OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE March 5, 2018

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Grundy County, Iowa.

The County had local tax revenue of $22,854,640 for the year ended June 30, 2017, which included $2,079,926 in tax credits from the state. The County forwarded $16,782,032 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $6,072,608 of the local tax revenue to finance County operations, a 1.2% increase over the prior year. Other revenues included charges for service of $1,421,019 operating grants, contributions and restricted interest of $4,463,217, capital grants, contributions and restricted interest of $1,098,229, tax increment financing of $40,423, local option sales tax of $457,341, unrestricted investment earnings of $58,163 and other general revenues of $86,685.

Expenses for County operations for the year ended June 30, 2017 totaled $13,046,370, a 2.3% increase over the prior year. Expenses included $6,388,006 for roads and transportation, $1,804,305 for public safety and legal services and $1,628,241 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at https://auditor.iowa.gov/reports/1710-0038-B00F.

# # #

GRUNDY COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

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(continued)

Grundy County

Officials

(Before January 2017)

Name	Title	Term Expires
Charles Bakker	Board of Supervisors	Jan 2017
James Ross	Board of Supervisors	Jan 2017
Barbara Smith	Board of Supervisors	Jan 2017
Harlyn Riekena	Board of Supervisors	Jan 2019
Mark Schildroth	Board of Supervisors	Jan 2019
Rhonda Deters	County Auditor	Jan 2017
Brenda Noteboom	County Treasurer	Jan 2019
Travis Case	County Recorder	Jan 2019
Rick D. Penning	County Sheriff	Jan 2017
Erika L. Allen	County Attorney	Jan 2019
John Freese	County Assessor	Jan 2022

(After January 2017)

Name	Title	Term Expires
Harlyn Riekena	Board of Supervisors	Jan 2019
Mark Schildroth	Board of Supervisors	Jan 2019
Charles Bakker	Board of Supervisors	Jan 2021
James Ross	Board of Supervisors	Jan 2021
Barbara Smith	Board of Supervisors	Jan 2021
Rhonda Deters	County Auditor	Jan 2021
Brenda Noteboom	County Treasurer	Jan 2019
Travis Case	County Recorder	Jan 2019
Rick D. Penning	County Sheriff	Jan 2021
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Mary Mosiman, CPA
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Independent Auditor's Report

To the Officials of Grundy County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grundy County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Grundy County as of June 30, 2017, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grundy County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2018 on our consideration of Grundy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Grundy County's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

February 26, 2018

Grundy County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Grundy County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 16%, or approximately $2,629,000. Charges for service increased approximately $114,000, operating grants, contributions and restricted interest increased approximately $448,000, capital grants, contributions and restricted interest decreased approximately $3,160,000 and property and other county tax decreased approximately $40,000.

- Program expenses increased approximately $294,000, or 2.3%, from fiscal year 2016 to fiscal year 2017. Administration function expenses decreased approximately $291,000 and interest on long-term debt and roads and transportation function expenses increased approximately $201,000 and $124,000, respectively.

- The County's net position increased 2.3%, or approximately $651,000, from June 30, 2016 to June 30, 2017.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Grundy County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Grundy County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Grundy County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

   The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) The proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

   The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Grundy County's combined net position changed from a year ago, increasing from approximately $28,237,000 to approximately $28,888,000. The analysis that follows focuses on the changes in the net position of governmental activities.

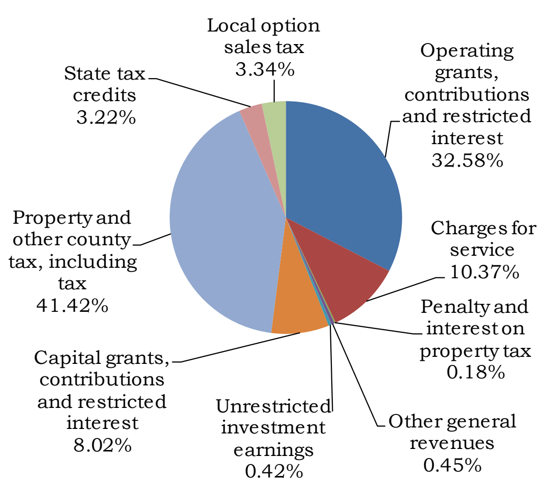
Net Position of Governmental Activities
(Expressed in Thousands)

	June 30, 2017	June 30, 2016
Current and other assets	$ 32,744	32,554
Capital assets	24,116	23,330
Total assets	56,860	55,884
Deferred outflows of resources	961	450
Long-term liabilities	22,148	21,569
Other liabilities	703	536
Total liabilities	22,851	22,105
Deferred inflows of resources	6,082	5,992
Net position:		
Net investment in capital assets	23,402	23,330
Restricted	5,359	4,934
Unrestricted	127	(27)
Total net position	$ 28,888	28,237

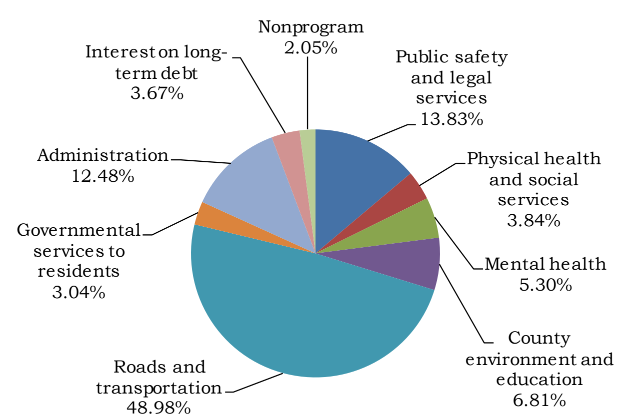
Net position of Grundy County's governmental activities increased approximately $651,000 (from approximately $28,237,000 compared to approximately $28,888,000). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately $27,000 at June 30, 2016 to a approximately $127,000 at the end of this year, an increase of 570%.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2016
Revenues:		
Program revenues:		
Charges for service	$ 1,421	1,307
Operating grants, contributions and restricted interes	4,463	4,015
Capital grants, contributions and restricted interest	1,098	4,258
General revenues:		
Property and other county tax, including tax increment financing	5,672	5,712
Penalty and interest on property tax	25	33
State tax credits	441	368
Local option sales tax	457	406
Unrestricted investment earnings	58	51
Other general revenues	62	176
Total revenues	13,697	16,326
Program expenses:		
Public safety and legal services	1,804	1,787
Physical health and social services	501	469
Mental health	692	687
County environment and education	889	963
Roads and transportation	6,388	6,264
Governmental services to residents	397	385
Administration	1,628	1,919
Nonprogram	268	-
Interest on long-term debt	479	278
Total expenses	13,046	12,752
Change in net position	651	3,574
Net position beginning of year	28,237	24,663
Net position end of year	$ 28,888	28,237

Revenues by Source



Expenses by Function



Grundy County's property tax rates have been consistent in prior years. For fiscal year (FY) 2017, the rural levy rate was $3.47046 per $1,000 of taxable valuation, an increase of $0.13819 per $1,000 of taxable valuation over the fiscal year 2016 rural levy rate. The countywide levy was $5.25 per $1,000 of taxable valuation in fiscal year 2017, a decrease of $0.17664 per $1,000 of taxable valuation compared to fiscal year 2016. Taxable valuation by levy, the actual levy rate per $1,000 of taxable valuation and total dollars levied are as follows:

	Taxes Levied FY2017	Taxes Levied FY2016
Countywide taxable valuation	$772,305,322	761,838,788
Countywide levy rate without debt service	5.25000	5.42664
Dollars levied without debt service	4,054,603	4,134,225
County taxable debt service valuation	806,777,412	796,673,488
County debt service levy rate	-	-
Dollars levied debt service	-	-
Total countywide rate	5.25000	5.42664
Total dollars levied countywide	4,054,603	4,134,225
Rural taxable valuation	525,577,553	524,973,897
Rural tax levy rate	3.47046	3.33227
Dollars levied rural area only	1,823,996	1,749,355
Total dollars levied	$ 5,878,599	5,883,580

Local option sales tax revenue totaled $457,341. Grundy County uses 100% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund.

INDIVIDUAL MAJOR FUND ANALYSIS

As Grundy County completed the year, its governmental funds reported a combined fund balance of $25,568,367 a decrease of $416,973 below last year's total of $25,985,340. The decrease in fund balance is primarily attributable to the decrease in the Debt Service Fund due to the payment of the Grundy County Memorial Hospital bonds. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance increased $198,151 from the prior year to $2,675,980. Total revenues decreased 2.0%. Total expenditures increased .3%, or $13,377, compared to fiscal year 2016.

- The County has continued to look for ways to effectively manage the cost of mental health services. Total revenues decreased $59,078, primarily due to lower reimbursements received from County Social Services, the Mental Health Region. Expenditures totaled $689,512, a decrease of $10,911 from the prior year. The Special Revenue, Mental Health Fund year-end balance increased $1,922 over the prior year to $421,141.

- The Special Revenue, Rural Services Fund balance increased $122,780 from the prior year. Expenditures decreased .3%, or $1,740, compared to fiscal year 2016. Revenues increased $127,536, primarily due to an increase in property tax and local option sales tax revenues. Of the $857,091 fund balance, $148,713 is restricted as a reserve for the landfill/transfer station.

- Special Revenue, Secondary Roads Fund expenditures decreased 3.3%, or $207,336. Revenues decreased 2.2%, or $103,030. The Secondary Roads Fund ending fund balance increased $29,204 to $2,934,938.

- The Special Revenue, Landfill Closure Costs Fund balance decreased $41,828 from the prior year to $752,170. Closure/postclosure care costs of $49,336 were expended from this fund during fiscal year 2017.

- The Debt Service Fund balance decreased $1,180,927 from the prior year to $17,257,759. A portion of the Debt Service Fund was used to make a loan to the Grundy County Memorial Hospital to refund the 2010 notes and for a building expansion project. These notes were anticipated to be paid by Grundy County Memorial Hospital and, therefore, no debt service tax is expected to be levied. The fund balance is large because the related debt is not recorded as a fund liability under the modified accrual basis of accounting.

BUDGETARY HIGHLIGHTS

Over the course of the year, Grundy County amended its budget once. The amendment was made in May 2017 and resulted in an increase in budgeted receipts of $191,788. The budget for expenditures increased $391,679 in total due to decreased debt service requirements for the refunded bond issuance as well as increased and decreased costs identified across various functions.

The County's actual receipts were $839,451 less than budgeted, a variance of 6%. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total disbursements were $3,231,709 less than the amended budget, a variance of 18%. Actual disbursements for the capital projects function were $1,561,143 less than budgeted. Disbursements for the capital projects function were less than budgeted, due primarily to project completion delays.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Grundy County had $24,115,814 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of $785,390, or approximately 3.4%, from last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2017	2016
Land	$ 1,361,331	1,361,331
Construction in process, road network	2,619,996	631,018
Buildings	2,553,765	2,641,696
Improvements other than buildings	430,699	440,914
Equipment and vehicles	2,127,907	2,245,010
Intangibles	48,683	65,653
Infrastructure, road network	14,973,433	15,944,802
Total	$ 24,115,814	23,330,424
This year's major additions include:		
Courthouse annex building		$ 1,055,946
Freightliner dump truck		174,340
Freightliner dump truck		80,575
Digital Pictometry		43,874
Total		$ 1,354,735

The County had depreciation/amortization expense of $1,723,575 in fiscal year 2017 and total accumulated depreciation/amortization of $15,289,409 at June 30, 2017.

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2017, Grundy County had $18,340,000 of general obligation urban renewal capital loan bonds outstanding, compared to $18,435,000 of notes outstanding at June 30, 2016.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2017	2016
General obligation notes/bonds	$ 18,340,000	18,435,000

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Grundy County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $79 million. Additional information about the County's long-term debt and other long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Grundy County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County as of June 2017 stands at 2.9%, which is down from 3.9% as of June, 2016. This compares with the State's unemployment rate of 3.2%. Interest income is very stagnant after reaching an all-time low because of aggressive rate cutting by the Federal Reserve. The State of Iowa currently has budgeted revenue shortfalls and relatively flat revenue projections continue. The uncertainty of revenue projections for the State of Iowa are keeping Grundy County's state funding in question for the fiscal year 2018 budget.

These indicators were taken into account when adopting the budget for fiscal year 2018. The fiscal year 2018 budget of $16,637,428 decreased 5.1% from the fiscal year 2017 original budget of $17,533,079. Property tax will remain relatively stable, even though the tax rate is decreasing slightly, because assessed valuations have increased. Budgeted disbursements are expected to decrease $1,287,330 from the fiscal year 2017 final budgeted amounts due primarily to a decrease in capital projects expenditures.

If these estimates are realized, the County's ending cash balance is expected to decrease $2,094,739 by the close of fiscal year 2018 from the fiscal year 2017 ending cash balance.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Grundy County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Grundy County Auditor's Office, 706 G Avenue, Grundy Center, Iowa 50638.

Basic Financial Statements

Grundy County

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 7,876,134
Receivables:	
Property tax:	
Delinquent	956
Succeeding year	5,945,000
Succeeding year tax increment financing	6,000
Interest and penalty on property tax	1,014
Loan to Grundy County Memorial Hospital	17,190,000
Accounts	45,314
Due from other governments	710,106
Inventories	699,016
Prepaid insurance	270,719
Capital assets, net of accumulated depreciation	24,115,814
Total assets	56,860,073
Deferred Outflows of Resources	
Pension related deferred outflows	961,282
Liabilities	
Accounts payable	549,688
Accrued interest payable	112,155
Salaries and benefits payable	28,265
Due to other governments	13,175
Long-term liabilities:	
Portion due or payable within one year:	
General obligation urban renewal capital loan bonds	1,375,000
Compensated absences	181,356
Portion due or payable after one year:	
General obligation urban renewal capital loan bonds	16,965,000
Estimated liability for landfill closure and postclosure care	638,000
Compensated absences	162,121
Net pension liability	2,754,045
Net OPEB liability	71,810
Total liabilities	22,850,615
Deferred Inflows of Resources	
Unavailable property tax revenue	5,945,000
Unavailable tax increment financing	6,000
Pension related deferred inflows	131,067
Total deferred inflows of resources	6,082,067
Net Position	
Net investment in capital assets	23,402,334
Restricted for:	
Supplemental levy purposes	666,940
Mental health purposes	409,512
Rural services purposes	841,032
Secondary roads purposes	2,925,265
Landfill closure and postclosure care	114,170
Conservation purposes	169,822
Other purposes	232,768
Unrestricted	126,830
Total net position	$ 28,888,673

See notes to financial statements.

Grundy County

Statement of Activities

Year ended June 30, 2017

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 1,804,305	368,386	12,412	-	(1,423,507)
Physical health and social services	501,003	12,000	109,995	-	(379,008)
Mental health	692,064	250,055	-	-	(442,009)
County environment and education	889,391	72,770	49,214	-	(767,407)
Roads and transportation	6,388,006	170,433	3,843,534	705,498	(1,668,541)
Governmental services to residents	396,686	255,503	9	-	(141,174)
Administration	1,628,241	43,498	-	392,731	(1,192,012)
Non-program	268,120	248,374	-	-	(19,746)
Interest on long-term debt	478,554	-	448,053	-	(30,501)
Total	$ 13,046,370	1,421,019	4,463,217	1,098,229	(6,063,905)
General Revenues:					
Property and other county tax levied for general purposes					$ 5,631,214
Tax increment financing					40,423
Penalty and interest on property tax					25,198
State tax credits					441,394
Local option sales tax					457,341
Unrestricted investment earnings					58,163
Gain on disposition of capital assets					27,750
Miscellaneous					33,737
Total general revenues					6,715,220
Change in net position					651,315
Net position beginning of year					28,237,358
Net position end of year					$ 28,888,673

See notes to financial statements.

Grundy County

Balance Sheet
Governmental Funds

June 30, 2017

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 2,529,918	370,338	654,300
Receivables:			
Property tax:			
Delinquent	557	66	333
Succeeding year	3,591,000	392,000	1,962,000
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	1,014	-	-
Loan	-	-	-
Accounts	39,102	-	217
Due from other governments	28,233	51,071	61,358
Inventories	-	-	-
Prepaid insurance	127,369	-	143,350
Total assets	$ 6,317,193	813,475	2,821,558
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 37,194	268	1,383
Salaries and benefits payable	1,929	-	751
Due to other governments	9,519	-	-
Total liabilities	48,642	268	2,134
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,591,000	392,000	1,962,000
Succeeding year tax increment financing	-	-	-
Other	1,571	66	333
Total deferred inflows of resources	3,592,571	392,066	1,962,333
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	127,369	-	143,350
Restricted for:			
Supplemental levy purposes	560,549	-	-
Mental health purposes	-	421,141	-
Rural services purposes	-	-	565,028
Secondary roads purposes	-	-	-
Landfill closure and postclosure care	-	-	
Landfill/transfer station	-	-	148,713
Conservation land acquisition/capital improvements	169,822	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	1,818,240	-	-
Total fund balances	2,675,980	421,141	857,091
Total liabilities, deferred inflows of resources and fund balances	$ 6,317,193	813,475	2,821,558

See notes to financial statements.

	Revenue Secondary Roads	Landfill Closure Costs	Debt Service	Nonmajor	Total
	2,354,321	752,194	67,759	668,482	7,397,312
	-	-	-	-	956
	-	-	-	-	5,945,000
	-	-	-	6,000	6,000
	-	-	-	-	1,014
	-	-	17,190,000	-	17,190,000
	4,748	441	-	806	45,314
	569,444	-	-	-	710,106
	699,016	-	-	-	699,016
	-	-	-	-	270,719
	3,627,529	752,635	17,257,759	675,288	32,265,437
	510,843	-	-	-	549,688
	25,260	325	-	-	28,265
	3,516	140	-	-	13,175
	539,619	465	-	-	591,128
	-	-	-	-	5,945,000
	-	-	-	6,000	6,000
	152,972	-	-	-	154,942
	152,972	-	-	6,000	6,105,942
	699,016	-	-	-	699,016
	-	-	-	-	270,719
	-	-	-	-	560,549
	-	-	-	-	421,141
	-	-	-	-	565,028
	2,235,922	-	-	-	2,235,922
	-	752,170	-	-	752,170
	-	-	-	-	148,713
	-	-	-	-	169,822
	-	-	17,257,759	-	17,257,759
	-	-	-	436,520	436,520
	-	-	-	232,768	232,768
	-	-	-	-	1,818,240
	2,934,938	752,170	17,257,759	669,288	25,568,367
	3,627,529	752,635	17,257,759	675,288	32,265,437

Grundy County

Grundy County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2017

Total governmental fund balances (page 21)		$ 25,568,367
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $39,405,223 and the accumulated depreciation/amortiation is $15,289,409.		24,115,814
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		154,942
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		478,822
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 961,282	
Deferred inflows of resources	(131,067)	830,215
Long-term liabilities, including general obligation urban renewal capital loan bonds payable, landfill closure and postclosure care payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(22,259,487)
Net position of governmental activities (page 18)		$ 28,888,673

See notes to financial statements.

Grundy County

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

Year ended June 30, 2017

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 3,457,749	407,113	1,766,445	-
Local option sales tax	-	-	453,760	-
Interest and penalty on property tax	27,621	-	-	-
Intergovernmental	757,975	284,321	110,954	4,456,609
Licenses and permits	7,550	-	1,850	7,210
Charges for service	358,600	-	19,436	-
Use of money and property	58,729	-	-	600
Miscellaneous	47,490	-	936	102,074
Total revenues	4,715,714	691,434	2,353,381	4,566,493
Expenditures:				
Operating:				
Public safety and legal services	1,618,508	-	191,010	-
Physical health and social services	497,265	-	-	-
Mental health	-	689,512	-	-
County environment and education	527,924	-	272,093	-
Roads and transportation	-	-	-	4,900,439
Governmental services to residents	385,754	-	3,575	-
Administration	1,444,636	-	175,215	-
Debt service	-	-	-	-
Capital projects	43,476	-	-	1,225,558
Total expenditures	4,517,563	689,512	641,893	6,125,997
Excess (deficiency) of revenues over (under) expenditures	198,151	1,922	1,711,488	(1,559,504)
Other financing sources (uses):				
General obligation urban renewal bonds	-	-	-	-
Premium on urban renewal bonds	-	-	-	-
Transfers in	-	-	-	1,588,708
Transfers out	-	-	(1,588,708)	-
Total other financing sources (uses)	-	-	(1,588,708)	1,588,708
Change in fund balances	198,151	1,922	122,780	29,204
Fund balances beginning of year	2,477,829	419,219	734,311	2,905,734
Fund balances end of year	$ 2,675,980	421,141	857,091	2,934,938

See notes to financial statements.

Landfill Closure Costs	Debt Service	Nonmajor	Total
-	-	40,423	5,671,730
-	-	-	453,760
-	-	-	27,621
-	448,053	323,723	6,381,635
-	-	-	16,610
-	-	2,813	380,849
7,158	-	93	66,580
350	-	88,092	238,942
7,508	448,053	455,144	13,237,727
-	-	-	1,809,518
-	-	-	497,265
-	-	-	689,512
49,336	-	42,704	892,057
-	-	-	4,900,439
-	-	2,504	391,833
-	-	-	1,619,851
-	1,711,314	-	1,711,314
-	-	1,056,211	2,325,245
49,336	1,711,314	1,101,419	14,837,034
(41,828)	(1,263,261)	(646,275)	(1,599,307)
-	1,150,000	-	1,150,000
-	32,334	-	32,334
-	-	1,100,000	2,688,708
-	(1,100,000)	-	(2,688,708)
-	82,334	1,100,000	1,182,334
(41,828)	(1,180,927)	453,725	(416,973)
793,998	18,438,686	215,563	25,985,340
752,170	17,257,759	669,288	25,568,367

Grundy County

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Year ended June 30, 2017

Change in fund balances - Total governmental funds (page 25)		$ (416,973)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expenses in the current year, as follows:		
Expenditures for capital assets	$ 2,481,215	
Depreciation/amortization expense	(1,723,575)	757,640
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		27,750
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	(93)	
Other	150,549	150,456
Proceeds from issuing long-term liabiliteis provide current financial resouces to governmental funds, but issuing debt increases long-term liabiliteis in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:		
Issued	(1,150,000)	
Repaid	1,245,000	95,000
The current year County share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.		357,407
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Adjustment to estimated costs for landfill closure and postclosure care	22,100	
Compensated absences	24,939	
Other postemployment benefits	(7,328)	
Pension expense	(349,489)	
Interest on long-term debt	(12,240)	(322,018)
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		2,053
Change in net position of governmental activities (page 19)		$ 651,315

See notes to financial statements.

Grundy County

Statement of Net Position
Proprietary Fund

June 30, 2017

	Internal Service - Employee Group Health
Current Assets	
Cash and cash equivalents	$ 478,822
Current Liabilities	
None	-
Net Position	
Unrestricted	$ 478,822

See notes to financial statements.

Grundy County

Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2017

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 942,987
Reimbursements from employees		170,340
Reimbursements from others		38,958
Total operating revenues		1,152,285
Operating expenses:		
Partially self funded medical claims	$ 141,070	
Medical claims	60,586	
Life insurance premiums	9,752	
Insurance premiums	909,500	
Affordable Care Act (ACA) fees	17,645	
Administrative fees	12,725	1,151,278
Operating income		1,007
Non-operating revenues:		
Interest income		1,046
Net income		2,053
Net position beginning of year		476,769
Net position end of year		$ 478,822

See notes to financial statements.

Grundy County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2017

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 942,987
Cash received from employees and others	209,298
Cash paid to suppliers for services	(1,151,278)
Net cash provided by operating activities	1,007
Cash flows from investing activities:	
Interest on investments	1,046
Net increase in cash and cash equivalents	2,053
Cash and cash equivalents beginning of year	476,769
Cash and cash equivalents end of year	$ 478,822
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 1,007
Adjustment to reconcile operating income to net cash provided by operating activities:	
Net cash provided by operating activities	$ 1,007

See notes to financial statements.

Grundy County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

Assets	
Cash, cash equivalants and pooled investments:	
County Treasurer	$ 1,086,539
Other County officials	122,234
Receivables:	
Property tax:	
Delinquent	2,036
Succeeding year	15,406,000
Accounts	22,069
Accrued interest	86
Due from other governments	29,802
Total assets	16,668,766
Liabilities	
Accounts payable	978
Due to other governments	16,512,196
Trusts payable	129,182
Compensated absences	26,410
Total liabilities	16,668,766
Net position	$ -

See notes to financial statements.

(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.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Grundy County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

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 they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten 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.

The Grundy County Heritage Foundation has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa. The primary function of the Foundation shall be to solicit and receive contributions, gifts, grants, devises and bequests of personal property and/or real property from individuals, corporations, partnerships, trusts, foundations, governmental bodies and agencies and any other parties and to distribute and apply such assets and/or the income therefrom from time to time to or for the benefit of the Grundy County Conservation Board and any affiliated organizations of the Conservation Board. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Grundy County Heritage Foundation meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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 the Agency Funds of the County.

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Landfill Closure Costs Fund is used to accumulate monies for closure and postclosure care for the County Landfill.

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

Additionally, the County reports the following funds:

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

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent amounts assessed to individuals for work done which benefit their property. These assessments are payable by individuals in no more than 15 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.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 50,000
Land, buildings and improvements	25,000
Intangibles	5,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	3 - 10
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, disbursements did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure 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. 72.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	$ 1,588,708
Capital Projects	Debt Service	1,100,000
		$ 2,688,708

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 1,361,331	-	-	1,361,331
Construction in progress	631,018	1,988,978	-	2,619,996
Total capital assets not being depreciated/amortized	1,992,349	1,988,978	-	3,981,327
Capital assets being depreciated/amortized:				
Buildings	4,268,988	-	-	4,268,988
Improvements other than buildings	490,468	-	-	490,468
Equipment and vehicles	7,956,929	366,693	(104,852)	8,218,770
Intangibles	99,591	43,874	-	143,465
Infrastructure, road network	22,187,235	114,970	-	22,302,205
Total capital assets being depreciated/amortized	35,003,211	525,537	(104,852)	35,423,896
Less accumulated depreciation/amortization for:				
Buildings	1,627,292	87,931	-	1,715,223
Improvements other than buildings	49,554	10,215	-	59,769
Equipment and vehicles	5,711,919	478,246	(99,302)	6,090,863
Intangibles	33,938	60,844	-	94,782
Infrastructure, road network	6,242,433	1,086,339	-	7,328,772
Total accumulated depreciation/amortization:	13,665,136	1,723,575	(99,302)	15,289,409
Total capital assets being depreciated/amortized, net	21,338,075	(1,198,038)	(5,550)	20,134,487
Governmental activities capital assets, net	$23,330,424	790,940	(5,550)	24,115,814

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 76,444
County environment and education	59,760
Roads and transportation	1,489,056
Administration	98,315
Total depreciation/amortization expense - governmental activities	$ 1,723,575

(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. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2017 is as follows:

Fund	Description	Amount
General	Services	$ 9,519
Special Revenue:		
Secondary Roads	Services	3,516
Landfill Closure Costs	Services	140
		3,656
Total for governmental funds		$ 13,175
Agency:		
Agriculture Extension Education	Collections	$ 192,241
County Assessor		418,727
Schools		9,763,910
Community Colleges		886,781
Corporations		4,136,526
Townships		252,610
Auto License and Use Tax		470,793
All other		390,608
Total for agency funds		$ 16,512,196

(6) Long-Term Liabilities

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

	General Obligation Urban Renewal Capital Loan Notes/Bonds	Estimated Liability for Landfill Closure and Postclosure Care	Compen-sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	$ 18,435,000	660,100	368,416	2,041,405	64,482	21,569,403
Increases	1,150,000	-	309,148	712,640	7,328	2,179,116
Decreases	1,245,000	22,100	334,087	-	-	1,601,187
Balance end of year	$ 18,340,000	638,000	343,477	2,754,045	71,810	22,147,332
Due within one year	$ 1,375,000	-	181,356	-	-	1,556,356

General Obligation Urban Renewal Refunding Capital Loan Bonds

On September 21, 2015, the County issued $14,640,000 of general obligation urban renewal refunding capital loan bonds to advance refund the Grundy County Memorial Hospital's outstanding principal balance of $12,970,000 of general obligation urban renewal capital loan notes issued in 2010. The County entered into an escrow agreement with Bankers Trust Company and deposited the proceeds from the refunding bonds in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation notes as they become due. The investments and fixed earnings from the investments in the escrow account are sufficient to fully service the defeased debt until the debt is called or matures on June 1, 2019. The transactions and balances of the escrow account are not recorded by the County since the refunded debt is considered extinguished. The bonds bear interest, payable semiannually on the first of June and December of each year, at rates ranging from 2.00% to 3.25% per annum.

The County obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $164,855.

On May 4, 2016, the County issued $4,810,000 of general obligation urban renewal bonds to pay costs of carrying out urban renewal projects, including loaning proceeds to the Grundy County Memorial Hospital. The bonds bear interest, payable semiannually on the first of June and December of each year, at rates ranging from 1.50% to 2.55% per annum.

The County loaned the general obligation urban renewal refunding capital loan bond and the general obligation urban renewal capital loan bond proceeds to the Grundy County Memorial Hospital. Under the loan agreement, the Grundy County Memorial Hospital is to make payments to the County equal to the payments the County is required to make on both bond issues. The principal and interest payments from the Grundy County Memorial Hospital are credited to the Debt Service Fund.

On August 23, 2016, the County issued $1,150,000 of general obligation urban renewal bonds, series 2016B for the purpose of paying for the demolition of a current aged structure and constructing a new Grundy County Courthouse Annex which will house certain County offices. The bonds bear interest, payable semiannually on the first of June and December of each year, at 2% per annum.

A summary of the County's June 30, 2017 general obligation urban renewal refunding capital loan bonds and general obligation urban renewal capital loan bond indebtedness is as follows:

Year Ending June 30,	Refunding Issued September 21, 2015 Interest Rates			Urban Renewal Hospital Annex Issued May 4, 2016 Interest Rates		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	2.00%	$ 910,000	328,713	1.50%	$ 360,000	96,665
2019	2.00	930,000	310,513	1.50	370,000	91,265
2020	2.00	950,000	291,913	2.00	375,000	83,865
2021	2.00	970,000	272,913	2.00	385,000	76,365
2022	2.00	1,000,000	253,513	2.00	390,000	68,665
2023-2027	2.25-3.00	5,485,000	883,863	2.00-2.35	2,115,000	211,303
2028-2030	3.00-3.25	2,490,000	122,200	2.50-2.55	460,000	11,730
Total		$ 12,735,000	2,463,628		$ 4,455,000	639,858

Urban Renewal Issued August 23, 2016 Interest Rates			Year Ending June 30,	Total		
Interest Rates	Principal	Interest		Principal	Interest	Total
2.00%	$ 105,000	23,000	2018	$ 1,375,000	448,378	1,823,378
2.00	105,000	20,900	2019	1,405,000	422,678	1,827,678
2.00	110,000	18,800	2020	1,435,000	394,578	1,829,578
2.00	110,000	16,600	2021	1,465,000	365,878	1,830,878
2.00	110,000	14,400	2022	1,500,000	336,578	1,836,578
2.00	610,000	37,300	2023-2027	8,210,000	1,132,466	9,342,466
	-	-	2028-2030	2,950,000	133,930	3,083,930
	$ 1,150,000	131,000	Total	$ 18,340,000	3,234,486	21,574,486

During the year ended June 30, 2017, $1,245,000 of general obligation bonds were retired.

(7) Loan Receivable

As detailed in Note 6, the County loaned bond proceeds to the Grundy County Memorial Hospital. Under the loan agreement, the Grundy County Memorial Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation urban renewal capital loan bonds.

(8) Pension Plan

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

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

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

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 totaled $357,407.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –At June 30, 2017, the County reported a liability of $2,754,045 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the County's proportion was 0.043761%, which was an increase of 0.002441% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $349,489. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,869	65,165
Changes of assumptions	37,752	17,461
Net difference between projected and actual earnings on IPERS' investments	533,573	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	10,681	48,441
County contributions subsequent to the measurement date	357,407	-
Total	$ 961,282	131,067

$357,407 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	$ 36,304
2019	36,304
2020	255,916
2021	148,626
2022	(4,342)
Total	$ 472,808

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$ 4,981,438	2,754,045	876,598

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

Payables to IPERS – At June 30, 2017, the County reported payables to IPERS of $39,934 for legally required County contributions and $29,037 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Risk Management

The County is a member of 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 whose 753 members include 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2017 were $222,774.

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 $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, 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 casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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.

(10) Employee Health Insurance Plan

The Internal Service, 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 County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the deductible of $4,000/$8,000 per single/family plan with a maximum out of pocket expense of $8,000/$16,000 per single/family plan. The deductible and maximum out of pocket expense for the County is reduced by the deductible amount paid by the employee of $750/$1,500 per single/family plan and employee maximum out of pocket expense of $1,500/$3,000 per single/family plan. Claims in excess of deductibles are covered by the partial self-funding plan.

Administrative service fees and plan contributions are paid monthly from the County's operating funds to a separate account administered by Employee Benefit Systems. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution for the year ended June 30, 2017 was $942,987.

(11) 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 care plan and to provide funding necessary to effect closure and postclosure care, 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 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 cost consists 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 $638,000 as of June 30, 2017 and the portion of the liability that has been recognized is $638,000. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a transfer station instead of constructing new cells. The Landfill plans to maintain its recycling program and will use existing resources to finance these activities. A provision for the above liability has been made in the County's Statement of Net Position as of June 30, 2017. The County has accumulated resources to fund these costs and, at June 30, 2017, deposits of $752,170 are held for these purposes. These resources are reported in the Special Revenue, Landfill Closure Costs Fund.

(12) Other Postemployment Benefits (OPEB)

<u>Plan Description</u> – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 77 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	$ 8,385
Interest on net OPEB obligation	2,902
Adjustment to annual required contribution	(3,959)
Annual OPEB cost	7,328
Contributions made	-
Increase in net OPEB obligation	7,328
Net OPEB obligation beginning of year	64,482
Net OPEB obligation end of year	$ 71,810

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the neither the County nor plan members contributed to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 13,671	12%	$ 57,032
2016	7,450	0	64,482
2017	7,786	0	71,810

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was approximately $60,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately $60,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3,989,000 and the ratio of the UAAL to covered payroll was 1.50%. As of June 30, 2017, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the

Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the 2011 United States Life Tables, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or the first subsequent year in which the member would qualify for benefits.

Projected claim costs of the medical plan are $13,071 annually for retirees less than age 65 and $19,342 annually for retirees' spouses less than age 65. All coverage ceases when the retiree reaches age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(13) Developer Agreements

The County entered into five developer agreements to assist in urban renewal projects, as follows:

> The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for the costs of certain improvements in the Grundy County Bacon Veneer Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between June 1, 2004 and June 1, 2018, but shall not exceed the developer's actual infrastructure costs as certified to the County or $1,000,000, whichever is less. During the year ended June 30, 2017, no rebates were expended to the developer, R. S. Bacon Veneer Company due to the developer not meeting agreement obligations.
>
> The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for the costs of certain improvements for the "Welcome Center" in the Grundy County Industrial Park Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between July 1, 2007 and June 30, 2018 (semiannual payments for ten years), but shall not exceed the developer's actual infrastructure costs as certified to the County or $316,026, whichever is less. During the year ended June 30, 2017, $27,392 was rebated to the developer, Grundy County Heritage Center, Grundy County Rural Electric Cooperative and Corn Belt & Industrial Park.

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of certain improvements in the Grundy County Titan Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between January 1, 2009 and December 31, 2028 (up to forty semi-annual payments for twenty years) until $225,000 is rebated or the agreement is terminated, whichever occurs first. During the year ended June 30, 2017, $10,759 was rebated to the developer, Dealer Site LLC.

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of new commercial development in the OXBO Urban Renewal District within 2 miles of the City of Grundy Center. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between July 1, 2010 and June 30, 2020 (annual payments for ten years) or until termination of the agreement, whichever occurs first. During the year ended June 30, 2017, $3,920 was rebated to the developer, OXBO International Corporation/Byron Midwest Corporation.

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of new commercial development in the Grundy County Industrial Park Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between December 1, 2007 and December 1, 2022 (semi-annual payments for fifteen years) until $105,000 or until termination of the agreement, whichever occurs first. During the year ended June 30, 2017, $338 was rebated to the developer, Olderog Wholesales Tire, Inc.

(14) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

County Tax Abatements

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2017, the County abated $15,617 property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Dike	Urban renewal and economic development projects	$ 33,078
City of Grundy Center	Urban renewal and economic development projects	$ 40,900

(15) Grundy County Financial Information Included in County Social Services

County Social Services (CSS), a jointly governed organization formed pursuant to the provisions of Chapter 28E and Chapter 331.390 of the Code of Iowa, which became effective April 1, 2013, included the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago Winneshiek, Worth and Wright counties. The agreement was amended April 1, 2014 to also include Emmet County. The financial activity of Grundy County's Special Revenue, Mental Health Fund is included in CSS for the year ended June 30, 2017 as follows:

Revenues:		
Property and other county tax		$ 407,113
Intergovernmental:		
State tax credits	$ 34,266	
Payments from mental health region - CSS	250,055	284,321
Total revenues		691,434
Expenditures:		
Service to persons with:		
Mental illness		208
General administration:		
Direct administration	152,945	
Distribution to regional fiscal agent	441,603	594,548
County provided case management		94,756
Total expenditures		689,512
Excess of revenues over expenditures		1,922
Fund balance beginning of year		419,219
Fund balance end of year		$ 421,141

(16) Construction Commitment

The County entered into a contract with an adjusted amount of $1,100,523 for the construction of a Courthouse Annex. As of June 30, 2017, costs of $968,071 on the project have been incurred. The $132,452 balance remaining on the project at June 30, 2017 will be paid as work on the project progresses.

(17) New Accounting Pronouncement

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the County's tax abatements and tax abatements of other entities which impact the County.

(18) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's other postemployment benefits.

Grundy County

Required Supplementary Information

Grundy County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 6,135,997	-	6,135,997
Interest and penalty on property tax	27,621	-	27,621
Intergovernmental	7,535,182	-	7,535,182
Licenses and permits	16,970	-	16,970
Charges for service	323,284	-	323,284
Use of money and property	69,958	-	69,958
Miscellaneous	154,973	217	154,756
Total receipts	14,263,985	217	14,263,768
Disbursements:			
Public safety and legal services	1,812,210	-	1,812,210
Physical health and social services	479,415	-	479,415
Mental health	689,403	-	689,403
County environment and education	892,367	290	892,077
Roads and transportation	4,744,973	-	4,744,973
Governmental services to residents	391,766	-	391,766
Administration	1,627,700	-	1,627,700
Debt service	1,711,314	-	1,711,314
Capital projects	2,344,191	-	2,344,191
Total disbursements	14,693,339	290	14,693,049
Excess (deficiency) of receipts over (under) disbursements	(429,354)	(73)	(429,281)
Other financing sources, net	1,270,209	-	1,270,209
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	840,855	(73)	840,928
Balance beginning of year	6,556,457	46,997	6,509,460
Balance end of year	$ 7,397,312	46,924	7,350,388

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
6,147,109	6,146,709	(10,712)
3,000	3,400	24,221
8,237,769	8,417,625	(882,443)
8,150	8,150	8,820
314,446	314,446	8,838
40,775	40,775	29,183
160,182	172,114	(17,358)
14,911,431	15,103,219	(839,451)
2,090,341	2,153,038	340,828
563,844	563,844	84,429
735,278	735,278	45,875
950,076	955,227	63,150
5,039,478	5,314,478	569,505
435,667	435,667	43,901
2,016,416	2,119,391	491,691
1,901,501	1,742,501	31,187
3,800,478	3,905,334	1,561,143
17,533,079	17,924,758	3,231,709
(2,621,648)	(2,821,539)	2,392,258
-	-	1,270,209
(2,621,648)	(2,821,539)	3,662,467
6,304,371	6,304,371	205,089
3,682,723	3,482,832	3,867,556

Grundy County

Grundy County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 14,263,985	(1,026,258)	13,237,727
Expenditures	14,693,339	143,695	14,837,034
Net	(429,354)	(1,169,953)	(1,599,307)
Other financing sources, net	1,270,209	(87,875)	1,182,334
Beginning fund balances	6,556,457	19,428,883	25,985,340
Ending fund balances	$ 7,397,312	18,171,055	25,568,367

See accompanying independent auditor's report.

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $391,679. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2017, disbursements did not exceed the amounts budgeted.

Grundy County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Three Years*
(In Thousands)

Required Supplementary Information

		2017	2016	2015
County's proportion of the net pension liability (asset)		0.043761%	0.041320%	0.039736%
County's proportionate share of the net pension liability (asset)	$	2,754	2,041	1,576
County's covered-employee payroll	$	3,824	3,731	3,670
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll		72.02%	54.70%	42.94%
IPERS' net position as a percentage of the total pension liability		81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Grundy County

Schedule of County Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

		2017	2016	2015	2014
Statutorily required contribution	$	357	351	343	337
Contributions in relation to the statutorily required contribution		(357)	(351)	(343)	(337)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	3,917	3,824	3,731	3,670
Contributions as a percentage of covered-employee payroll		9.11%	9.18%	9.19%	9.18%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
318	290	249	236	220	204
(318)	(290)	(249)	(236)	(220)	(204)
-	-	-	-	-	-
3,532	3,400	3,311	3,377	3,275	3,189
9.00%	8.53%	7.52%	6.99%	6.72%	6.40%

Changes of benefit terms:

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

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

Changes of assumptions:

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

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

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

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

Grundy County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	$ 72	72	0.0%	$ 3,057	2.30%
2011	Jul 1, 2009	-	72	72	0.0	3,359	2.14
2012	Jul 1, 2009	-	72	72	0.0	3,440	2.09
2013	Jul 1, 2012	-	67	67	0.0	3,556	1.88
2014	Jul 1, 2012	-	67	67	0.0	3,711	1.81
2015	Jul 1, 2012	-	67	67	0.0	3,759	1.78
2016	Jul 1, 2015	-	60	60	0.0	3,863	1.55
2017	Jul 1, 2015	-	60	60	0.0	3,989	1.50

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Grundy County

Supplementary Information

Grundy County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

	Special					
	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Federal Drug Forfeiture	Sheriff's Grant	Drainage Districts
Assets						
Cash, cash equivalents and pooled investments	13,193	142,962	2,440	2,223	265	21,255
Receivables:						
Succeeding year tax increment financing	-	-	-	-	-	-
Accounts receivable	722	84	-	-	-	-
Total assets	$ 13,915	143,046	2,440	2,223	265	21,255
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year tax increment financing	-	-	-	-	-	-
Fund balances:						
Restricted for other purposes	13,915	143,046	2,440	2,223	265	21,255
Total liabilities, deferred inflows of resources and fund balances	$ 13,915	143,046	2,440	2,223	265	21,255

See accompanying independent auditor's report.

Bacon Veneer TIF	Olderog TIF	Titan TIF	OXBO TIF	Conven-ience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation	Capital Project - Annex	Total
2,530	338	-	-	11,087	10,000	25,669	436,520	668,482
2,000	-	1,000	3,000	-	-	-	-	6,000
-	-	-	-	-	-	-	-	806
4,530	338	1,000	3,000	11,087	10,000	25,669	436,520	675,288
2,000	-	1,000	3,000	-	-	-	-	6,000
2,530	338	-	-	11,087	10,000	25,669	436,520	669,288
4,530	338	1,000	3,000	11,087	10,000	25,669	436,520	675,288

Grundy County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2017

						Special
	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Federal Drug Forfeiture	Sheriff's Grant	Drainage Districts
Revenues:						
Tax increment financing	$ -	-	-	-	-	-
Intergovernmental	-	13,718	-	-	-	-
Charges for service	2,813	-	-	-	-	-
Use of money and property	9	84	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	2,822	13,802	-	-	-	-
Expenditures:						
Operating:						
County environment and education	-	-	-	-	-	-
Governmental services to residents	2,214	-	-	-	-	-
Other capital projects	-	-	-	-	-	-
Total expenditures	2,214	-	-	-	-	-
Excess (deviciency) of revenues over (under) expenditures	608	13,802	-	-	-	-
Other financing sources (uses:						
Transfers in	-	-	-	-	-	-
Change in fund balances	608	13,802	-	-	-	-
Fund balances beginning of year	13,307	129,244	2,440	2,223	265	21,255
Fund balances end of year	$ 13,915	143,046	2,440	2,223	265	21,255

See accompanying independent auditor's report.

Revenue Grundy County Industrial Park TIF	Bacon Veneer TIF	Welcome Center TIF	Olderog TIF	Titan TIF	OXBO TIF	Conven-ience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation	Capital Project - Annex	Total
284	2,387	23,006	676	10,150	3,920	-	-	-	-	40,423
11	143	4,386	-	609	-	-	-	-	304,856	323,723
-	-	-	-	-	-	-	-	-	-	2,813
-	-	-	-	-	-	-	-	-	-	93
-	-	-	-	-	-	-	-	217	87,875	88,092
295	2,530	27,392	676	10,759	3,920	-	-	217	392,731	455,144
295	-	27,392	338	10,759	3,920	-	-	-	-	42,704
-	-	-	-	-	-	-	-	290	-	2,504
-	-	-	-	-	-	-	-	-	1,056,211	1,056,211
295	-	27,392	338	10,759	3,920	-	-	290	1,056,211	1,101,419
-	2,530	-	338	-	-	-	-	(73)	(663,480)	(646,275)
-	-	-	-	-	-	-	-	-	1,100,000	1,100,000
-	2,530	-	338	-	-	-	-	(73)	436,520	453,725
-	-	-	-	-	-	11,087	10,000	25,742	-	215,563
-	2,530	-	338	-	-	11,087	10,000	25,669	436,520	669,288

Grundy County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	2,213	148,119	113,451
Other County officials	122,234	-	-	-
Receivables:				
Property tax:				
Delinquent	-	28	44	1,459
Succeeding year	-	190,000	297,000	9,649,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 122,234	192,241	445,163	9,763,910
Liabilities				
Accounts payable	$ -	-	26	-
Due to other governments	20,912	192,241	418,727	9,763,910
Trusts payable	101,322	-	-	-
Compensated absences	-	-	26,410	-
Total liabilities	$ 122,234	192,241	445,163	9,763,910

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
11,669	25,172	3,606	470,793	22,177	289,339	1,086,539
-	-	-	-	-	-	122,234
112	354	4	-	-	35	2,036
875,000	4,111,000	249,000	-	-	35,000	15,406,000
-	-	-	-	-	22,069	22,069
-	-	-	-	-	86	86
-	-	-	-	-	29,802	29,802
886,781	4,136,526	252,610	470,793	22,177	376,331	16,668,766
-	-	-	-	-	952	978
886,781	4,136,526	252,610	470,793	22,177	347,519	16,512,196
-	-	-	-	-	27,860	129,182
-	-	-	-	-	-	26,410
886,781	4,136,526	252,610	470,793	22,177	376,331	16,668,766

Grundy County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 34,393	177,634	392,808	9,166,846
Additions:				
Property and other county tax	-	186,894	292,280	9,489,319
E-911 surcharges	-	-	-	-
State tax credits	-	18,410	28,323	947,439
Office fees and collections	299,455	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	424,311	-	-	-
Miscellaneous	-	-	13	-
Total additions	723,766	205,304	320,616	10,436,758
Deductions:				
Agency remittances:				
To other funds	129,013	-	-	-
To other governments	170,442	190,697	268,261	9,839,694
Trusts paid out	336,470	-	-	-
Total deductions	635,925	190,697	268,261	9,839,694
Balances end of year	$ 122,234	192,241	445,163	9,763,910

See accompanying independent auditor’s report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
912,655	4,026,837	243,021	434,847	22,177	379,666	15,790,884
858,875	4,036,973	244,493	-	-	34,666	15,143,500
-	-	-	-	-	161,316	161,316
95,614	525,197	20,780	-	-	2,769	1,638,532
-	-	-	-	-	-	299,455
-	-	-	4,934,142	-	-	4,934,142
-	-	-	-	-	-	424,311
-	-	-	-	-	52,442	52,455
954,489	4,562,170	265,273	4,934,142	-	251,193	22,653,711
-	-	-	144,334	-	-	273,347
980,363	4,452,481	255,684	4,753,862	-	254,528	21,166,012
-	-	-	-	-	-	336,470
980,363	4,452,481	255,684	4,898,196	-	254,528	21,775,829
886,781	4,136,526	252,610	470,793	22,177	376,331	16,668,766

Grundy County

Schedule of Revenues By Source and Expenditures By Function –
All Governmental Funds

For the Last Ten Years

		2017	2016	2015	2014
Revenues:					
Property and other county tax	$	5,671,730	5,712,330	5,693,027	5,348,541
Local option sales tax		453,760	405,536	450,511	380,911
Interest and penalty on property tax		27,621	30,446	34,638	36,201
Intergovernmental		6,381,635	7,639,200	5,013,091	5,204,910
Licenses and permits		16,610	16,530	19,083	51,685
Charges for service		380,849	385,822	367,757	385,708
Use of money and property		66,580	58,088	46,924	43,910
Miscellaneous		238,942	218,050	128,039	137,173
Total	$	13,237,727	14,466,002	11,753,070	11,589,039
Expenditures:					
Operating:					
Public safety and legal services	$	1,809,518	1,834,947	1,800,880	1,802,508
Physical health and social services		497,265	470,455	478,182	585,048
Mental health		689,512	700,423	773,570	737,047
County environment and education		892,057	922,247	901,746	937,140
Roads and transportation		4,900,439	5,584,893	4,354,335	4,510,897
Governmental services to residents		391,833	391,059	385,248	367,614
Administration		1,619,851	1,666,974	1,631,931	1,538,772
Nonprogram		-	-	-	-
Debt service		1,711,314	1,368,265	1,256,668	1,451,397
Capital projects		2,325,245	748,440	122,182	225,912
Total	$	14,837,034	13,687,703	11,704,742	12,156,335

See accompanying independent auditor’s report.

Modified Accrual Basis					
2013	2012	2011	2010	2009	2008
5,168,483	5,006,401	4,820,922	4,744,720	4,527,545	4,392,566
385,885	468,137	398,479	423,331	406,653	383,424
36,486	33,978	34,100	33,687	28,501	33,931
4,851,117	5,579,690	5,219,156	5,111,675	4,378,944	4,413,276
12,290	15,340	10,655	13,095	13,460	7,460
386,215	355,300	343,261	355,019	296,114	408,315
50,886	71,975	97,289	120,179	162,741	306,813
257,232	273,170	371,245	735,346	148,347	376,504
11,148,594	11,803,991	11,295,107	11,537,052	9,962,305	10,322,289
1,823,311	1,659,250	1,588,665	1,548,778	1,476,327	1,528,670
565,114	541,127	504,726	412,399	421,682	440,207
805,253	1,030,743	1,037,365	1,039,977	1,094,457	1,158,773
784,747	844,536	816,407	802,089	886,733	1,006,215
4,230,656	4,174,887	4,012,543	4,259,408	4,051,213	4,546,283
359,579	360,231	339,285	345,716	330,577	370,588
1,485,721	1,676,696	1,425,191	1,227,867	1,292,981	1,545,307
-	-	-	-	1,464	-
1,285,455	1,274,230	1,300,618	719,826	100,288	102,227
326,314	1,407,034	551,140	797,378	201,526	800,942
11,666,150	12,968,734	11,575,940	11,153,438	9,857,248	11,499,212

Grundy County

Grundy County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

	CFDA Number	Agency or Pass-through Number	Expenditures
U. S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the SupplementalNutrition Assistance Program	10.561	FY17	$ 2,959
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BROS-CO38(89)-8J-38	8,537
Highway Planning and Construction	20.205	BROS-CO38(101)-8J-38	442,858
Highway Planning and Construction	20.205	BROS-CO38(102)-8J-38	262,463
			713,858
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5886BT12	4,386
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance State/Replacement Designee Adminstered Programs	93.566		9
Foster Care - Title IV-E	93.658		1,098
Adoption Assistance	93.659		341
Social Services Block Grant	93.667		873
State Children's Insurance Program	93.767		23
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		840
Medicaid Cluster:			
Medical Assistance Program	93.778		5,164
U. S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4187IA	134,975
Emergency Management Performance Grants (EMPG)	97.042	EMPG-17-PT-38	7,800
Total			$ 872,326

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Grundy County under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Grundy County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Grundy County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Grundy County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor’s report.

Grundy County

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Mary Mosiman, CPA
Auditor of State

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

To the Officials of Grundy County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grundy County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 26, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-17 and II-B-17 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grundy County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is 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, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Grundy County's Responses to the Findings

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

Purpose of this Report

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

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.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

February 26, 2018

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Officials of Grundy County:

Report on Compliance for Each Major Federal Program

We have audited Grundy County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. Grundy County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Grundy County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether 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 we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Grundy County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

February 26, 2018

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part I: Summary of Independent Auditor's Results:

(a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.

(b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) An unmodified opinion was issued on compliance with requirements applicable to the major program.

(e) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.

(f) The major program was CFDA Number 20.205 – Highway Planning and Construction.

(g) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(h) Grundy County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-17 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

		Applicable Offices
(1)	Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	County Recorder
(2)	Receipt collecting, depositing, posting and daily reconciling is performed by the same employee.	County Recorder
(3)	Bank reconciliations are not reviewed periodically by an independent person for propriety.	County Sheriff

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

County Recorder – As an office of two full-time employees and one part-time employee, it is impossible for us to completely segregate all financial duties. We do, however, do our best to separate the duties as much as possible. For example, generally the mail is opened by one employee and receipted by another employee. Checks are prepared by one person and signed by another. We will continue to review our procedures to assure we are obtaining the maximum internal control possible with our limited staff resources.

County Sheriff – The County Sheriff will review receipts and expenditures to ensure all amounts are properly recorded and included in the financial statements.

Conclusion –

Recorder – Response accepted.

Sheriff – Response acknowledged. Bank reconciliations and supporting documentation should also be reviewed by someone independent of the preparer.

II-B-17 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of prepaid expenditures, receipts and inventory were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of year-end cut-off transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all prepaid expenditures, receipts and Secondary Road inventory dollar amounts are identified and properly reported in the County's financial statements.

Response – The County Engineer, County Treasurer and County Auditor will review amounts to ensure proper recording and inclusion in the County financial statements.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

<u>Part III: Findings and Questioned Costs For Federal Awards</u>:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

<u>Part IV: Other Findings Related to Required Statutory Reporting</u>:

IV-A-17 Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.

IV-B-17 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-17 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-17 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-17 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-17 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-17 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.

IV-H-17 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-I-17 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2017 for the County Extension Office did not exceed the amount budgeted.

IV-J-17 Financial Assurance – The County has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided by Chapter 111.6(8) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care are $638,000. The balance reserved for landfill closure and postclosure care at June 30, 2017 is $752,170. Therefore, the closure and postclosure care costs are fully funded at June 30, 2017.

IV-K-17 Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management by December 1.

However, the amount reported by the County as TIF debt outstanding was understated by $993,530. The Levy Authority Summary also included revenues, expenditures and ending cash balances which did not reconcile to the County's Special Revenue, Tax Increment Financing Fund.

Recommendation – The County should ensure the amounts reported on the Levy Authority Summary including TIF debt outstanding, agree with the County's records.

Response – The County will list the certified debt for each TIF and will include the business property tax credit and rollback replacement on the urban renewal report to ensure that the amounts reported on the Levy Authority Summary agree with the County's records.

Conclusion – Response accepted.

Staff

This audit was performed by:

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