\$ 26,401,415</u> | <u>\$ 2,468,765</u> | <u>\$ (32,526)</u> | <u>\$ 28,837,654</u> |

Depreciation expense was charged to the following functions:

| | |
|--|---------------------|
| Governmental activities: | |
| Public safety and legal services | \$ 105,152 |
| Physical health and social services | 1,951 |
| Mental health | 28,902 |
| County environment and education | 119,522 |
| Roads and transportation | 1,395,831 |
| Governmental services to residents | 44,136 |
| Administration | <u>40,988</u> |
| Total depreciation expense – governmental activities | <u>\$ 1,736,482</u> |

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2009, is as follows:

| | <u>Compensated Absences</u> | <u>Liability for Landfill Closure and Postclosure Care</u> | <u>Net OPEB Liability</u> | <u>Total</u> |
|---------------------------|---------------------------------|--|-----------------------------------|---------------------|
| Balance beginning of year | \$ 320,853 | \$ 1,124,128 | \$ - | \$ 1,444,981 |
| Increases | 316,075 | 129,179 | 42,982 | 488,236 |
| Decreases | <u>(320,853)</u> | <u>-</u> | <u>-</u> | <u>(320,853)</u> |
| Balance end of year | <u>\$ 316,075</u> | <u>\$ 1,253,307</u> | <u>\$ 42,982</u> | <u>\$ 1,612,364</u> |
| Due within one year | <u>\$ 316,075</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 316,075</u> |

NOTE 8 – PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary, and the County is required to contribute 6.35% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2009, are 7.52% for law enforcement employees and the County. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$327,907, \$307,209, and \$278,589, respectively, equal to the required contributions for each year.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Benton County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions prospectively during the year ended June 30, 2009.

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 103 active and 2 retired members in the Plan. Participants must be age 55 or older at retirement.

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 subsidy and an OPEB liability.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 that, 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, 2009, the amount actually contributed to the Plan and changes in the County’s net OPEB obligation:

| | |
|--|----------------------|
| Annual required contribution | \$ 54,698 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | <u>-</u> |
| Annual OPEB cost | 54,698 |
| Contributions made | <u>(11,716)</u> |
| Increase in net OPEB obligation | 42,982 |
| Net OPEB obligation, beginning of year | <u>-</u> |
| Net OPEB obligation, end of year | <u>\$ 42,982</u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$11,716 to the medical plan. Plan members eligible for benefits contributed \$7,596 or 64.8% 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, 2009, are summarized as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------|------------------|--|---------------------|
| June 30, 2009 | \$ 54,698 | 21.4% | \$ 42,982 |

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$493,280, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$493,280. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$4,212,430 and the ratio of the UAAL to covered payroll was 11.7%. As of June 30, 2009, there were no trust fund assets.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, presented as required supplementary information in the section following the Notes to Financial Statements, will present 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, 2008, actuarial valuation date, the Projected Unit Credit with linear proration to decrement cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate medical trend rate.

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$446 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 10 – 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.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 2009, 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, and 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, 2009, 2008, and 2007, 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, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

Initial membership into the risk pool is for a mandatory three year period. Subsequent to the initial term, a member county may withdraw at the end of the third fiscal year of any three-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, 2005, until July 1, 2010. The County also carries commercial insurance purchased by the risk pool from other insurers for coverages associated with boiler/machinery. 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 – LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require Benton County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an increase in the long-term liability in each period based on landfill capacity used as of each balance sheet date. The \$1,253,307 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 80 percent of the estimated capacity. Total estimated closure and postclosure costs are \$333,911 and \$1,334,897, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$415,501 as the remaining estimated capacity is used.

These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2009. The County expects to close the entire landfill in the year 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

No expenditures for landfill closure and postclosure care were made during the year ended June 30, 2009. The liability in the statement of net assets for closure and postclosure care increased by \$129,179 for the year.

BENTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

The County has begun to accumulate resources to fund these costs in accordance with state and federal requirements. At June 30, 2000, a fund dedicated to closure and postclosure costs was established to demonstrate financial assurance. The County transferred \$76,000 to the fund during the fiscal year and the balance of this fund at June 30, 2009, is \$1,117,847. The County has demonstrated financial assurance for the landfill by using the Local Government Financial Test in combination with the Local Government Dedicated Fund.

NOTE 12 – DEFICIT FUND BALANCE

The Capital Projects Fund had a deficit fund balance at June 30, 2009, of \$99,419.

NOTE 13 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

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

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The County's management has not yet determined the effect these statements will have on the County's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BENTON COUNTY

BENTON COUNTY
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES – BUDGET AND ACTUAL (CASH BASIS)
ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

| | Governmental | | |
|---|---------------------|---------------------|---------------------|
| | Fund Types | Budgeted Amounts | |
| | <u>Actual</u> | <u>Original</u> | <u>Final</u> |
| Receipts: | | | |
| Property and other County tax | \$ 7,414,472 | \$ 7,467,522 | \$ 7,467,522 |
| Interest and penalty on property tax | 60,547 | 48,000 | 48,000 |
| Intergovernmental | 8,365,348 | 6,880,605 | 9,356,105 |
| Licenses and permits | 35,479 | 15,800 | 20,800 |
| Charges for service | 945,410 | 673,420 | 673,420 |
| Use of money and property | 240,794 | 260,615 | 260,615 |
| Miscellaneous | 434,979 | 320,800 | 320,800 |
| Total receipts | <u>17,497,029</u> | <u>15,666,762</u> | <u>18,147,262</u> |
| Disbursements: | | | |
| Public safety and legal services | 3,522,171 | 3,054,497 | 4,654,497 |
| Physical health and social services | 679,959 | 784,120 | 809,120 |
| Mental health | 1,815,493 | 2,146,182 | 2,147,682 |
| County environment and education | 1,672,388 | 1,584,530 | 1,854,530 |
| Roads and transportation | 6,245,289 | 5,957,054 | 6,457,054 |
| Governmental services to residents | 571,266 | 788,808 | 788,808 |
| Administration | 1,640,097 | 1,573,694 | 1,773,694 |
| Capital projects | 1,213,395 | 1,793,783 | 2,393,783 |
| Total disbursements | <u>17,360,058</u> | <u>17,682,668</u> | <u>20,879,168</u> |
| Excess (deficiency) of receipts over (under) disbursements | 136,971 | (2,015,906) | (2,731,906) |
| Other financing sources, net | <u>8,122</u> | <u>19,000</u> | <u>19,000</u> |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 145,093 | (1,996,906) | (2,712,906) |
| Balance beginning of year | <u>7,256,604</u> | <u>7,256,604</u> | <u>7,256,604</u> |
| Balance end of year | <u>\$ 7,401,697</u> | <u>\$ 5,259,698</u> | <u>\$ 4,543,698</u> |

| Variance- Over (Under) Budget | Actual as % of Final Budget |
|-------------------------------------|-----------------------------------|
| \$ (53,050) | 99% |
| 12,547 | 126 |
| (990,757) | 89 |
| 14,679 | 171 |
| 271,990 | 140 |
| (19,821) | 92 |
| 114,179 | 136 |
| <u>(650,233)</u> | <u>96</u> |
| | |
| (1,132,326) | 76% |
| (129,161) | 84 |
| (332,189) | 85 |
| (182,142) | 90 |
| (211,765) | 97 |
| (217,542) | 72 |
| (133,597) | 92 |
| <u>(1,180,388)</u> | <u>51</u> |
| <u>(3,519,110)</u> | <u>83</u> |
| | |
| 2,868,877 | |
| | |
| <u>(10,878)</u> | |
| | |
| 2,857,999 | |
| | |
| <u>-</u> | |
| | |
| <u>\$ 2,857,999</u> | |

BENTON COUNTY
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

| | Governmental Funds | | |
|-------------------------------------|---------------------|------------------------|------------------------------|
| | Cash Basis | Accrual Adjustments | Modified Accrual Basis |
| Revenues | \$ 17,497,029 | \$ (1,138,026) | \$ 16,359,003 |
| Expenditures | <u>17,360,058</u> | <u>(167,559)</u> | <u>17,192,499</u> |
| Net | 136,971 | (970,467) | (833,496) |
| Other financing sources, net | 8,122 | (122) | 8,000 |
| Beginning fund balances | 7,256,604 | 416,097 | 7,672,701 |
| Decrease in reserve for inventories | <u>-</u> | <u>(48,977)</u> | <u>(48,977)</u> |
| Ending fund balances | <u>\$ 7,401,697</u> | <u>\$ (603,469)</u> | <u>\$ 6,798,228</u> |

BENTON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING JUNE 30, 2009

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 \$3,196,500. 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.

BENTON COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED JUNE 30, 2009
REQUIRED SUPPLEMENTARY INFORMATION

| 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) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 07/01/08 | \$ - | \$ 493,280 | \$ 493,280 | 0.0% | \$ 4,212,430 | 11.7% |

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

BENTON COUNTY

BENTON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

| | Special Revenue | | | | | |
|---------------------------------------|--|----------------------|-----------------|---|---|---------------------------|
| | Resource Enhancement and Protection | Sanitary Disposal | Ground Water | Emergency Food and Shelter Program | County Recorder's Records Management | Environmental Projects |
| ASSETS | | | | | | |
| Cash and pooled investments | \$ 31,343 | \$ 1,216,302 | \$ 4,529 | \$ 3,565 | \$ 53,736 | \$ 35 |
| Receivables: | | | | | | |
| Succeeding year property tax | - | - | - | - | - | - |
| Accounts | - | 40,779 | 5,057 | 3,771 | 614 | - |
| Accrued interest | 46 | 2,224 | - | 5 | 77 | - |
| Due from other governments | - | 4,816 | - | - | - | - |
| Total assets | <u>\$ 31,389</u> | <u>\$ 1,264,121</u> | <u>\$ 9,586</u> | <u>\$ 7,341</u> | <u>\$ 54,427</u> | <u>\$ 35</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ 57,219 | \$ 2,225 | \$ 2,807 | \$ - | \$ - |
| Salaries and benefits payable | - | 4,874 | - | - | - | - |
| Due to other funds | - | 58,548 | - | - | - | - |
| Due to other governments | - | 14,008 | - | 310 | - | - |
| Deferred revenue: | | | | | | |
| Succeeding year property tax | - | - | - | - | - | - |
| Other | - | 1,569 | 5,057 | - | - | - |
| Total liabilities | <u>-</u> | <u>136,218</u> | <u>7,282</u> | <u>3,117</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | |
| Reserved for or by: | | | | | | |
| Landfill closure and postclosure care | - | 1,117,847 | - | - | - | - |
| State statute | - | 10,030 | - | - | - | - |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 31,389 | 26 | 2,304 | 4,224 | 54,427 | 35 |
| Capital projects fund | - | - | - | - | - | - |
| Permanent fund | - | - | - | - | - | - |
| Total fund balances | <u>31,389</u> | <u>1,127,903</u> | <u>2,304</u> | <u>4,224</u> | <u>54,427</u> | <u>35</u> |
| Total liabilities and fund balances | <u>\$ 31,389</u> | <u>\$ 1,264,121</u> | <u>\$ 9,586</u> | <u>\$ 7,341</u> | <u>\$ 54,427</u> | <u>\$ 35</u> |

| Funds | | | | | | | | |
|-----------------|------------------|-------------------|---|---|---|---|---|--|
| Urbana TIF | CDBG | LOSST | Conservation Land Acquisition Trust Fund | County Recorder's Electronic Transaction | County Sheriff's Forfeiture Fund | County Sheriff's Commissary Fund | County Sheriff's Donation Fund | County Conservation Donation Fund |
| \$ - | \$ 45,925 | \$ 329,077 | \$ 375 | \$ 556 | \$ 21,760 | \$ 5,533 | \$ 2,753 | \$ 148,965 |
| 7,811 | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 25 | - |
| - | - | - | - | - | 32 | - | 4 | 215 |
| - | - | 150,031 | - | - | - | - | - | - |
| <u>\$ 7,811</u> | <u>\$ 45,925</u> | <u>\$ 479,108</u> | <u>\$ 375</u> | <u>\$ 556</u> | <u>\$ 21,792</u> | <u>\$ 5,533</u> | <u>\$ 2,782</u> | <u>\$ 149,180</u> |
| \$ - | \$ - | \$ 6,000 | \$ - | \$ - | \$ - | \$ - | \$ 176 | \$ - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | 19,406 | - | - | - | - | - | - |
| 7,811 | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>7,811</u> | <u>-</u> | <u>25,406</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>176</u> | <u>-</u> |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 45,925 | 453,702 | 375 | 556 | 21,792 | 5,533 | 2,606 | 149,180 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>-</u> | <u>45,925</u> | <u>453,702</u> | <u>375</u> | <u>556</u> | <u>21,792</u> | <u>5,533</u> | <u>2,606</u> | <u>149,180</u> |
| <u>\$ 7,811</u> | <u>\$ 45,925</u> | <u>\$ 479,108</u> | <u>\$ 375</u> | <u>\$ 556</u> | <u>\$ 21,792</u> | <u>\$ 5,533</u> | <u>\$ 2,782</u> | <u>\$ 149,180</u> |

(continued)

BENTON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

Schedule 1
(continued)

| | Capital Projects Fund | Permanent Fund Carol Sue Donovan Conservation Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|---|--|
| ASSETS | | | |
| Cash and pooled investments | \$ - | \$ 27,515 | \$ 1,891,969 |
| Receivables: | | | |
| Succeeding year property tax | - | - | 7,811 |
| Accounts | - | - | 50,246 |
| Accrued interest | - | - | 2,603 |
| Due from other governments | - | - | 154,847 |
| Total assets | <u>\$ -</u> | <u>\$ 27,515</u> | <u>\$ 2,107,476</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 72,018 | \$ - | \$ 140,445 |
| Salaries and benefits payable | - | - | 4,874 |
| Due to other funds | 27,401 | - | 85,949 |
| Due to other governments | - | - | 33,724 |
| Deferred revenue: | | | |
| Succeeding year property tax | - | - | 7,811 |
| Other | - | - | 6,626 |
| Total liabilities | <u>99,419</u> | <u>-</u> | <u>279,429</u> |
| Fund balances: | | | |
| Reserved for or by: | | | |
| Landfill closure and postclosure care | - | - | 1,117,847 |
| State statute | - | - | 10,030 |
| Unreserved, reported in: | | | |
| Special revenue funds | - | - | 772,074 |
| Capital projects fund | (99,419) | - | (99,419) |
| Permanent fund | - | 27,515 | 27,515 |
| Total fund balances | <u>(99,419)</u> | <u>27,515</u> | <u>1,828,047</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 27,515</u> | <u>\$ 2,107,476</u> |

BENTON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

| | Special Revenue | | | | | |
|---|--|----------------------|-----------------|---|---|---------------------------|
| | Resource Enhancement and Protection | Sanitary Disposal | Ground Water | Emergency Food and Shelter Program | County Recorder's Records Management | Environmental Projects |
| Revenues: | | | | | | |
| Property and other County tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 20,820 | 357,833 | 20,649 | 10,204 | - | - |
| Charges for service | - | 204,372 | - | - | 6,006 | - |
| Use of money and property | 206 | 47,126 | - | 28 | 528 | - |
| Miscellaneous | - | 6,660 | - | - | - | - |
| Total revenues | <u>21,026</u> | <u>615,991</u> | <u>20,649</u> | <u>10,232</u> | <u>6,534</u> | <u>-</u> |
| Expenditures: | | | | | | |
| Operating: | | | | | | |
| Public safety and legal services | - | - | - | - | - | - |
| Physical health and social services | - | - | - | 8,971 | - | - |
| County environment and education | - | 828,071 | 20,715 | - | - | - |
| Governmental services to residents | - | - | - | - | 6,396 | - |
| Administration | - | 13,468 | - | - | - | - |
| Capital projects | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>841,539</u> | <u>20,715</u> | <u>8,971</u> | <u>6,396</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>21,026</u> | <u>(225,548)</u> | <u>(66)</u> | <u>1,261</u> | <u>138</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 296,960 | - | - | - | - |
| Transfers out | - | (80,000) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>216,960</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>21,026</u> | <u>(8,588)</u> | <u>(66)</u> | <u>1,261</u> | <u>138</u> | <u>-</u> |
| Fund balances beginning of year | <u>10,363</u> | <u>1,136,491</u> | <u>2,370</u> | <u>2,963</u> | <u>54,289</u> | <u>35</u> |
| Fund balances end of year | <u>\$ 31,389</u> | <u>\$ 1,127,903</u> | <u>\$ 2,304</u> | <u>\$ 4,224</u> | <u>\$ 54,427</u> | <u>\$ 35</u> |

Funds

| Urbana TIF | CDBG | LOSST | Conservation Land Acquisition Trust Fund | County Recorder's Electronic Transaction | County Sheriff's Forfeiture Fund | County Sheriff's Commissary Fund | County Sheriff's Donation Fund | County Conservation Donation Fund |
|------------------|------------------|-------------------|---|---|---|---|---|--|
| \$ 183,221 | \$ - | \$ 718,682 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3 | - | - | 375 | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | 4 | 110 | - | 45 | 1,476 |
| - | - | - | 4,710 | - | 16,126 | - | 195 | - |
| <u>183,224</u> | <u>-</u> | <u>718,682</u> | <u>5,085</u> | <u>4</u> | <u>16,236</u> | <u>-</u> | <u>240</u> | <u>1,476</u> |
| - | - | 38,134 | - | - | - | - | 3,618 | - |
| - | - | - | - | - | - | - | - | - |
| 2,465 | - | 72,970 | - | - | - | - | - | 500 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 145,982 | - | - | - | - | 7,917 |
| <u>2,465</u> | <u>-</u> | <u>111,104</u> | <u>145,982</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,618</u> | <u>8,417</u> |
| <u>180,759</u> | <u>-</u> | <u>607,578</u> | <u>(140,897)</u> | <u>4</u> | <u>16,236</u> | <u>-</u> | <u>(3,378)</u> | <u>(6,941)</u> |
| - | 270 | - | - | - | - | - | - | - |
| <u>(198,903)</u> | <u>-</u> | <u>(153,876)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(198,903)</u> | <u>270</u> | <u>(153,876)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (18,144) | 270 | 453,702 | (140,897) | 4 | 16,236 | - | (3,378) | (6,941) |
| <u>18,144</u> | <u>45,655</u> | <u>-</u> | <u>141,272</u> | <u>552</u> | <u>5,556</u> | <u>5,533</u> | <u>5,984</u> | <u>156,121</u> |
| <u>\$ -</u> | <u>\$ 45,925</u> | <u>\$ 453,702</u> | <u>\$ 375</u> | <u>\$ 556</u> | <u>\$ 21,792</u> | <u>\$ 5,533</u> | <u>\$ 2,606</u> | <u>\$ 149,180</u> |

(continued)

BENTON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 2
(continued)

| | Capital Projects Fund | Permanent Fund Carol Sue Donovan Conservation Fund | Total Nonmajor Governmental Funds |
|---|-----------------------------|---|--|
| Revenues: | | | |
| Property and other County tax | \$ - | \$ - | \$ 901,903 |
| Intergovernmental | - | - | 409,884 |
| Charges for service | - | - | 210,378 |
| Use of money and property | - | - | 49,523 |
| Miscellaneous | - | 27,515 | 55,206 |
| | <u>-</u> | <u>27,515</u> | <u>55,206</u> |
| Total revenues | <u>-</u> | <u>27,515</u> | <u>1,626,894</u> |
| Expenditures: | | | |
| Operating: | | | |
| Public safety and legal services | - | - | 41,752 |
| Physical health and social services | - | - | 8,971 |
| County environment and education | - | - | 924,721 |
| Governmental services to residents | - | - | 6,396 |
| Administration | - | - | 13,468 |
| Capital projects | 970,944 | - | 1,124,843 |
| | <u>970,944</u> | <u>-</u> | <u>1,124,843</u> |
| Total expenditures | <u>970,944</u> | <u>-</u> | <u>2,120,151</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(970,944)</u> | <u>27,515</u> | <u>(493,257)</u> |
| Other financing sources (uses): | | | |
| Transfers in | 871,525 | - | 1,168,755 |
| Transfers out | - | - | (432,779) |
| | <u>871,525</u> | <u>-</u> | <u>735,976</u> |
| Total other financing sources (uses) | <u>871,525</u> | <u>-</u> | <u>735,976</u> |
| Net change in fund balances | (99,419) | 27,515 | 242,719 |
| Fund balances beginning of year | <u>-</u> | <u>-</u> | <u>1,585,328</u> |
| Fund balances end of year | <u>\$ (99,419)</u> | <u>\$ 27,515</u> | <u>\$ 1,828,047</u> |

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 3

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|---|--------------------------|-------------------|-------------------|--------------------------|
| COUNTY AUDITOR | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 497 | \$ 2,090 | \$ 2,090 | \$ 497 |
| LIABILITIES: | | | | |
| Due to other funds | \$ - | \$ 2,090 | \$ 2,090 | \$ - |
| Trusts payable | 497 | - | - | 497 |
| Total liabilities | <u>\$ 497</u> | <u>\$ 2,090</u> | <u>\$ 2,090</u> | <u>\$ 497</u> |
| COUNTY RECORDER | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 12,887 | \$ 355,678 | \$ 354,518 | \$ 14,047 |
| Accounts receivable | 28 | 28 | 28 | 28 |
| Total assets | <u>\$ 12,915</u> | <u>\$ 355,706</u> | <u>\$ 354,546</u> | <u>\$ 14,075</u> |
| LIABILITIES: | | | | |
| Due to other funds | \$ - | \$ 174,033 | \$ 174,033 | \$ - |
| Due to other governments | 12,915 | 181,645 | 180,485 | 14,075 |
| Total liabilities | <u>\$ 12,915</u> | <u>\$ 355,678</u> | <u>\$ 354,518</u> | <u>\$ 14,075</u> |
| COUNTY RECORDER'S ELECTRONIC FEE | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 550 | \$ 5,702 | \$ 5,715 | \$ 537 |
| Accounts receivable | - | 614 | - | 614 |
| Total assets | <u>\$ 550</u> | <u>\$ 6,316</u> | <u>\$ 5,715</u> | <u>\$ 1,151</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 550</u> | <u>\$ 6,316</u> | <u>\$ 5,715</u> | <u>\$ 1,151</u> |
| COUNTY SHERIFF | | | | |
| ASSETS: | | | | |
| Accounts receivable | <u>\$ 1,464</u> | <u>\$ 1,464</u> | <u>\$ 1,464</u> | <u>\$ 1,464</u> |
| LIABILITIES: | | | | |
| Due to other funds | \$ - | \$ 82,781 | \$ 82,781 | \$ - |
| Due to other governments | 55 | 89,588 | 89,588 | 55 |
| Trusts payable | 1,409 | - | - | 1,409 |
| Total liabilities | <u>\$ 1,464</u> | <u>\$ 172,369</u> | <u>\$ 172,369</u> | <u>\$ 1,464</u> |

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 3
(continued)

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|--|--------------------------|----------------------|----------------------|--------------------------|
| AGRICULTURAL EXTENSION EDUCATION FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 3,043 | \$ 183,240 | \$ 183,046 | \$ 3,237 |
| Property tax receivable: | | | | |
| Delinquent | 320 | 458 | 320 | 458 |
| Succeeding year | 182,980 | 188,904 | 182,980 | 188,904 |
| Total assets | <u>\$ 186,343</u> | <u>\$ 372,602</u> | <u>\$ 366,346</u> | <u>\$ 192,599</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 186,343</u> | <u>\$ 372,602</u> | <u>\$ 366,346</u> | <u>\$ 192,599</u> |
| COUNTY ASSESSOR FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 257,074 | \$ 351,924 | \$ 265,683 | \$ 343,315 |
| Property tax receivable: | | | | |
| Delinquent | 463 | 880 | 463 | 880 |
| Succeeding year | 350,969 | 341,138 | 350,969 | 341,138 |
| Total assets | <u>\$ 608,506</u> | <u>\$ 693,942</u> | <u>\$ 617,115</u> | <u>\$ 685,333</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 439 | \$ 332 | \$ 439 | \$ 332 |
| Salaries and benefits payable | 4,193 | 5,119 | 4,193 | 5,119 |
| Due to other governments | 603,874 | 688,491 | 612,483 | 679,882 |
| Total liabilities | <u>\$ 608,506</u> | <u>\$ 693,942</u> | <u>\$ 617,115</u> | <u>\$ 685,333</u> |
| SCHOOLS FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 232,248 | \$ 14,382,803 | \$ 14,361,373 | \$ 253,678 |
| Property tax receivable: | | | | |
| Delinquent | 24,335 | 36,527 | 24,335 | 36,527 |
| Succeeding year | 14,362,240 | 15,425,916 | 14,362,240 | 15,425,916 |
| Total assets | <u>\$ 14,618,823</u> | <u>\$ 29,845,246</u> | <u>\$ 28,747,948</u> | <u>\$ 15,716,121</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 14,618,823</u> | <u>\$ 29,845,246</u> | <u>\$ 28,747,948</u> | <u>\$ 15,716,121</u> |

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 3
(continued)

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|--------------------------------------|--------------------------|----------------------|----------------------|--------------------------|
| COMMUNITY COLLEGES FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 14,037 | \$ 892,483 | \$ 890,844 | \$ 15,676 |
| Property tax receivable: | | | | |
| Delinquent | 1,544 | 2,221 | 1,544 | 2,221 |
| Succeeding year | 891,259 | 921,325 | 891,259 | 921,325 |
| Total assets | <u>\$ 906,840</u> | <u>\$ 1,816,029</u> | <u>\$ 1,783,647</u> | <u>\$ 939,222</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 906,840</u> | <u>\$ 1,816,029</u> | <u>\$ 1,783,647</u> | <u>\$ 939,222</u> |
| CORPORATIONS FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 64,144 | \$ 5,497,915 | \$ 5,494,781 | \$ 67,278 |
| Property tax receivable: | | | | |
| Delinquent | 9,823 | 13,138 | 9,823 | 13,138 |
| Succeeding year | 5,487,308 | 5,925,728 | 5,487,308 | 5,925,728 |
| Total assets | <u>\$ 5,561,275</u> | <u>\$ 11,436,781</u> | <u>\$ 10,991,912</u> | <u>\$ 6,006,144</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 5,561,275</u> | <u>\$ 11,436,781</u> | <u>\$ 10,991,912</u> | <u>\$ 6,006,144</u> |
| TOWNSHIPS FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 5,484 | \$ 323,182 | \$ 322,535 | \$ 6,131 |
| Property tax receivable: | | | | |
| Delinquent | 606 | 973 | 606 | 973 |
| Succeeding year | 322,955 | 340,467 | 322,955 | 340,467 |
| Total assets | <u>\$ 329,045</u> | <u>\$ 664,622</u> | <u>\$ 646,096</u> | <u>\$ 347,571</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 329,045</u> | <u>\$ 664,622</u> | <u>\$ 646,096</u> | <u>\$ 347,571</u> |
| AUTO LICENSE AND USE TAX FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | <u>\$ 431,441</u> | <u>\$ 6,131,784</u> | <u>\$ 6,001,156</u> | <u>\$ 562,069</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 431,441</u> | <u>\$ 6,131,784</u> | <u>\$ 6,001,156</u> | <u>\$ 562,069</u> |

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 3
(continued)

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|---|--------------------------|-------------------|-------------------|--------------------------|
| BRUCCELLOSIS AND TUBERCULOSIS ERADICATION FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 57 | \$ 3,584 | \$ 3,578 | \$ 63 |
| Property tax receivable: | | | | |
| Delinquent | 6 | 9 | 6 | 9 |
| Succeeding year | 3,578 | 3,235 | 3,578 | 3,235 |
| Total assets | <u>\$ 3,641</u> | <u>\$ 6,828</u> | <u>\$ 7,162</u> | <u>\$ 3,307</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 3,641</u> | <u>\$ 6,828</u> | <u>\$ 7,162</u> | <u>\$ 3,307</u> |
| FIRE DISTRICTS FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 1,845 | \$ 93,375 | \$ 93,536 | \$ 1,684 |
| Property tax receivable: | | | | |
| Delinquent | 23 | 36 | 23 | 36 |
| Succeeding year | 93,175 | 91,795 | 93,175 | 91,795 |
| Total assets | <u>\$ 95,043</u> | <u>\$ 185,206</u> | <u>\$ 186,734</u> | <u>\$ 93,515</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 95,043</u> | <u>\$ 185,206</u> | <u>\$ 186,734</u> | <u>\$ 93,515</u> |
| E911 SURCHARGE FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 154,574 | \$ 192,159 | \$ 180,224 | \$ 166,509 |
| Receivables: | | | | |
| Accounts | 21,219 | 19,792 | 21,219 | 19,792 |
| Accrued interest | 165 | 241 | 165 | 241 |
| Total assets | <u>\$ 175,958</u> | <u>\$ 212,192</u> | <u>\$ 201,608</u> | <u>\$ 186,542</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 2,412 | \$ 1,410 | \$ 2,412 | \$ 1,410 |
| Due to other governments | 173,546 | 210,782 | 199,196 | 185,132 |
| Total liabilities | <u>\$ 175,958</u> | <u>\$ 212,192</u> | <u>\$ 201,608</u> | <u>\$ 186,542</u> |

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 3
(continued)

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|--------------------------------------|--------------------------|-------------------|-------------------|--------------------------|
| JOINT DISASTER SERVICES FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 19,258 | \$ 126,925 | \$ 111,520 | \$ 34,663 |
| Accounts receivable | - | 432 | - | 432 |
| Due from other governments | - | 28,266 | - | 28,266 |
| Total assets | <u>\$ 19,258</u> | <u>\$ 155,623</u> | <u>\$ 111,520</u> | <u>\$ 63,361</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 2,095 | \$ 4,631 | \$ 2,095 | \$ 4,631 |
| Salaries and benefits payable | 1,270 | 1,531 | 1,270 | 1,531 |
| Due to other governments | 15,893 | 149,461 | 108,155 | 57,199 |
| Total liabilities | <u>\$ 19,258</u> | <u>\$ 155,623</u> | <u>\$ 111,520</u> | <u>\$ 63,361</u> |
| CITY SPECIAL ASSESSMENTS FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 4,687 | \$ 49,176 | \$ 48,021 | \$ 5,842 |
| Receivables: | | | | |
| Special assessments | 166,460 | 166,400 | 166,460 | 166,400 |
| Interest on special assessments | 7,470 | 6,308 | 7,470 | 6,308 |
| Total assets | <u>\$ 178,617</u> | <u>\$ 221,884</u> | <u>\$ 221,951</u> | <u>\$ 178,550</u> |
| LIABILITIES: | | | | |
| Due to other governments | <u>\$ 178,617</u> | <u>\$ 221,884</u> | <u>\$ 221,951</u> | <u>\$ 178,550</u> |
| TREASURER'S TRUST FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | <u>\$ 19,308</u> | <u>\$ -</u> | <u>\$ 1,408</u> | <u>\$ 17,900</u> |
| LIABILITIES: | | | | |
| Trusts payable | <u>\$ 19,308</u> | <u>\$ -</u> | <u>\$ 1,408</u> | <u>\$ 17,900</u> |
| EMPOWERMENT BOARD FUND | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 50,042 | \$ 396,279 | \$ 397,425 | \$ 48,896 |
| Accounts receivable | - | 320 | - | 320 |
| Accrued interest receivable | 54 | 70 | 54 | 70 |
| Total assets | <u>\$ 50,096</u> | <u>\$ 396,669</u> | <u>\$ 397,479</u> | <u>\$ 49,286</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 15,221 | \$ 32,410 | \$ 15,221 | \$ 32,410 |
| Due to other governments | 34,875 | 364,259 | 382,258 | 16,876 |
| Total liabilities | <u>\$ 50,096</u> | <u>\$ 396,669</u> | <u>\$ 397,479</u> | <u>\$ 49,286</u> |

(continued)

BENTON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 3
(continued)

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|---------------------------------|--------------------------|----------------------|----------------------|--------------------------|
| TOTAL COMBINED FUNDS | | | | |
| ASSETS: | | | | |
| Cash and pooled investments | \$ 1,271,176 | \$ 28,988,299 | \$ 28,717,453 | \$ 1,542,022 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | 37,120 | 54,242 | 37,120 | 54,242 |
| Succeeding year | 21,694,464 | 23,238,508 | 21,694,464 | 23,238,508 |
| Accounts | 22,711 | 22,650 | 22,711 | 22,650 |
| Accrued interest | 219 | 311 | 219 | 311 |
| Special assessments | 166,460 | 166,400 | 166,460 | 166,400 |
| Interest on special assessments | 7,470 | 6,308 | 7,470 | 6,308 |
| Due from other governments | - | 28,266 | - | 28,266 |
| Total assets | <u>\$ 23,199,620</u> | <u>\$ 52,504,984</u> | <u>\$ 50,645,897</u> | <u>\$ 25,058,707</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 20,167 | \$ 38,783 | \$ 20,167 | \$ 38,783 |
| Salaries and benefits payable | 5,463 | 6,650 | 5,463 | 6,650 |
| Due to other funds | - | 258,904 | 258,904 | - |
| Due to other governments | 23,152,776 | 52,371,524 | 50,530,832 | 24,993,468 |
| Trusts payable | 21,214 | - | 1,408 | 19,806 |
| Total liabilities | <u>\$ 23,199,620</u> | <u>\$ 52,675,861</u> | <u>\$ 50,816,774</u> | <u>\$ 25,058,707</u> |

BENTON COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION –
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

| | Modified Accrual Basis | | | | |
|--------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Revenues: | | | | | |
| Property and other | | | | | |
| County tax | \$ 7,569,896 | \$ 6,525,469 | \$ 6,256,778 | \$ 5,758,137 | \$ 5,267,750 |
| Interest and penalty on | | | | | |
| property tax | 61,120 | 58,381 | 55,253 | 51,873 | 52,646 |
| Intergovernmental | 7,110,465 | 6,628,717 | 5,782,973 | 5,826,833 | 5,858,586 |
| Licenses and permits | 36,023 | 21,153 | 22,973 | 23,073 | 22,670 |
| Charges for service | 918,653 | 804,952 | 818,345 | 772,606 | 796,898 |
| Use of money and | | | | | |
| property | 226,983 | 351,193 | 355,305 | 296,817 | 219,435 |
| Miscellaneous | 435,863 | 371,763 | 533,102 | 470,000 | 402,828 |
| Total | \$16,359,003 | \$14,761,628 | \$13,824,729 | \$13,199,339 | \$12,620,813 |
| Expenditures: | | | | | |
| Operating: | | | | | |
| Public safety and legal | | | | | |
| services | \$ 3,404,479 | \$ 2,688,409 | \$ 2,544,185 | \$ 2,514,156 | \$ 2,164,766 |
| Physical health and | | | | | |
| social services | 680,759 | 647,780 | 665,196 | 659,292 | 545,343 |
| Mental health | 1,768,492 | 1,828,868 | 1,696,472 | 1,625,894 | 1,563,761 |
| County environment | | | | | |
| and education | 1,798,472 | 1,448,612 | 1,294,735 | 1,178,235 | 1,062,444 |
| Roads and transportation | 6,169,023 | 6,257,448 | 5,533,679 | 5,169,822 | 5,482,892 |
| Governmental services | | | | | |
| to residents | 585,539 | 498,175 | 459,681 | 722,884 | 438,177 |
| Administration | 1,491,420 | 1,454,672 | 1,396,253 | 1,228,777 | 1,132,024 |
| Debt service | - | - | - | 169,570 | 260,297 |
| Capital projects | 1,294,315 | 824,059 | 126,239 | 433,254 | 1,142,180 |
| Total | \$17,192,499 | \$15,648,023 | \$13,716,440 | \$13,701,884 | \$13,791,884 |

| <u>2004</u> | <u>2003</u> | <u>2002</u> |
|----------------------|----------------------|----------------------|
| \$ 5,120,351 | \$ 5,102,144 | \$ 5,352,576 |
| 59,856 | 29,079 | 60,454 |
| 5,538,004 | 5,927,953 | 5,894,202 |
| 24,704 | 19,744 | 19,926 |
| 751,130 | 738,538 | 658,388 |
| 253,989 | 293,096 | 428,427 |
| <u>425,577</u> | <u>416,093</u> | <u>374,609</u> |
| <u>\$ 12,173,611</u> | <u>\$ 12,526,647</u> | <u>\$ 12,788,582</u> |
| | | |
| \$ 2,319,768 | \$ 2,010,361 | \$ 1,993,841 |
| 587,215 | 612,349 | 633,033 |
| 1,478,349 | 1,546,983 | 1,405,714 |
| 1,206,933 | 1,388,615 | 1,255,508 |
| 4,730,145 | 4,977,374 | 4,348,320 |
| 454,203 | 400,895 | 386,932 |
| 1,215,945 | 1,207,992 | 1,048,167 |
| 232,462 | 220,474 | 182,724 |
| <u>349,294</u> | <u>293,039</u> | <u>445,615</u> |
| <u>\$ 12,574,314</u> | <u>\$ 12,658,082</u> | <u>\$ 11,699,854</u> |



CPAs & BUSINESS ADVISORS

**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 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, 2009, which collectively comprise Benton County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 15, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Benton County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Benton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Benton County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Benton County's financial statements that is more than inconsequential will not be prevented or detected by Benton County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Benton County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-B-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. 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.

Benton County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Benton County's responses, and accordingly, we express no opinion on them.

We also noted certain additional matters that we reported to the management of Benton County in a separate letter dated January 15, 2010.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Benton County and other parties to whom Benton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Benton County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
January 15, 2010



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Officials of Benton County:

Compliance

We have audited the compliance of Benton County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The County's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Benton County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Benton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in the County's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Benton County and other parties to whom Benton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
January 15, 2010

BENTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

| Grantor/Program | CFDA Number | Agency or Pass-through Number | Program Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| U.S. Department of Agriculture Pass-Through Program From Iowa Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | \$ <u>12,603</u> |
| U.S. Department of Transportation Pass-Through Program From East Central Iowa Council of Governments Formula Grants for Other Than Urbanized Areas | 20.509 | | 49,438 |
| Pass-Through Program From Iowa Department of Homeland Security Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | | <u>1,336</u> |
| Total U.S. Department of Transportation | | | <u>50,774</u> |
| U.S. Department of Health and Human Services Pass-Through Program From Iowa Department of Human Services Temporary Assistance for Needy Families | 93.558 | | 11,657 |
| Refugee and Entrant Assistance-State Administered Programs | 93.566 | | 19 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | | 3,329 |
| Foster Care - Title IV-E | 93.658 | | 6,979 |
| Adoption Assistance | 93.659 | | 1,695 |
| Social Services Block Grant | 93.667 | | 7,640 |
| Social Services Block Grant | 93.667 | | 78,257 |
| State Children's Insurance Program | 93.767 | | 96 |
| Medical Assistance Program | 93.778 | | <u>15,296</u> |
| Total U.S. Department of Health and Human Services | | | <u>124,968</u> |
| U.S. Department of Homeland Security Pass-Through Program From United Way of America Emergency Food and Shelter National Board Program | 97.024 | 20-2856-00 | 5,408 |
| Emergency Food and Shelter National Board Program | 97.024 | 20-2856-00 | 1,172 |
| Emergency Food and Shelter National Board Program (American Recovery and Reinvestment Act) | 97.024 | 20-2856-00 | 5,492 |
| Pass-Through Program From Iowa Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 1763-DR-IA | <u>1,014,014</u> |
| Total U.S. Department of Homeland Security | | | <u>1,026,086</u> |
| Total | | | <u>\$ 1,214,431</u> |

BENTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Benton County and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified Yes

Significant deficiency Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major program:

Material weakness identified No

Significant deficiency None reported

Type of auditor's report issued on compliance for the major program Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) No

Identification of major program:

CFDA Number

97.036

Name of Federal Program or Cluster

Disaster Grants – Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee No

Part II: Findings Related to the Basic Financial Statements:

SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES

II-A-09 Preparation of Financial Statements

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

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

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

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

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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

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

Response – The County will continue to review operating procedures and segregate employee duties to the extent financially feasible to maximize internal control. There will be no change until it is fiscally responsible to add additional staff.

Conclusion – Response accepted.

II-B-09 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 also performs the monthly bank statement reconciliations.

Conclusion – Response acknowledged. We recommend the County continue to look for ways to strengthen controls.

SIGNIFICANT DEFICIENCIES

II-C-09 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 – In the Sheriff’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.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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

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 – There are currently one full-time and one part-time person employed in the office. Due to budget constraints and a hiring freeze, additional staff cannot be hired. When both persons are working, one person opens the mail and the other makes the deposit.

Conclusion – Response acknowledged. We recommend the County continue to look for ways to strengthen controls.

II-D-09 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.

Conclusion – Response acknowledged. We recommend the County continue to look for ways to strengthen controls.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-09 Certified Budget – Disbursements during the year ended June 30, 2009, did not exceed the amounts budgeted by function.

III-B-09 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.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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

III-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

III-D-09 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

| <u>Name, Title, and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|--|------------------------------------|---------------|
| Laverne Halstead, owner of Halstead Auto, spouse of Mary Halstead, Transportation Director for Benton County | Auto services | \$ 115 |
| Mary K. McLaughlin, I.T. Director | Sewing | 36 |
| David Vermedahl, member of Board of Supervisors, owner of Three Rivers Insurance | Insurance | 950 |
| Marc Phelps, owner of Nature Tracks Taxidermy, spouse of Karen Phelps, conservation department | Taxidermy services | 150 |

In accordance with Chapter 331.342(10) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

III-E-09 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.

III-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

III-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

III-H-09 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).

III-I-09 Solid Waste Fees Retainage – The County used or retained the solid waste fees in accordance with Chapter 455E.11.2(a)(11), (13), and (15) of the Code of Iowa.

BENTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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

III-J-09 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, 2009, for the County Extension Office did not exceed the amount budgeted.



CPAs & BUSINESS ADVISORS

To the Honorable Chairman and Members of
the Board of Supervisors
Benton County, Iowa
Vinton, Iowa

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Iowa, for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 24, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Benton County are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2009. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

Management's estimate of the depreciable lives is based on past history of life cycles of capital assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the landfill closure and postclosure care liability is based on third-party engineering cost studies and capacity estimates. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of other postemployment benefits is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Comments

We have included additional comments regarding the financial statements and operations. These comments are not a result of in-depth study of any specific areas but are based on observations made during the course of our audit.

To the Honorable Chairman and Members of
the Board of Supervisors
Benton County, Iowa
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This information, a public record by law, is intended solely for the use of the officials, employees, and citizens of Benton County, Iowa, and other parties to whom Benton County, Iowa, may report. This report is not intended to be and should not be used by anyone other than these specified parties.

As always, we will be happy to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the fine cooperation that we received during the course of the audit. We look forward to many years of continued service to Benton County.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa
January 15, 2010

BENTON COUNTY, IOWA
YEAR ENDED JUNE 30, 2009
OTHER COMMENTS

Grant Policies and Procedures

The County receives numerous grants by many of its departments. This creates difficulties in accumulating federal grant information needed to determine federal single audit requirements. The County should develop grant policies and procedures that stress communication of all grants received with the County Auditor. In addition, we recommend that County personnel search for training specific to significant grants to insure compliance with the many grant provisions.

Disaster Recovery and Business Continuation Plan

The County does not currently have a disaster recovery and business continuation plan related to information technology and financial services. We recommend the County develop such a plan, with the specific hardware and software needs of the County in mind. We also recommend reviewing off-site backup storage procedures considering security and distance from the Courthouse.

Credit Card Disbursements

During our audit, we noted a disbursement to a credit card company with no detailed receipt or credit card statement. We recommend that disbursements to credit card companies only be made after obtaining both the approved detailed receipt and the credit card statement.

Governmental Accounting Standards Board (GASB) Statements

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

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.