



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE January 2, 2004

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on Grundy County, Iowa.

The County had local tax revenue of \$15,555,945 for the year ended June 30, 2003, which included \$1,023,062 in tax credits from the state. The County forwarded \$11,414,361 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,141,584 of the local tax revenue to finance County operations, a 7 percent increase from the prior year. Other revenues included \$5,927,767 from other governments, \$276,883 in local option sales tax and \$144,698 in interest on investments. The County also received general obligation refunding bond proceeds of \$888,839 that are recorded as an other financing source.

Expenditures for County operations totaled \$9,483,642, a less than one percent decrease from the prior year. Expenditures included \$3,325,895 for roads and transportation, \$1,190,754 for public safety and legal services and \$1,124,511 for county environment and education.

This report contains recommendations to the Board of Supervisors and other County officials. For example, the County should segregate duties within individual offices to obtain the maximum internal control possible under the circumstances. The County has responded to each item in the report and stated that corrective action is being taken.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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**GRUNDY COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
General Purpose Financial Statements:	<u>Exhibit</u>	
Combined Balance Sheet – All Fund Types and Account Groups	A	8-11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund	B	12-13
Comparison of Receipts, Disbursements and Changes in Balances – Actual to Budget (Cash Basis) – All Governmental Fund Types and Expendable Trust Fund	C	14-15
Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type	D	16
Statement of Cash Flows – Proprietary Fund Type	E	17
Notes to Financial Statements		18-31
Supplemental Information:	<u>Schedule</u>	
General Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	1	34-35
Statement of Expenditures	2	36-38
Special Revenue Funds:		
Combining Balance Sheet	3	40-41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	42-51
Debt Service Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	5	52
Capital Projects Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	6	53
Trust and Agency Funds:		
Combining Balance Sheet	7	54
Statement of Revenues, Expenditures and Changes in Fund Balance – Expendable Trust Fund	8	55
Combining Balance Sheet – Agency Funds	9	56-59
Combining Statement of Changes in Assets and Liabilities – Agency Funds	10	60-63
Comparison of Taxes and Intergovernmental Revenues	11	64
Schedule of Expenditures of Federal Awards	12	65
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting		67-68
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		71-72
Schedule of Findings and Questioned Costs		73-78
Staff		79

**GRUNDY COUNTY**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2003)</b>		
Harlyn Riekema	Board of Supervisors	Nov 2002
Donald Schildroth	Board of Supervisors	Jan 2003
Leland Arends	Board of Supervisors	Jan 2005
Bernard Eilderts	Board of Supervisors	Deceased
Elmer Willms	Board of Supervisors	Jan 2005
Mary Schmidt	County Auditor	Jan 2005
Brenda Noteboom	County Treasurer	Jan 2003
Charles Kruse	County Recorder	Jan 2003
Rick Penning	County Sheriff	Jan 2005
T.J. Heronimus	County Attorney	Jan 2003
Greg Harms	County Assessor	Jan 2004
<b>(After January 2003)</b>		
Leland Arends	Board of Supervisors	Jan 2005
Barbara L. Smith	Board of Supervisors	Jan 2005
Elmer Willms	Board of Supervisors	Jan 2005
Harlyn Riekema	Board of Supervisors	Jan 2007
Mark Schildroth	Board of Supervisors	Jan 2007
Mary Schmidt	County Auditor	Jan 2005
Brenda Noteboom	County Treasurer	Jan 2007
Charles Kruse	County Recorder	Jan 2007
Rick Penning	County Sheriff	Jan 2005
Bradley J. Harris	County Attorney	Jan 2007
Greg Harms	County Assessor	Jan 2004

**Grundy County**



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Independent Auditor's Report

To the Officials of Grundy County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Grundy County, Iowa, as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Grundy County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Grundy County at June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Grundy County for the year ended June 30, 2003.

As discussed in Note 11 to the financial statements, Grundy County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 19, 2003 on our consideration of Grundy County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 19, 2003



## **Financial Statements**

Grundy County  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Assets and Other Debits</b>			
Cash and pooled investments:			
County Treasurer	\$ 707,045	4,468,648	39,009
Other County officials	-	-	-
Health insurance trust	-	-	-
Receivables:			
Property tax:			
Delinquent	432	131	36
Succeeding year	2,444,000	1,340,000	161,000
Interest and penalty on property tax	322	-	-
Accounts	24,043	31,805	-
Accrued interest	1,467	12,618	-
Special assessments	-	-	-
Due from other funds (note 3)	40,426	3,102	-
Due from other governments	31,696	290,760	-
Inventories	-	522,219	-
Prepaid insurance	1,686	1,686	-
Property and equipment (note 4)	-	-	-
Amount available for payment of landfill closure and postclosure costs	-	-	-
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
<b>Total assets and other debits</b>	<b>\$ 3,251,117</b>	<b>6,670,969</b>	<b>200,045</b>

Capital Projects	Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
77,641	-	823,274	-	-	6,115,617
-	-	55,765	-	-	55,765
-	247,956	-	-	-	247,956
-	-	2,575	-	-	3,174
-	-	10,649,000	-	-	14,594,000
-	-	-	-	-	322
-	-	23,498	-	-	79,346
-	-	2,668	-	-	16,753
-	-	350,223	-	-	350,223
-	-	-	-	-	43,528
-	-	1,356	-	-	323,812
-	-	-	-	-	522,219
-	-	-	-	-	3,372
-	-	-	11,584,698	-	11,584,698
-	-	-	-	510,241	510,241
-	-	-	-	39,009	39,009
-	-	-	-	1,283,801	1,283,801
77,641	247,956	11,908,359	11,584,698	1,833,051	35,773,836

Grundy County  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Liabilities, Fund Equity and Other Credits</b>			
Liabilities:			
Accounts payable	\$ 34,810	100,185	-
Salaries and benefits payable	6,065	46,419	-
Due to other funds (note 3)	1,264	564	-
Due to other governments (note 5)	28,106	59,550	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	2,444,000	1,340,000	161,000
Other	2,273	130	36
Capital loan notes (note 6)	-	-	-
Compensated absences	13,274	25,692	-
Estimated liability for landfill closure and postclosure care costs (note 6)	-	-	-
Total liabilities	<u>2,529,792</u>	<u>1,572,540</u>	<u>161,036</u>
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Inventories	-	522,219	-
Prepaid insurance	1,686	1,686	-
Supplemental levy purposes	27,432	-	-
Landfill closure costs	-	510,241	-
Unreserved:			
Designated for:			
Future landfill closure costs	-	553,510	-
Hwy 20 improvements	-	997,500	-
Undesignated	692,207	2,513,273	39,009
Total fund equity and other credits	<u>721,325</u>	<u>5,098,429</u>	<u>39,009</u>
<b>Total liabilities, fund equity and other credits</b>	<u>\$ 3,251,117</u>	<u>6,670,969</u>	<u>200,045</u>

See notes to financial statements.

Capital Projects	Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
-	90,000	1,976	-	-	226,971
-	-	-	-	-	52,484
-	-	41,700	-	-	43,528
-	-	11,739,901	-	-	11,827,557
-	-	9,291	-	-	9,291
-	-	-	-	-	3,945,000
-	-	-	-	-	2,439
-	-	-	-	1,020,760	1,020,760
-	-	4,488	-	149,817	193,271
-	-	-	-	662,474	662,474
-	90,000	11,797,356	-	1,833,051	17,983,775
-	-	-	11,584,698	-	11,584,698
-	157,956	-	-	-	157,956
-	-	-	-	-	522,219
-	-	-	-	-	3,372
-	-	-	-	-	27,432
-	-	-	-	-	510,241
-	-	-	-	-	553,510
-	-	-	-	-	997,500
77,641	-	111,003	-	-	3,433,133
77,641	157,956	111,003	11,584,698	-	17,790,061
77,641	247,956	11,908,359	11,584,698	1,833,051	35,773,836

Grundy County

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - All Governmental Fund Types  
and Expendable Trust Fund

Year ended June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Revenues:</b>			
Property and other county tax	\$ 2,093,880	1,602,543	183,320
Interest and penalty on property tax	25,811	-	-
Intergovernmental	599,817	5,183,261	13,214
Licenses and permits	2,550	330	-
Charges for service	237,762	260,423	15,329
Use of money and property	112,712	32,189	-
Miscellaneous	18,849	150,273	-
Total revenues	<u>3,091,381</u>	<u>7,229,019</u>	<u>211,863</u>
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	1,182,435	8,319	-
Physical health and social services	578,737	-	-
Mental health	-	1,102,682	-
County environment and education	375,056	749,455	-
Roads and transportation	-	3,325,895	-
Governmental services to residents	275,459	3,750	-
Administration	873,950	123,243	-
Debt service	-	-	210,730
Capital projects	-	479,359	-
Total expenditures	<u>3,285,637</u>	<u>5,792,703</u>	<u>210,730</u>
Excess (deficiency) of revenues over (under) expenditures	(194,256)	1,436,316	1,133
<b>Other financing sources (uses):</b>			
General obligation refunding capital loan note proceeds	-	-	888,839
General obligation capital loan notes refunded	-	-	(872,279)
Operating transfers in	-	95,456	-
Operating transfers out	(101,821)	-	-
Total other financing sources (uses)	<u>(101,821)</u>	<u>95,456</u>	<u>16,560</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(296,077)	1,531,772	17,693
Fund balances beginning of year	1,019,906	3,444,342	21,316
Increase (decrease) in reserve for:			
Inventories	-	124,819	-
Prepaid insurance	(2,504)	(2,504)	-
Fund balances end of year	<u>\$ 721,325</u>	<u>5,098,429</u>	<u>39,009</u>

See notes to financial statements.

Capital Projects	Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
-	-	3,879,743
-	-	25,811
-	131,475	5,927,767
-	-	2,880
-	-	513,514
-	397	145,298
-	4,145	173,267
-	136,017	10,668,280
-	-	1,190,754
-	-	578,737
-	-	1,102,682
-	-	1,124,511
-	-	3,325,895
-	-	279,209
-	-	997,193
-	-	210,730
21,845	172,727	673,931
21,845	172,727	9,483,642
(21,845)	(36,710)	1,184,638
-	-	888,839
-	-	(872,279)
-	6,365	101,821
-	-	(101,821)
-	6,365	16,560
(21,845)	(30,345)	1,201,198
99,486	141,348	4,726,398
-	-	124,819
-	-	(5,008)
77,641	111,003	6,047,407

Grundy County

Comparison of Receipts, Disbursements and Changes in Balances –  
Actual to Budget (Cash Basis) –  
All Governmental Fund Types and Expendable Trust Fund

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 3,889,462	-
Interest and penalty on property tax	25,833	-
Intergovernmental	5,836,405	-
Licenses and permits	3,140	-
Charges for service	665,544	-
Use of money and property	143,357	-
Miscellaneous	154,445	-
Total receipts	10,718,186	-
Disbursements:		
Public safety and legal services	1,187,924	-
Physical health and social services	576,097	-
Mental health	1,098,936	-
County environment and education	1,119,214	-
Roads and transportation	3,371,628	-
Governmental services to residents	276,554	-
Administration	997,381	-
Debt service	210,730	-
Capital projects	671,656	-
Total disbursements	9,510,120	-
Excess (deficiency) of receipts over (under) disbursements	1,208,066	-
Other financing sources, net	16,560	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,224,626	-
Balance beginning of year	4,178,323	23,027
Balance end of year	\$ 5,402,949	23,027

See notes to financial statements.



Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
3,889,462	3,813,178	76,284	102%
25,833	20,502	5,331	126%
5,836,405	5,529,709	306,696	106%
3,140	4,475	(1,335)	70%
665,544	599,051	66,493	111%
143,357	193,400	(50,043)	74%
154,445	91,150	63,295	169%
<u>10,718,186</u>	<u>10,251,465</u>	<u>466,721</u>	<u>105%</u>
1,187,924	1,220,535	32,611	97%
576,097	669,185	93,088	86%
1,098,936	1,253,885	154,949	88%
1,119,214	1,144,958	25,744	98%
3,371,628	3,527,600	155,972	96%
276,554	306,460	29,906	90%
997,381	1,083,553	86,172	92%
210,730	210,730	-	100%
671,656	1,025,206	353,550	66%
<u>9,510,120</u>	<u>10,442,112</u>	<u>931,992</u>	<u>91%</u>
1,208,066	(190,647)		
<u>16,560</u>	<u>600</u>		
1,224,626	(190,047)		
<u>4,155,296</u>	<u>3,475,151</u>		
<u>5,379,922</u>	<u>3,285,104</u>		

**Exhibit D**

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## Grundy County

## Statement of Revenue, Expenses and Changes in Retained Earnings

## Proprietary Fund Type

Year ended June 30, 2003

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 617,024
Insurance refunds		<u>52,238</u>
Total operating revenues		669,262
Operating expenses:		
Medical claims	\$ 567,259	
Administrative fees	<u>16,482</u>	<u>583,741</u>
Operating income		85,521
Nonoperating revenues:		
Interest on investments		<u>1,933</u>
Net income		87,454
Retained earnings beginning of year		<u>70,502</u>
Retained earnings end of year		<u><u>\$ 157,956</u></u>

See notes to financial statements.

Grundy County  
Statement of Cash Flows  
Proprietary Fund Type  
Year ended June 30, 2003

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 617,024
Cash received from insurance refunds	52,238
Cash payments to suppliers for services	(553,741)
Net cash provided by operating activities	115,521
Cash flows from investing activities:	
Interest on investments	1,933
Net increase in cash and cash equivalents	117,454
Cash and cash equivalents beginning of year	130,502
Cash and cash equivalents end of year	\$ 247,956
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 85,521
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	30,000
Net cash provided by operating activities	\$ 115,521

See notes to financial statements.

Grundy County

Notes to Financial Statements

June 30, 2003

**(1) Summary of Significant Accounting Policies**

Grundy 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.

A. Reporting Entity

For financial reporting purposes, Grundy County has included all funds, organizations, account groups, 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.

These financial statements present Grundy County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Grundy County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Grundy County Auditor's office.

Jointly Governed Organizations – The County also 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: Grundy County Assessor’s Conference Board, Grundy County Emergency Management Commission, and Grundy 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 an Agency Fund of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Job Training Partnership Act Quality Jobs Program, Mid-Iowa Drug Task Force, Northeast Iowa Response Group, Iowa Northland Regional Housing Council, Iowa County Engineers Association Service Bureau, Iowa Northland Regional Economic Development Commission, Iowa Northland Regional Council of Governments and North Iowa Juvenile Detention Services Commission.

#### B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balances, revenues and expenditures or expenses. The various funds and account groups and their designated purposes are as follows:

##### Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are 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 that are not paid from other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

Capital Projects Fund – The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities.

##### Proprietary Fund

Internal Service Fund – The 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. This fund is used to account for the revenue and expenses related to the County’s self-insurance plan for health benefits.

### Fiduciary Funds

Trust Funds – The Trust Funds are used to account for assets held by the County in a trustee capacity. These include an Expendable Trust Fund which is accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The 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.

### Account Groups

General Fixed Assets – This account group is established to account for the general fixed assets of the County.

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

### C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is reported as retained earnings. Proprietary Fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its proprietary fund, 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.

### D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and 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. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

All Proprietary Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

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.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

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, they 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 that 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 and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become 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, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

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 assessed to individuals for work done which benefits 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. Special 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 that certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded.

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 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 are equally offset by a fund balance reserve, which indicates they are not available to liquidate current obligations.

General Fixed Assets – General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance



and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2003, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

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 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, the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. Accumulated sick leave is generally paid at 25% of the maximum days, not to exceed 90 days, upon termination, death or retirement if the employee has at least 15 years of service. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003.

Unreserved Retained Earnings – The unreserved retained earnings of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

F. Budgets and Budgetary Accounting

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 blended component units, Internal Service, 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 9 major classes of expenditures known as functions, not by fund or fund type. These 9 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, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Expendable Trust Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by function, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 3,052,895	38,486	3,091,381	7,314,783	(85,764)	7,229,019
Expenditures	3,278,141	7,496	3,285,637	5,826,678	(33,975)	5,792,703
Net	(225,246)	30,990	(194,256)	1,488,105	(51,789)	1,436,316
Other financing sources (uses)	(101,821)	-	(101,821)	95,456	-	95,456
Beginning fund balances	1,034,112	(14,206)	1,019,906	2,885,087	559,255	3,444,342
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	124,819	124,819
Prepaid insurance	-	(2,504)	(2,504)	-	(2,504)	(2,504)
Ending fund balances	\$ 707,045	14,280	721,325	4,468,648	629,781	5,098,429

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 211,865	(2)	211,863	98	(98)	-
Expenditures	210,730	-	210,730	21,845	-	21,845
Net	1,135	(2)	1,133	(21,747)	(98)	(21,845)
Other financing sources (uses)	16,560	-	16,560	-	-	-
Beginning fund balances	21,314	2	21,316	99,388	98	99,486
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Ending fund balances	\$ 39,009	-	39,009	77,641	-	77,641

	Fiduciary Fund Type			Total		
	Expendable Trust			Cash Basis	Accrual Adjustments	Modified Accrual Basis
	Cash Basis	Accrual Adjustments	Modified Accrual Basis			
Revenues	\$ 138,546	(2,529)	136,017	10,718,186	(49,906)	10,668,280
Expenditures	172,727	-	172,727	9,510,120	(26,478)	9,483,642
Net	(34,181)	(2,529)	(36,710)	1,208,066	(23,428)	1,184,638
Other financing sources (uses)	6,365	-	6,365	16,560	-	16,560
Beginning fund balances	138,422	2,926	141,348	4,178,323	548,075	4,726,398
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	124,819	124,819
Prepaid insurance	-	-	-	-	(5,008)	(5,008)
Ending fund balances	\$ 110,606	397	111,003	5,402,949	644,458	6,047,407

### G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### (2) **Cash and Pooled Investments**

The County's deposits in banks at June 30, 2003 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 had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

### (3) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Recorder	\$ 33,723
	County Sheriff	6,703
Special Revenue: Secondary Roads	General	1,264
	Special Revenue:	
	Rural Services	564
County Recorder's Records Management	Trust and Agency:	
	County Recorder	1,274
Total		<u>\$ 43,528</u>

**(4) Property and Equipment**

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2003 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 471,115	239,150	-	710,265
Buildings	3,995,590	-	-	3,995,590
Equipment	6,297,318	818,398	236,873	6,878,843
Total	<u>\$ 10,764,023</u>	<u>1,057,548</u>	<u>236,873</u>	<u>11,584,698</u>

**(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 Fund collections also include accruals of property tax for the succeeding year. The 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	<u>\$ 28,106</u>
Special Revenue:		
Rural Services	Services	4,643
Resource Enhancement and Protection		2,274
Mental Health		<u>52,633</u>
		<u>59,550</u>
Trust and Agency:		
County Recorder	Collections	6,244
County Assessor		306,944
Schools		7,289,698
Community Colleges		453,276
Corporations		2,603,152
City Special Assessments		350,763
Auto License and Use Tax		243,213
Disaster Service		18,096
E911 Surcharge		181,819
All other		<u>286,696</u>
		<u>11,739,901</u>
Total		<u>\$ 11,827,557</u>

**(6) Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	Capital Loan Notes	Compen- sated Absences	Estimated Liability for Landfill Closure and Postclosure Care Costs	Total
Balance beginning of year	\$ 1,218,355	142,908	649,224	2,010,487
Additions	890,000	6,909	13,250	910,159
Reductions	1,087,595	-	-	1,087,595
Balance end of year	\$ 1,020,760	149,817	662,474	1,833,051

Capital Loan Notes

On March 1, 1993, the County issued \$615,000 of general obligation capital loan notes to pay the costs of remodeling, maintaining, refinancing and equipping the Grundy County Memorial Hospital (Hospital). The unmatured general obligation capital loan notes are accounted for in the General Long-Term Debt Account Group. The Hospital is the paying agent for these bonds. The County levies property tax in the General Fund and remits the amount necessary for the principal and interest payments to the Hospital.

Refunding of General Obligation Capital Notes

In June 2003, the County issued \$890,000 of general obligation refunding capital loan notes with an average interest rate of 2.177% to refund \$635,000 of outstanding general obligation capital loan notes dated June 1, 1999 with interest rates ranging from 4.30% to 4.90%, and \$233,905 of outstanding general obligation capital loan notes dated September 1, 2000 with an interest rate of 6.75%. The net proceeds of \$888,839 (par less discount of \$2,225 plus accrued interest of \$1,064) were deposited in the Debt Service Fund to pay the principal of the note issues refunded.

As a result, the County reduced its total debt service payments by approximately \$71,800 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$64,000.

A summary of the County's June 30, 2003 long-term debt is as follows:

Year Ending June 30,	Interest Rate	1993 County Memorial Hospital		
		Principal	Interest	Total
2004	5.25%	\$ 63,686	6,040	69,726
2005	5.25	67,074	2,652	69,726
		\$ 130,760	8,692	139,452

Year Ending June 30,	Interest Rates	General Obligation Refunding Capital Loan Notes-Series 2003		
		Principal	Interest	Total
2004	1.20%	\$ 180,000	15,955	195,955
2005	1.35	185,000	13,795	198,795
2006	1.60	145,000	11,298	156,298
2007	2.00	95,000	8,978	103,978
2008	2.20	95,000	7,078	102,078
2009	2.50	95,000	40,988	135,988
2010	2.75	95,000	2,613	97,613
		<u>\$ 890,000</u>	<u>100,705</u>	<u>990,705</u>

Year Ending June 30,	Total			
	Principal	Interest	Total	
2004	\$ 243,686	21,995	265,681	
2005	252,074	16,447	268,521	
2006	145,000	11,298	156,298	
2007	95,000	8,978	103,978	
2008	95,000	7,078	102,078	
2009	95,000	4,988	99,988	
2010	95,000	2,613	97,613	
		<u>\$ 1,020,760</u>	<u>73,397</u>	<u>1,094,157</u>

**(7) 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 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$165,503, \$162,225, and \$157,528, respectively, equal to the required contributions for each year.

## **(8) Risk Management**

Grundy County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2003 were \$154,170.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Employee Group Health Insurance Plan**

The Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Epoch Group, L.E. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Epoch Group from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2003 was \$617,024.

Amounts payable from the Employee Group Health Fund at June 30, 2003 total \$90,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$157,956 at June 30, 2003 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2002	\$ 60,000
Incurred claims (including claims incurred but not reported as of June 30, 2003):	597,259
Payments on claims during the fiscal year	<u>(567,259)</u>
Unpaid claims at June 30, 2003	<u><u>\$ 90,000</u></u>



## **(10) Closure and Postclosure Care Costs**

To comply with federal and state regulations, the County Landfill is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of the waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for the County Landfill have been estimated at \$794,968 as of June 30, 2003 and the portion of the liability that has been recognized is \$662,474. This liability represents the cumulative amount reported to date based on the use of approximately 83 percent of the capacity of the landfill with a remaining life of five years. A provision for the above liability has been made on the County's balance sheet as of June 30, 2003. The County has begun to accumulate resources to fund these costs and, at June 30, 2003, deposits of \$1,063,751 are held for these purposes. These funds are reported in the Special Revenue, Rural Services and Landfill Closure Costs Funds.

## **(11) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of County's financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the County's financial activities.

**Grundy County**

## **Supplemental Information**

**Schedule 1**

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## Grundy County

## General Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2003

## Revenues:

## Property and other county tax:

Property tax	\$ 2,028,104	
Utility tax replacement excise tax	61,302	
Other	4,474	\$ 2,093,880

## Interest and penalty on property tax

25,811

## Intergovernmental:

## State shared revenues:

Franchise tax	24,844	
State liquor licenses	2,243	
	<u>27,087</u>	

## State and federal pass-thru revenues:

Human services administrative reimbursement	10,475	
Emergency medical service training grant	6,584	
Safety incentive grants	4,275	
Community services local health program	59,356	
Well testing grant	11,315	
Court fees	14,126	
Substance abuse	10,000	
Other	342	
	<u>116,473</u>	

## State tax replacements:

State tax credits	156,142	
State allocation	48,343	
	<u>204,485</u>	

Contributions and reimbursements from  
other governmental units:

Contract law enforcement	209,442	
Election reimbursements	8,206	
Other	34,124	
	<u>251,772</u>	599,817

## Licenses and permits

2,550

## Grundy County

## General Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2003

Revenues (continued):		
Charges for service:		
Office fees and collections	128,000	
Auto license, use tax and postage	94,535	
Other	15,227	237,762
		<u>237,762</u>
Use of money and property:		
Interest on investments		112,712
Miscellaneous		18,849
Total revenues		<u>3,091,381</u>
Expenditures:		
Operating:		
Public safety and legal services		1,182,435
Physical health and social services		578,737
County environment and education		375,056
Government services to residents		275,459
Administration		873,950
Total expenditures		<u>3,285,637</u>
Deficiency of revenues under expenditures		<u>(194,256)</u>
Other financing uses:		
Operating transfers out:		
Special Revenue:		
Secondary Roads		(95,456)
Expendable Trust:		
Conservation Land Acquisition Trust		(6,365)
Total other financing uses		<u>(101,821)</u>
Deficiency of revenues under expenditures and other financing uses		<u>(296,077)</u>
Fund balance beginning of year		1,019,906
Decrease in reserve for prepaid insurance		<u>(2,504)</u>
Fund balance end of year		<u>\$ 721,325</u>

See accompanying independent auditor's report.

**Schedule 2**

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## Grundy County

## General Fund

## Statement of Expenditures

Year ended June 30, 2003

## Public safety and legal services:

## Law enforcement:

Uniformed patrol services	\$ 353,130
Investigations	5,112
Contract law enforcement	239,003
Law enforcement communication	172,499
Adult correction services	16,992
Administration	81,973
	<u>868,709</u>

## Legal services:

Criminal prosecution	146,647
Medical examinations	6,784
	<u>153,431</u>

## Emergency services:

Ambulance services	21,000
Disaster services	11,770
	<u>32,770</u>

## Assistance to district court system:

Physical operations	862
Research and other assistance	4,656
	<u>5,518</u>

## Court proceedings:

Juries and witnesses	1,616
Court costs	4,782
Service of civil papers	59,297
	<u>65,695</u>

## Juvenile justice administration:

Juvenile victim restitution	45,382
Court-appointed attorneys and court costs for juveniles	10,930
	<u>56,312</u>

\$ 1,182,435

## Grundy County

## General Fund

## Statement of Expenditures

Year ended June 30, 2003

Physical health and social services:			
Physical health services:			
Sanitation		25,787	
Health administration		59,438	
Support of hospitals		372,873	
		<u>458,098</u>	
Services to the poor:			
Administration		18,833	
General welfare services		36,615	
		<u>55,448</u>	
Services to military veterans:			
Administration		7,450	
General services to veterans		4,996	
		<u>12,446</u>	
Children and family services:			
Youth guidance		1,367	
Services to other adults:			
Services to the elderly		330	
Chemical dependency:			
Treatment services		28,823	
Preventive services		22,225	
		<u>51,048</u>	578,737
County environment and education:			
Conservation and recreation services:			
Administration		72,521	
Maintenance and operations		185,538	
		<u>258,059</u>	
Animal control:			
Animal shelter		198	
Animal bounties and domestic losses		75	
		<u>273</u>	

**Schedule 2**

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## Grundy County

## General Fund

## Statement of Expenditures

Year ended June 30, 2003

## County environment and education (continued):

## County development:

Land use and building controls	21,254	
Economic development	49,083	
	<u>70,337</u>	

## Educational services:

Fair and 4-H Clubs	<u>46,387</u>	375,056
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## Governmental services to residents:

## Representation services:

Elections administration	36,079	
Local elections	7,977	
	<u>44,056</u>	

## State administrative services:

Motor vehicle registrations and licensing	121,096	
Recording of public documents	110,307	
	<u>231,403</u>	275,459

## Administration:

## Policy and administration:

General County management	185,224	
Administrative management services	173,960	
Treasury management services	75,436	
Other policy and administration	28,968	
	<u>463,588</u>	

## Central services:

General services	114,274	
Data processing services	200,750	
	<u>315,024</u>	

## Risk management services:

Safety of the workplace	94,850	
Fidelity of public officials	488	
	<u>95,338</u>	873,950

Total		<u>\$ 3,285,637</u>
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See accompanying independent auditor's report.



**Grundy County**

Grundy County  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2003

	Rural Services	Secondary Roads	County Recorder's Records Management
<b>Assets</b>			
Cash and pooled investments	\$ 771,427	2,839,231	8,628
Receivables:			
Property tax:			
Delinquent	57	-	-
Succeeding year	982,000	-	-
Accounts	28,249	3,556	-
Accrued interest	-	3,024	98
Due from other funds	-	1,828	1,274
Due from other governments	46,772	222,717	-
Inventories	-	522,219	-
Prepaid insurance	1,686	-	-
<b>Total assets</b>	<b>\$ 1,830,191</b>	<b>3,592,575</b>	<b>10,000</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 18,915	24,930	-
Salaries and benefits payable	9,394	36,638	-
Due to other funds	564	-	-
Due to other governments	4,643	-	-
Deferred revenue:			
Succeeding year property tax	982,000	-	-
Other	57	-	-
Compensated absences	2,817	21,720	-
Total liabilities	<u>1,018,390</u>	<u>83,288</u>	<u>-</u>
Fund equity:			
Fund balance:			
Reserved for:			
Inventories	-	522,219	-
Prepaid insurance	1,686	-	-
Landfill closure costs	-	-	-
Unreserved:			
Designated for:			
Future landfill closure costs	553,510	-	-
Hwy 20 improvements	-	997,500	-
Undesignated	256,605	1,989,568	10,000
Total fund equity	<u>811,801</u>	<u>3,509,287</u>	<u>10,000</u>
<b>Total liabilities and fund equity</b>	<b>\$ 1,830,191</b>	<b>3,592,575</b>	<b>10,000</b>

See accompanying independent auditor's report.

Resource Enhance- ment and Protection	Landfill Closure Costs	Drainage Districts	State Drug Forfeiture	Sheriff's Grant	Federal Drug Forfeiture	Mental Health	Total
42,134	501,335	23,027	1,489	265	5,822	275,290	4,468,648
-	-	-	-	-	-	74	131
-	-	-	-	-	-	358,000	1,340,000
-	-	-	-	-	-	-	31,805
590	8,906	-	-	-	-	-	12,618
-	-	-	-	-	-	-	3,102
-	-	-	-	-	-	21,271	290,760
-	-	-	-	-	-	-	522,219
-	-	-	-	-	-	-	1,686
42,724	510,241	23,027	1,489	265	5,822	654,635	6,670,969
-	-	-	-	-	-	56,340	100,185
-	-	-	-	-	-	387	46,419
-	-	-	-	-	-	-	564
2,274	-	-	-	-	-	52,633	59,550
-	-	-	-	-	-	358,000	1,340,000
-	-	-	-	-	-	73	130
-	-	-	-	-	-	1,155	25,692
2,274	-	-	-	-	-	468,588	1,572,540
-	-	-	-	-	-	-	522,219
-	-	-	-	-	-	-	1,686
-	510,241	-	-	-	-	-	510,241
-	-	-	-	-	-	-	553,510
-	-	-	-	-	-	-	997,500
40,450	-	23,027	1,489	265	5,822	186,047	2,513,273
40,450	510,241	23,027	1,489	265	5,822	186,047	5,098,429
42,724	510,241	23,027	1,489	265	5,822	654,635	6,670,969

Grundy County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	County Recorder's Records Management
<b>Revenues:</b>			
Property and other county tax:			
Property tax	\$ 937,456	-	-
Local option sales tax	276,883	-	-
Utility tax replacement excise tax	28,503	-	-
Other	2,026	-	-
	<u>1,244,868</u>	-	-
<b>Intergovernmental:</b>			
State shared revenues:			
Road use tax allocation	-	2,705,258	-
State and federal pass-thru revenues:			
Highway planning and construction grant	-	276,875	-
Transfer of jurisdiction	-	1,040,000	-
Mental health/mental retardation allocation	-	-	-
Social services block grant	-	-	-
Case management	-	-	-
Other	-	7,000	-
	-	<u>1,323,875</u>	-
State tax replacements:			
State tax credits	65,813	-	-
State allocation	48,343	-	-
Mental health property tax relief	-	-	-
Mental health/mental retardation allowable growth	-	-	-
	<u>114,156</u>	-	-
Contributions and reimbursements from other governmental units	169,936	122,557	-
	<u>284,092</u>	<u>4,151,690</u>	-
Licenses and permits	-	330	-
Charges for service:			
County landfill fees	251,019	-	-
Other	-	1,852	4,192
	<u>251,019</u>	<u>1,852</u>	<u>4,192</u>

Resource Enhancement and Protection	Landfill Closure Costs	Drainage Districts	State Drug Forfeiture	Sheriff's Grant	Federal Drug Forfeiture	Mental Health	Total
-	-	-	-	-	-	346,439	1,283,895
-	-	-	-	-	-	-	276,883
-	-	-	-	-	-	10,472	38,975
-	-	-	-	-	-	764	2,790
-	-	-	-	-	-	357,675	1,602,543
-	-	-	-	-	-	-	2,705,258
-	-	-	-	-	-	-	276,875
-	-	-	-	-	-	-	1,040,000
-	-	-	-	-	-	45,998	45,998
-	-	-	-	-	-	32,559	32,559
-	-	-	-	-	-	121,144	121,144
-	-	-	-	7,303	-	-	14,303
-	-	-	-	7,303	-	199,701	1,530,879
-	-	-	-	-	-	26,672	92,485
-	-	-	-	-	-	-	48,343
-	-	-	-	-	-	428,305	428,305
-	-	-	-	-	-	35,498	35,498
-	-	-	-	-	-	490,475	604,631
-	50,000	-	-	-	-	-	342,493
-	50,000	-	-	7,303	-	690,176	5,183,261
-	-	-	-	-	-	-	330
-	-	-	-	-	-	-	251,019
-	-	-	-	-	-	3,360	9,404
-	-	-	-	-	-	3,360	260,423

Grundy County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	County Recorder's Records Management
Revenues (continued):			
Use of money and property:			
Interest on investment	-	3,024	98
Land and equipment rent	-	600	-
	-	3,624	98
Miscellaneous:			
Sale of materials	-	5,825	-
Miscellaneous	9,500	133,461	-
	9,500	139,286	-
Total revenues	1,789,479	4,296,782	4,290
Expenditures:			
Operating:			
Public safety and legal services:			
Law enforcement program:			
Uniformed patrol services	-	-	-
Investigations	-	-	-
	-	-	-
Mental health:			
Persons with mental health problems - mental illness:			
Information and education	-	-	-
General administration	-	-	-
Treatment services	-	-	-
Institutional, hospital, and commitment services	-	-	-
	-	-	-
Persons with chronic mental illness:			
General administration	-	-	-
Coordination services	-	-	-
Personal and environmental support	-	-	-
Treatment services	-	-	-
Vocational and day services	-	-	-
Licensed or certified living arrangements	-	-	-
Institutional, hospital, and commitment services	-	-	-
	-	-	-

Resource Enhancement and Protection	Landfill Closure Costs	Drainage Districts	State Drug Forfeiture	Sheriff's Grant	Federal Drug Forfeiture	Mental Health	Total
590	27,877	-	-	-	-	-	31,589
-	-	-	-	-	-	-	600
590	27,877	-	-	-	-	-	32,189
-	-	-	-	-	-	-	5,825
-	-	-	539	-	-	948	144,448
-	-	-	539	-	-	948	150,273
590	77,877	-	539	7,303	-	1,052,159	7,229,019
-	-	-	84	-	-	-	84
-	-	-	-	8,235	-	-	8,235
-	-	-	84	8,235	-	-	8,319
-	-	-	-	-	-	15,131	15,131
-	-	-	-	-	-	24,699	24,699
-	-	-	-	-	-	29,289	29,289
-	-	-	-	-	-	3,676	3,676
-	-	-	-	-	-	72,795	72,795
-	-	-	-	-	-	12,986	12,986
-	-	-	-	-	-	34,462	34,462
-	-	-	-	-	-	2,942	2,942
-	-	-	-	-	-	14,242	14,242
-	-	-	-	-	-	4,370	4,370
-	-	-	-	-	-	123,352	123,352
-	-	-	-	-	-	28,474	28,474
-	-	-	-	-	-	220,828	220,828

Grundy County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	County Recorder's Records Management
Expenditures (continued):			
Operating:			
Mental health:			
Persons with mental retardation:			
General administration	-	-	-
Coordination services	-	-	-
Personal and environmental support	-	-	-
Vocational and day services	-	-	-
Licensed or certified living arrangements	-	-	-
Institutional, hospital, and commitment services	-	-	-
	-	-	-
Persons with other developmental disabilities:			
General administration	-	-	-
Coordination services	-	-	-
Personal and environmental support	-	-	-
Vocational and day services	-	-	-
Licensed or certified living arrangements	-	-	-
	-	-	-
	-	-	-
County environment and education:			
Environmental quality:			
Natural resources conservation	7,000	-	-
Weed eradication	33,619	-	-
Solid waste disposal	595,946	-	-
	636,565	-	-
Educational services:			
Libraries	112,890	-	-
	749,455	-	-
Roads and transportation:			
Secondary roads administration and engineering:			
Administration	-	97,882	-
Engineering	-	198,855	-
	-	296,737	-



Resource Enhancement and Protection	Landfill Closure Costs	Drainage Districts	State Drug Forfeiture	Sheriff's Grant	Federal Drug Forfeiture	Mental Health	Total
-	-	-	-	-	-	22,853	22,853
-	-	-	-	-	-	90,766	90,766
-	-	-	-	-	-	32,026	32,026
-	-	-	-	-	-	102,843	102,843
-	-	-	-	-	-	404,636	404,636
-	-	-	-	-	-	77,618	77,618
-	-	-	-	-	-	730,742	730,742
-	-	-	-	-	-	3,119	3,119
-	-	-	-	-	-	12,380	12,380
-	-	-	-	-	-	393	393
-	-	-	-	-	-	9,035	9,035
-	-	-	-	-	-	53,390	53,390
-	-	-	-	-	-	78,317	78,317
-	-	-	-	-	-	1,102,682	1,102,682
-	-	-	-	-	-	-	7,000
-	-	-	-	-	-	-	33,619
-	-	-	-	-	-	-	595,946
-	-	-	-	-	-	-	636,565
-	-	-	-	-	-	-	112,890
-	-	-	-	-	-	-	749,455
-	-	-	-	-	-	-	97,882
-	-	-	-	-	-	-	198,855
-	-	-	-	-	-	-	296,737

Grundy County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	County Recorder's Records Management
Expenditures (continued):			
Operating:			
Roads and transportation:			
Roadway maintenance:			
Bridges and culverts	-	94,667	-
Roads	-	1,365,566	-
Snow and ice control	-	136,765	-
Traffic controls	-	92,879	-
Road clearing	-	64,999	-
	-	1,754,876	-
General roadway:			
Equipment	-	582,705	-
Equipment operation	-	641,613	-
Tools, materials, and supplies	-	42,996	-
Real estate and buildings	-	6,968	-
	-	1,274,282	-
	-	3,325,895	-
Government services to residents:			
Representation services:			
Township officials	3,750	-	-
Administration:			
Policy and administration:			
General county management	1,813	-	-
Central services:			
General services	4,255	-	-
Risk management:			
Safety of workplace	117,175	-	-
	123,243	-	-

County	Resource	Landfill	Drainage	State	Sheriff's	Federal Drug	Mental	Total
Enhancement	Closure	Districts	Drug	Grant	Forfeiture	Health		
and Protection	Costs		Forfeiture					
-	-	-	-	-	-	-	-	94,667
-	-	-	-	-	-	-	-	1,365,566
-	-	-	-	-	-	-	-	136,765
-	-	-	-	-	-	-	-	92,879
-	-	-	-	-	-	-	-	64,999
-	-	-	-	-	-	-	-	1,754,876
-	-	-	-	-	-	-	-	582,705
-	-	-	-	-	-	-	-	641,613
-	-	-	-	-	-	-	-	42,996
-	-	-	-	-	-	-	-	6,968
-	-	-	-	-	-	-	-	1,274,282
-	-	-	-	-	-	-	-	3,325,895
-	-	-	-	-	-	-	-	3,750
-	-	-	-	-	-	-	-	1,813
-	-	-	-	-	-	-	-	4,255
-	-	-	-	-	-	-	-	117,175
-	-	-	-	-	-	-	-	123,243

Grundy County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	County Recorder's Records Management
Expenditures (continued):			
Capital projects:			
Conservation land acquisition	-	-	-
Roadway construction	-	468,195	-
	-	468,195	-
Total expenditures	876,448	3,794,090	-
Excess (deficiency) of revenues over (under) expenditures	913,031	502,692	4,290
Other financing sources (uses):			
Operating transfers in (out):			
General	-	95,456	-
Special Revenue:			
Rural Services	-	948,456	-
Secondary Roads	(948,456)	-	-
State Drug Forfeiture	-	-	-
Sheriff's Grant	-	-	-
Federal Drug Forfeiture	-	-	-
Total other financing sources (uses)	(948,456)	1,043,912	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(35,425)	1,546,604	4,290
Fund balances beginning of year	849,730	1,837,864	5,710
Increase (decrease) in reserve for:			
Inventories	-	124,819	-
Prepaid insurance	(2,504)	-	-
Fund balances end of year	\$ 811,801	3,509,287	10,000

See accompanying independent auditor's report.

Resource Enhancement and Protection	Landfill Closure Costs	Drainage Districts	State Drug Forfeiture	Sheriff's Grant	Federal Drug Forfeiture	Mental Health	Total
11,164	-	-	-	-	-	-	11,164
-	-	-	-	-	-	-	468,195
11,164	-	-	-	-	-	-	479,359
11,164	-	-	84	8,235	-	1,102,682	5,792,703
(10,574)	77,877	-	455	(932)	-	(50,523)	1,436,316
-	-	-	-	-	-	-	95,456
-	-	-	-	-	-	-	948,456
-	-	-	-	-	-	-	(948,456)
-	-	-	-	1,197	5,822	-	7,019
-	-	-	(1,197)	-	-	-	(1,197)
-	-	-	(5,822)	-	-	-	(5,822)
-	-	-	(7,019)	1,197	5,822	-	95,456
(10,574)	77,877	-	(6,564)	265	5,822	(50,523)	1,531,772
51,024	432,364	23,027	8,053	-	-	236,570	3,444,342
-	-	-	-	-	-	-	124,819
-	-	-	-	-	-	-	(2,504)
40,450	510,241	23,027	1,489	265	5,822	186,047	5,098,429

**Schedule 5**

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## Grundy County

## Debt Service Fund

Statement of Revenue, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2003

Revenues:			
Property and other county tax:			
Property tax	\$	177,831	
Utility tax replacement excise tax		5,116	
Other		<u>373</u>	\$ 183,320
Intergovernmental:			
State tax replacements:			
State tax credits			13,214
Charges for service:			
Prisoner care			<u>15,329</u>
Total revenues			<u>211,863</u>
Expenditures:			
Debt service:			
Bond principal		158,220	
Interest		<u>52,510</u>	<u>210,730</u>
Excess of revenues over expenditures			<u>1,133</u>
Other financing sources (uses):			
General obligation refunding capital loan note proceeds			888,839
General obligation capital loan notes refunded			<u>(872,279)</u>
Total other financing sources (uses)			<u>16,560</u>
Excess of revenues and other financing sources over expenditures and other financing uses			17,693
Fund balance beginning of year			<u>21,316</u>
Fund balance end of year	\$		<u><u>39,009</u></u>

See accompanying independent auditor's report.

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Grundy County  
Capital Projects Fund  
Statement of Revenue, Expenditures and  
Changes in Fund Balance  
Year ended June 30, 2003

Revenues:	
None	\$ -
Expenditures:	
Capital projects:	
Hospital sprinkler system and fire code updates	<u>21,845</u>
Deficiency of revenues under expenditures	(21,845)
Fund balance beginning of year	<u>99,486</u>
Fund balance end of year	<u><u>\$ 77,641</u></u>

See accompanying independent auditor's report.

**Schedule 7**

Grundy County  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2003

	Expendable		
	Trust	Agency	Total
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 110,606	712,668	823,274
Other County officials	-	55,765	55,765
Receivables:			
Property tax:			
Delinquent	-	2,575	2,575
Succeeding year	-	10,649,000	10,649,000
Accounts	-	23,498	23,498
Accrued interest	397	2,271	2,668
Special assessments	-	350,223	350,223
Due from other governments	-	1,356	1,356
<b>Total assets</b>	<b>\$ 111,003</b>	<b>11,797,356</b>	<b>11,908,359</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	1,976	1,976
Due to other funds	-	41,700	41,700
Due to other governments	-	11,739,901	11,739,901
Trusts payable	-	9,291	9,291
Compensated absences	-	4,488	4,488
Total liabilities	-	11,797,356	11,797,356
Fund equity:			
Unreserved fund balance	111,003	-	111,003
<b>Total liabilities and fund equity</b>	<b>\$ 111,003</b>	<b>11,797,356</b>	<b>11,908,359</b>

See accompanying independent auditor's report.



Grundy County  
Expendable Trust Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
June 30, 2003

		Conservation Land Acquisition Trust
Revenues:		
Intergovernmental:		
State grants and reimbursements:		
Resource Enhancement and Protection program		\$ 131,475
Use of money and property:		
Interest on investments		397
Miscellaneous		4,145
Total revenues		136,017
Expenditures:		
Capital projects:		
Land acquisition	\$ 131,000	
Improvements	41,727	172,727
Deficiency of revenues under expenditures		(36,710)
Other financing sources:		
Operating transfers in:		
General		6,365
Deficiency of revenues and other financing sources under expenditures		(30,345)
Fund balance beginning of year		141,348
Fund balance end of year		\$ 111,003

See accompanying independent auditor's report.

Grundy County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2003

	County Offices	
	County Recorder	County Sheriff
<b>Assets</b>		
Cash and pooled investments:		
County Treasurer	\$ -	-
Other County officials	39,764	16,001
Receivables:		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Accounts	1,477	-
Accrued interest	-	-
Special assessments	-	-
Due from other governments	-	-
	<b>\$ 41,241</b>	<b>16,001</b>
<b>Liabilities</b>		
Accounts payable	\$ -	-
Due to other funds	34,997	6,703
Due to other governments	6,244	7
Trusts payable	-	9,291
Compensated absences	-	-
	<b>\$ 41,241</b>	<b>16,001</b>

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Townships
2,009	116,488	134,280	8,186	21,149	3,267
-	-	-	-	-	-
21	34	1,418	90	1,003	2
106,000	195,000	7,154,000	445,000	2,581,000	144,000
-	70	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
108,030	311,592	7,289,698	453,276	2,603,152	147,269
-	160	-	-	-	-
-	-	-	-	-	-
108,030	306,944	7,289,698	453,276	2,603,152	147,269
-	-	-	-	-	-
-	4,488	-	-	-	-
108,030	311,592	7,289,698	453,276	2,603,152	147,269

Grundy County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2003

	City Special Assess- ments	Advance Taxes
<b>Assets</b>		
Cash and pooled investments:		
County Treasurer	540	6,919
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Accounts	-	-
Accrued interest	-	-
Special assessments	350,223	-
Due from other governments	-	-
	<b>Total assets</b>	<b>6,919</b>
	350,763	6,919
<b>Liabilities</b>		
Accounts payable	-	-
Due to other funds	-	-
Due to other governments	350,763	6,919
Trusts payable	-	-
Compensated absences	-	-
	<b>Total liabilities</b>	<b>6,919</b>
	350,763	6,919

See accompanying independent auditor's report.

Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Dike Fire District	E911	Anatomical Gift Public Awareness and Transportation	Total
243,213	41	5,375	414	170,778	9	712,668
-	-	-	-	-	-	55,765
-	-	-	7	-	-	2,575
-	2,000	-	22,000	-	-	10,649,000
-	-	11,556	-	10,395	-	23,498
-	-	-	-	2,271	-	2,271
-	-	-	-	-	-	350,223
-	-	1,356	-	-	-	1,356
<b>243,213</b>	<b>2,041</b>	<b>18,287</b>	<b>22,421</b>	<b>183,444</b>	<b>9</b>	<b>11,797,356</b>
-	-	191	-	1,625	-	1,976
-	-	-	-	-	-	41,700
243,213	2,041	18,096	22,421	181,819	9	11,739,901
-	-	-	-	-	-	9,291
-	-	-	-	-	-	4,488
<b>243,213</b>	<b>2,041</b>	<b>18,287</b>	<b>22,421</b>	<b>183,444</b>	<b>9</b>	<b>11,797,356</b>

Grundy County  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year ended June 30, 2003

	County Offices	
	County Recorder	County Sheriff
<b>Assets and Liabilities</b>		
Balances beginning of year	\$ 27,099	11,061
Additions:		
Property and other county tax	-	-
State tax credits	-	-
E911 surcharge	-	-
Office fees and collections	219,593	26,775
Auto licenses, use tax and postage	-	-
Trusts	-	95,029
Miscellaneous	-	-
Total additions	219,593	121,804
Deductions:		
Agency remittances:		
To other funds	94,279	27,816
To other governments	111,172	182
Trusts paid out	-	88,866
Total deductions	205,451	116,864
Balances end of year	\$ 41,241	16,001

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpora- tions	Townships	City Special Assess- ments
105,913	301,310	7,097,568	433,282	2,526,960	146,543	496,524
106,687	196,123	7,171,012	449,212	2,559,936	145,235	-
7,806	12,387	520,864	31,803	176,959	9,743	46
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,580	-	-	-	-	-
114,493	213,090	7,691,876	481,015	2,736,895	154,978	46
-	-	-	-	-	-	-
112,376	202,808	7,499,746	461,021	2,660,703	154,252	145,807
-	-	-	-	-	-	-
112,376	202,808	7,499,746	461,021	2,660,703	154,252	145,807
108,030	311,592	7,289,698	453,276	2,603,152	147,269	350,763

Grundy County  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year ended June 30, 2003

	Advance Taxes	Auto License and Use Tax
<b>Assets and Liabilities</b>		
Balances beginning of year	8,367	265,205
Additions:		
Property and other county tax	-	-
State tax credits	-	-
E911 surcharge	-	-
Office fees and collections	-	-
Auto licenses, use tax and postage	-	3,063,324
Trusts	-	-
Miscellaneous	7,660	-
Total additions	7,660	3,063,324
Deductions:		
Agency remittances:		
To other funds	-	87,639
To other governments	9,108	2,997,677
Trusts paid out	-	-
Total deductions	9,108	3,085,316
Balances end of year	6,919	243,213

See accompanying independent auditor's report.



Brucellosis and Tuberculosis Eradication	Emergency Management Services	Dike Fire District	E911	Anatomical Gift Public Awareness and Transportation	Total
2,049	16,969	18,369	158,299	44	11,615,562
2,114	-	22,821	-	-	10,653,140
158	-	1,455	-	-	761,221
-	-	-	82,817	-	82,817
-	-	-	-	-	246,368
-	-	-	-	79	3,063,403
-	-	-	-	-	95,029
-	28,904	-	2,323	-	43,467
2,272	28,904	24,276	85,140	79	14,945,445
-	-	-	-	-	209,734
2,280	27,586	20,224	59,995	114	14,465,051
-	-	-	-	-	88,866
2,280	27,586	20,224	59,995	114	14,763,651
2,041	18,287	22,421	183,444	9	11,797,356

**Schedule 11**

## Grundy County

## Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2003	2002	2001	2000
Taxes:				
Property and other county tax	\$ 3,879,743	\$ 3,622,177	3,359,330	3,271,122
Intergovernmental:				
State shared revenues:				
Road use tax	2,705,258	2,737,885	2,625,541	2,663,726
Franchise tax	24,844	12,233	30,872	31,944
Other	2,243	2,015	2,015	2,242
State and federal pass-thru revenues:				
Social services block grant	32,559	37,379	37,296	38,260
Human services administrative reimbursements	10,475	11,117	6,489	3,056
Community services health program	59,356	78,952	78,184	62,622
Emergency medical service training grant	6,584	3,500	6,584	6,584
Highway planning and construction grant	276,875	389,080	413,016	-
Disaster assistance	-	1,162	29,042	-
Governor's alliance on substance abuse - Byrne formula grant	-	37,121	38,606	27,742
Court fees	14,126	13,632	11,154	11,086
Substance abuse reimbursements	10,000	10,000	10,000	10,000
Resource enhancement and protection program	131,475	9,310	9,753	9,298
Mental health/mental retardation allocation	-	-	71,217	65,868
Case management	121,144	116,377	125,337	90,632
Other	1,116,233	224,797	107,747	82,443
State tax replacements:				
State tax credits	261,841	265,490	274,479	266,977
State allocation	96,686	101,872	107,912	108,224
Mental health property tax relief	428,305	428,306	428,305	428,305
Mental health/mental retardation allowable growth	35,498	-	51,372	47,776
Contributions from other governmental units:				
Contract law enforcement	209,442	187,825	188,856	186,494
Election reimbursements	8,206	9,518	8,444	6,663
E911 service agreement	-	-	-	-
Other	376,617	115,628	105,167	70,290
	<u>5,927,767</u>	<u>4,793,199</u>	<u>4,767,388</u>	<u>4,220,232</u>
Total	<u>\$ 9,807,510</u>	<u>8,415,376</u>	<u>8,126,718</u>	<u>7,491,354</u>

See accompanying independent auditor's report.

Grundy County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Health:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 1,789
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C038(54)-8J-38	276,875
Iowa Department of Public Safety:			
Safety Incentive Grants for Use of Seat Belts	20.604	PAP 02-157, Task 48	825
Safety Incentive Grants for Use of Seat Belts	20.604	PAP 03-157, Task 64	3,450
			<u>4,275</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Emergency Management - State and Local Assistance	83.552		5,452
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778		2,579
Temporary Assistance for Needy Families	93.558		2,649
Foster Care - Title IV-E	93.658		904
Refugee and Entrant Assistance-State Administered Programs	93.566		8
Adoption Assistance	93.659		298
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		510
Social Services Block Grant	93.667		1,738
Social Services Block Grant	93.667		32,559
			<u>34,297</u>
Total			<u>\$ 329,636</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Grundy County and is presented on the modified 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 general purpose financial statements.

See accompanying independent auditor's report.

**Grundy County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Officials of Grundy County:

We have audited the general purpose financial statements of Grundy County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 19, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Grundy County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grundy County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Grundy County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-03 is a material weakness. Prior year reportable conditions have been resolved except for item II-A-03.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Grundy County and other parties to whom Grundy County may report. 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 Grundy 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 19, 2003

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance**

**Grundy County**





**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Grundy County:

Compliance

We have audited the compliance of Grundy County, Iowa, with the types of compliance requirements described in 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, 2003. Grundy County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Grundy County's management. Our responsibility is to express an opinion on Grundy County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, 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 provisions 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 Grundy 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 Grundy County's compliance with those requirements.

In our opinion, Grundy 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, 2003.

Internal Control Over Compliance

The management of Grundy County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Grundy 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Grundy County and other parties to whom Grundy 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 19, 2003

Grundy County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2003

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Grundy County did not qualify as a low-risk auditee.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

**Part II: Findings Related to the General Purpose Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITION:**

II-A-03 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder
(2) Receipt collecting, depositing, posting and daily reconciling are performed by the same employee.	Recorder and Sheriff
(3) Checks are not signed by an individual who does not otherwise participate in the preparation of the checks, approve disbursements or record disbursements.	Sheriff
(4) Bank accounts are not reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.	Recorder and Sheriff

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

County Recorder – We understand the potential weakness. However, it is difficult to segregate duties with only two full-time employees. We will monitor our procedures to try to comply as much as possible with limited staff.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

County Sheriff – We will initiate the procedure of having the Chief Deputy write receipts for incoming civil fees. The secretary will post receipts and disbursements. The Sheriff will sign checks. Also, the Chief Deputy will review and initial reconciliations and reports at the end of the month.

Conclusion – Responses accepted.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

**INSTANCE OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over the major program were noted.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

- IV-A-03 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- IV-B-03 Certified Budget – Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted.
- IV-C-03 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 were noted.
- IV-D-03 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-E-03 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marvin Nederhoff, husband of County Auditor’s Office employee	Work on display case and picture up-date	\$ 60
Chad Ahlberg, husband of County employee	Annex building sign restoration	202
Roger Arends, son of County employee	Used tank for weed commission	650

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

- IV-F-03 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- IV-G-03 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-03 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.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-I-03 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).

IV-J-03 Solid Waste Fees Retainage – The County used or retained the solid waste fees in accordance with Chapter 455E.11.2(a) of the Code of Iowa.

IV-K-03 Code of Ordinances – The County has not compiled a code of ordinances containing all of the County ordinances in effect as required by Chapter 331.302(9) of the Code of Iowa.

Recommendation – The County should compile a code of ordinances containing all of the County ordinances in effect as required by Chapter 331.302(9) of the Code of Iowa.

Response – The County Attorney’s office is currently working on this project, and it should be completed shortly.

Conclusion – Response accepted.

IV-L-03 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, 2003 for the County Extension Office did not exceed the amount budgeted.

IV-M-03 Financial Assurance – Grundy County has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ 794,968
Less: Balance of funds held in the local dedicated fund at June 30, 2002	<u>732,421</u> 62,547
Divided by the number of years remaining in the pay-in period	÷ <u>5</u>
Required payment into the local dedicated fund for the year ended June 30, 2003	12,509
Balance of funds held in the local dedicated fund at June 30, 2002	<u>732,421</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2003	<u>\$ 744,930</u>
Amount County has reserved or designated for closure and postclosure care at June 30, 2003	<u>\$1,063,751</u>



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Grundy County

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
Richard C. Brown, CGFM, Senior Auditor  
Heather B. Allen, Staff Auditor  
Dustin S. Boxa, CPA, Assistant Auditor  
Brad T. Holtan, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State