



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_

March 13, 2009

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$18,426,505 for the year ended June 30, 2008, which included \$935,651 in tax credits from the state. The County forwarded \$13,784,899 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,641,606 of the local tax revenue to finance County operations, a less than one percent increase over the prior year. Other revenues included charges for service of \$1,472,497, operating grants, contributions and restricted interest of \$3,543,701, capital grants, contributions and restricted interest of \$620,654, local option sales tax of \$383,424, unrestricted investment earnings of \$313,865 and other general revenues of \$96,049.

Expenses for County operations totaled \$10,696,695, an 8.4 percent increase over the prior year. Expenses included \$4,716,207 for roads and transportation, \$1,418,457 for public safety and legal services and \$1,383,365 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 <http://auditor.iowa.gov/reports/reports.htm>.

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**GRUNDY COUNTY**

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

**JUNE 30, 2008**

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	28
Notes to Financial Statements		29-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		44-45
Budget to GAAP Reconciliation		46
Notes to Required Supplementary Information – Budgetary Reporting		47
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	50-51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	52-53
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	54-55
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	56-57
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	58-59
Schedule of Expenditures of Federal Awards	6	60-61
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 <u>Government Auditing Standards</u>		65-66
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		69-70
Schedule of Findings and Questioned Costs		71-76
Staff		77

**Grundy County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Barbara Smith	Board of Supervisors	Jan 2009
Charles Bakker	Board of Supervisors	Jan 2009
James Ross	Board of Supervisors	Jan 2009
Harlyn Riekema	Board of Supervisors	Jan 2011
Mark Schildroth	Board of Supervisors	Jan 2011
Mary Schmidt	County Auditor	Jan 2009
Brenda Noteboom	County Treasurer	Jan 2011
Charles Kruse	County Recorder	Jan 2011
Rick Penning	County Sheriff	Jan 2009
Bradley J. Harris	County Attorney	(Resigned)
Kirby D. Schmidt (Appointed)	County Attorney	Nov 2008
Greg Harms	County Assessor	Jan 2010

**Grundy County**



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

Independent Auditor's Report

To the Officials of Grundy County:

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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Grundy County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

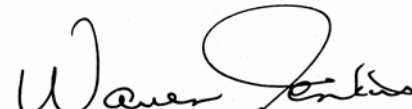
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Grundy County at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2009 on our consideration of Grundy County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grundy County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 23, 2009



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2008 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 4.3%, or approximately \$455,000, from fiscal 2007 to fiscal 2008. Property tax increased approximately \$28,000, and capital grants and contributions increased \$580,000.
- Program expenses increased approximately \$828,000, or 8.4%, from fiscal 2007 to fiscal 2008. Roads and transportation expenses increased approximately \$607,000, county environment and education expenses increased approximately \$217,000 and mental health expenses decreased approximately \$50,000.
- The County's net assets increased 1.9%, or approximately \$375,000, from June 30, 2007 to June 30, 2008.
- Recreational trails and campgrounds are being added to Grundy County Lake.
- Flood repairs were performed on County roads due to flooding in June 2008.

### **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 Assets 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 statements by providing information about the most significant funds. The remaining statements provide financial 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.

Other 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 programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, 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) Proprietary funds account 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 assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include 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 fund financial statements follow the fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Grundy County's combined net assets changed from a year ago, increasing from \$19,347,015 to \$19,722,116. The analysis that follows focuses on the changes in the net assets of governmental activities.

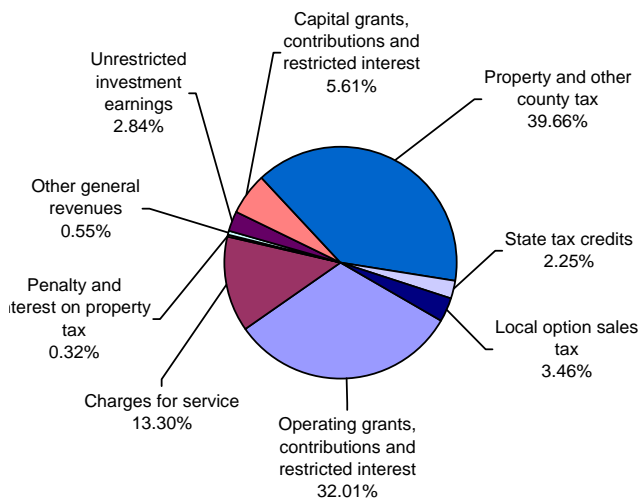
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 12,671	12,329
Capital assets	13,649	13,132
Total assets	26,320	25,461
Long-term liabilities	1,266	1,297
Other liabilities	5,332	4,817
Total liabilities	6,598	6,114
Net assets:		
Invested in capital assets, net of related debt	13,459	12,847
Restricted	4,383	5,036
Unrestricted	1,880	1,464
Total net assets	\$ 19,722	19,347

Net assets of Grundy County's governmental activities increased \$375,101 (\$19,347,015 compared to \$19,722,116). The largest portion of the County's net assets 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 assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$1,464,000 at June 30, 2007 to approximately \$1,880,000 at the end of this year, an increase of 28.4%.

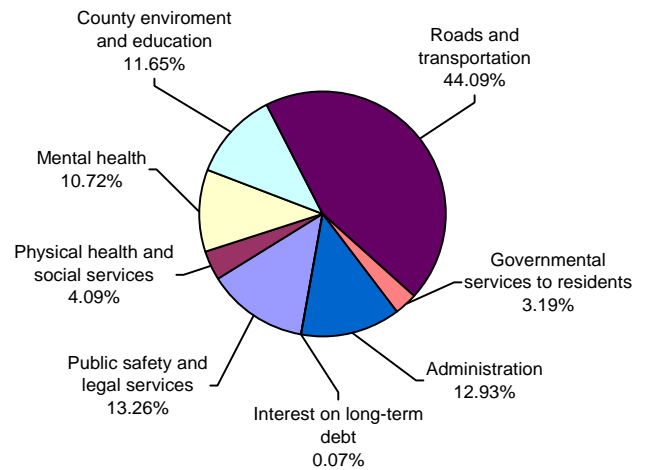
Changes in Net Assets of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
Revenues:		
Program revenues:		
Charges for service	\$ 1,472	1,493
Operating grants, contributions and restricted interest	3,544	3,611
Capital grants, contributions and restricted interest	621	41
General revenues:		
Property and other county tax	4,392	4,364
Penalty and interest on property tax	35	40
State tax credits	249	262
Local option sales tax	383	416
Unrestricted investment earnings	314	348
Other general revenues	61	41
<b>Total revenues</b>	<b>11,071</b>	<b>10,616</b>
Program expenses:		
Public safety and legal services	1,418	1,408
Physical health and social services	438	447
Mental health	1,147	1,197
County environment and education	1,246	1,029
Roads and transportation	4,716	4,109
Governmental services to residents	341	336
Administration	1,383	1,333
Interest on long-term debt	7	9
<b>Total expenses</b>	<b>10,696</b>	<b>9,868</b>
Increase in net assets	375	748
Net assets beginning of year	19,347	18,599
Net assets end of year	\$ 19,722	19,347

**Revenues by Source**



**Expenses by Function**



Grundy County's property tax rates have been the same since FY2005 at a rate of \$2.94304 per \$1,000 of taxable valuation in the rural levy and at \$5.99052 per \$1,000 of taxable valuation in the county-wide levy. Taxable valuation by levy, the actual levy rate per \$1,000 of taxable valuation and total dollars levied are as follows:

	Taxes Levied FY2008	Taxes Levied FY2007
Countywide taxable valuation	\$ 556,282,470	555,059,013
Countywide levy rate without debt	5.82220	5.83526
Dollars levied without debt	3,238,788	3,238,914
County taxable debt service valuation	594,924,313	593,560,717
County debt service levy rate	0.16832	0.15526
Dollars levied debt service	100,138	92,156
Total countywide rate	5.99052	5.99052
Total dollars levied countywide	3,338,926	3,331,070
Rural taxable valuation	390,355,077	391,215,064
Rural tax levy rate	2.94304	2.94304
Dollars levied rural area only	1,148,772	1,151,362
Total dollars levied	4,487,698	4,482,432

The local option sales tax revenue totaled \$383,424. Grundy County uses 100% of the local option sales tax revenue to reduce property tax in the Rural Services Fund.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Grundy County completed the year, its governmental funds reported a combined fund balance of \$5,981,586, a decrease of \$989,290 below last year's total of \$6,970,876. The decrease in fund balance is primarily attributable to an increase in roads and transportation function expenditures, which increased \$1,166,878. 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 decreased \$97,102 from the prior year to \$1,464,509. Total revenue increased 1.8%. Total expenditures increased approximately 11.3%, or \$403,678, compared with FY2007, which was primarily due to courthouse improvements and the purchase of computer equipment.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1,158,773, a decrease of \$55,783 from the prior year. The Mental Health Fund balance at year end decreased \$106,207 from the prior year. Revenue decreased approximately \$426,000, primarily due to decreases in intergovernmental revenues and property tax. This decrease in fund balance from FY2007 should lead to an increase in State payments received by this program in future fiscal years.
- The Rural Services Fund balance decreased \$43,716 from the prior year. The DNR moved up the date when the Grundy County Landfill had to be closed. Grundy County reached its projected \$1,000,000 amount for closure/postclosure care desired by the Board of Supervisors and Landfill Commission after a \$100,000 contribution to the Landfill Closure Fund during FY2008. Of the \$874,120 fund balance, \$457,307 is designated for the convenience center and transfer station.

- Secondary Roads Fund expenditures increased \$1,009,522 over the prior year, due primarily to an increase in roadway repairs partially due to winter weather and flood damage and the purchase of equipment including a motor grader. Revenues increased \$341,520. The increase in revenues was not enough to compensate for the increase in expenditures, which resulted in a decrease in the Secondary Roads Fund ending balance of \$737,873, or 24.9%.
- The Landfill Closure Costs Fund balance increased \$261,260 over the prior year to \$1,151,559. The fund received a \$100,000 contribution from the Rural Services Fund during the year and received \$177,980 from the sale of capital assets due to the closure of the landfill. Additionally the fund receives interest earned. Closure/postclosure costs of \$65,596 were expended from this fund during FY2008.
- The Conservation Land Acquisition Fund expenditures increased \$257,844 over the prior year, due primarily to construction of a recreational trail and campground development at Grundy County Lake. Revenues decreased \$1,405. The increase in expenditures and the decrease in revenues resulted in a decrease in the Conservation Land Acquisition Fund ending balance of \$313,564 to a deficit balance of \$(181,284). State and Federal grant reimbursements will be coming to reimburse the County for the costs incurred on the Grundy County Lake campground and trail projects. Additionally, other contributions and donations are to be received from other organizations and individuals to return the fund to a sound financial condition.
- The Debt Service Fund accumulates and pays the principal and interest on debt issued for the Law Enforcement Center and the Hospital Sprinkler system. In June 2003, two bond issues were refunded into one note. The refunding resulted in an aggregate debt service reduction of \$71,827 over the next seven years. There was a decrease of approximately \$52,000 in the amount of property tax needed for the Debt Service Fund due to the refunding of notes and the transfer of the remaining Capital Projects Fund Balance.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Grundy County amended its budget once. The increase in the miscellaneous receipts budget was primarily due to landfill closure payment and grant receipts. Budgeted disbursements for the roads and transportation function increased due to an increase in fuel costs and salaries due to overtime requirements during the winter months. The administration function budget increased due to the purchase of new computer equipment and the county environment and education function increased for additional landfill closure costs, conservation vehicles and TIF disbursements.

The County's actual receipts were \$40,378 less than budgeted, a variance of less than one percent. Due to the uncertainty of interest rates at the time of budgeting, use of money and property receipts were \$120,725 greater than anticipated. Intergovernmental receipts collected were less than anticipated as grants and contributions for the Grundy County Lake campground development project, anticipated at \$270,000, were not received.

Total actual disbursements were \$1,218,782 less than the amended budget, a variance of 10%. Actual disbursements for the county environment and education, administration and capital projects functions were \$304,599, \$97,633 and \$558,716, respectively, less than budgeted. Disbursements for the mental health function were \$186,720 less than budgeted due primarily to a reduction in the number and severity of mental health cases and sharing a CPC director and case worker with Tama County. The disbursements for landfill closure costs under the county environment and education function were \$152,353 less than anticipated, \$66,225 less was spent on insurance in the administration function than anticipated and work was not completed/started as anticipated for the Grundy County Lake campground development project, budgeted at approximately \$507,000 in the capital projects function.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, Grundy County had \$13,648,953 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$517,185, or approximately 3.9%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2008	2007
Land	\$ 1,149,956	876,707
Construction in process	358,304	302,542
Buildings	3,027,476	2,896,322
Equipment and vehicles	2,577,608	2,726,137
Infrastructure, road network	6,535,609	6,330,060
Total	\$ 13,648,953	13,131,768
This year's major additions include:		
Road network infrastructure		\$ 604,532
Land - County Lake		273,249
2008 772D JD Patrol		218,664
Courthouse (2008 Imp)		212,988
Total		\$ 1,309,433

The County had depreciation expense of \$858,180 in FY2008 and total accumulated depreciation of \$5,812,817 at June 30, 2008.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2008, Grundy County had \$190,000 in general obligation capital loan refunding notes outstanding, compared to \$285,000 at June 30, 2007.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent 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 \$43,380,824. Additional information about the County's long-term debt and other long-term liabilities is presented in Note 7 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 2009 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County for 2008 stands at 3.4% versus 3.2% a year ago. This compares with the State's unemployment rate of 4.0%. Interest income is climbing very slowly after reaching an all time low because of aggressive rate cutting by the Federal Reserve. The State of Iowa's modest financial condition and relatively flat revenue projections continue. The stable revenue projections for the State of Iowa are keeping Grundy County's state funding approximately the same as FY2008.

These indicators were taken into account when adopting the budget for fiscal year 2009. The FY2009 budget of \$11,001,701 decreased 5.8% from the FY2008 original budget of \$11,675,450. Property tax receipts will increase slightly even though the tax rate is staying the same because assessed valuations have increased. A budgeted increase in the tax levy for the Mental Health Fund from 71% to 100% to increase the fund balance and cover budgeted disbursements is necessary due to a decrease in eligibility for state funding in FY2008. Budgeted disbursements are expected to decrease approximately \$1,193,000 from the FY2008 final budgeted amounts. Most of the decrease is due to less projects being budgeted and only operating a Convenience Center instead of a Landfill. The campground/trail at Grundy County Lake is anticipated to be completed in FY2009. The County knows of the following items that will impact the FY2009 budget: anticipation of a high general election absentee and voter turnout, preparation for the 2010 Census, construction on the campground/trail at Grundy County Lake, continued increase of mapping layers in the County GIS system, increased fuel costs for all departments, and final payment for 2008 aerial photos for GIS system.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by \$1,197,495 by the close of 2009.

## **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 Ave, City of Grundy Center, Iowa 50638.



## **Basic Financial Statements**

**Exhibit A**

Grundy County  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 6,671,443
Receivables:	
Property tax:	
Delinquent	2,373
Succeeding year	4,512,000
Interest and penalty on property tax	5,706
Accounts	24,481
Accrued interest	48,912
Due from other governments	730,142
Inventories	507,200
Prepaid insurance	168,811
Capital assets (net of accumulated depreciation)	<u>13,648,953</u>
<b>Total assets</b>	<u>26,320,021</u>
<b>Liabilities</b>	
Accounts payable	664,009
Accrued interest payable	416
Salaries and benefits payable	26,361
Due to other governments	128,703
Deferred revenue:	
Succeeding year property tax	4,512,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan refunding notes	95,000
Compensated absences	133,556
Portion due or payable after one year:	
General obligation capital loan refunding notes	95,000
Estimated liability for landfill closure and postclosure care	834,803
Compensated absences	<u>108,057</u>
<b>Total liabilities</b>	<u>6,597,905</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	13,458,953
Restricted for:	
Supplemental levy purposes	352,306
Mental health purposes	254,688
Secondary roads purposes	2,256,200
Landfill closure and postclosure care	316,756
Conservation purposes	46,138
Debt service	20,237
Other purposes	1,136,415
Unrestricted	<u>1,880,423</u>
<b>Total net assets</b>	<u>\$ 19,722,116</u>

See notes to financial statements.

Grundy County

Statement of Activities

Year ended June 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,418,457	302,399	16,718	-	(1,099,340)
Physical health and social services	438,137	5,149	20,121	-	(412,867)
Mental health	1,147,023	20,292	655,214	-	(471,517)
County environment and education	1,245,516	196,139	328,786	235,024	(485,567)
Roads and transportation	4,716,207	481,559	2,512,862	385,630	(1,336,156)
Governmental services to residents	340,937	234,287	10,000	-	(96,650)
Administration	1,383,365	232,672	-	-	(1,150,693)
Interest on long-term debt	7,053	-	-	-	(7,053)
<b>Total</b>	<b>\$ 10,696,695</b>	<b>1,472,497</b>	<b>3,543,701</b>	<b>620,654</b>	<b>(5,059,843)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					4,295,055
Debt service					97,180
Penalty and interest on property tax					35,093
State tax credits					249,371
Local option sales tax					383,424
Unrestricted investment earnings					313,865
Miscellaneous					60,956
<b>Total general revenues</b>					<b>5,434,944</b>
Change in net assets					375,101
Net assets beginning of year					19,347,015
Net assets end of year					<b>\$ 19,722,116</b>

See notes to financial statements.

Grundy County  
Balance Sheet  
Governmental Funds

June 30, 2008

	Special		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 1,051,490	352,601	725,656
Receivables:			
Property tax:			
Delinquent	1,800	331	183
Succeeding year	2,713,000	499,000	1,166,000
Interest and penalty on property tax	5,706	-	-
Accounts	17,761	69	3,694
Accrued interest	34,429	-	-
Due from other funds	302,240	-	-
Due from other governments	19,348	50,115	68,577
Inventories	-	-	-
Prepaid insurance	86,669	-	82,142
	<b>Total assets</b>	<b>902,116</b>	<b>2,046,252</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 25,116	28,150	2,897
Salaries and benefits payable	3,620	110	1,665
Due to other funds	6,407	-	1,387
Due to other governments	4,683	113,178	-
Deferred revenue:			
Succeeding year property tax	2,713,000	499,000	1,166,000
Other	15,108	331	183
Total liabilities	2,767,934	640,769	1,172,132
Fund balances:			
Reserved for:			
Supplemental levy purposes	362,714	-	-
Landfill closure and postclosure care	-	-	-
Debt service	-	-	-
Unreserved:			
Designated for old Highway 20 improvements	-	-	-
Designated for convenience center and transfer station	-	-	457,307
Undesignated, reported in:			
General fund	1,101,795	-	-
Special revenue funds	-	261,347	416,813
Total fund balances	1,464,509	261,347	874,120
	<b>Total liabilities and fund balances</b>	<b>902,116</b>	<b>2,046,252</b>

See notes to financial statements.

Revenue					
Secondary Roads	Landfill Closure Costs	Conservation Land Acquisition	Debt Service	Nonmajor	Total
1,989,640	1,157,575	238,507	20,594	162,506	5,698,569
-	-	-	59	-	2,373
-	-	-	95,000	39,000	4,512,000
-	-	-	-	-	5,706
2,957	-	-	-	-	24,481
-	11,933	1,464	-	1,086	48,912
7,794	-	-	-	-	310,034
364,562	-	227,422	-	118	730,142
507,200	-	-	-	-	507,200
-	-	-	-	-	168,811
<b>2,872,153</b>	<b>1,169,508</b>	<b>467,393</b>	<b>115,653</b>	<b>202,710</b>	<b>12,008,228</b>
465,724	6,915	135,207	-	-	664,009
20,709	257	-	-	-	26,361
16,023	-	286,048	-	169	310,034
65	10,777	-	-	-	128,703
-	-	-	95,000	39,000	4,512,000
142,432	-	227,422	59	-	385,535
<b>644,953</b>	<b>17,949</b>	<b>648,677</b>	<b>95,059</b>	<b>39,169</b>	<b>6,026,642</b>
-	-	-	-	-	362,714
-	1,151,559	-	-	-	1,151,559
-	-	-	20,594	-	20,594
1,072,000	-	-	-	-	1,072,000
-	-	-	-	-	457,307
-	-	-	-	-	1,101,795
1,155,200	-	(181,284)	-	163,541	1,815,617
<b>2,227,200</b>	<b>1,151,559</b>	<b>(181,284)</b>	<b>20,594</b>	<b>163,541</b>	<b>5,981,586</b>
<b>2,872,153</b>	<b>1,169,508</b>	<b>467,393</b>	<b>115,653</b>	<b>202,710</b>	<b>12,008,228</b>

**Grundy County**

Grundy County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2008

**Total governmental fund balances (page 19)** \$ 5,981,586

***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$19,461,770 and the accumulated depreciation is \$5,812,817. 13,648,953

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 385,535

The Internal Service Fund is used by management to charge the costs of 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 Assets. 972,874

Long-term liabilities, including general obligation capital loan refunding notes payable, landfill closure and postclosure care payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,266,832)

**Net assets of governmental activities (page 16)** \$ 19,722,116

See notes to financial statements.

Grundy County

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

Year ended June 30, 2008

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,783,780	356,459	1,117,401
Local option sales tax	-	-	383,424
Interest and penalty on property tax	33,931	-	-
Intergovernmental	488,994	675,816	111,633
Licenses and permits	3,600	-	3,250
Charges for service	263,893	-	139,753
Use of money and property	253,851	-	-
Miscellaneous	58,441	20,291	4,454
Total revenues	3,886,490	1,052,566	1,759,915
Expenditures:			
Operating:			
Public safety and legal services	1,365,903	-	162,767
Physical health and social services	440,207	-	-
Mental health	-	1,158,773	-
County environment and education	447,632	-	479,658
Roads and transportation	-	-	-
Governmental services to residents	359,321	-	3,550
Administration	1,370,529	-	149,579
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	3,983,592	1,158,773	795,554
Excess (deficiency) of revenues over (under) expenditures	(97,102)	(106,207)	964,361
Other financing sources (uses):			
Sale of capital assets	-	-	9,653
Operating transfers in	-	-	-
Operating transfers out	-	-	(1,017,730)
Total other financing sources (uses)	-	-	(1,008,077)
Net change in fund balances	(97,102)	(106,207)	(43,716)
Fund balances beginning of year	1,561,611	367,554	917,836
Fund balances end of year	\$ 1,464,509	261,347	874,120

See notes to financial statements.



Revenue					
Secondary Roads	Landfill Closure Costs	Conservation Land Acquisition	Debt Service	Nonmajor	Total
-	-	-	97,188	37,738	4,392,566
-	-	-	-	-	383,424
-	-	-	-	-	33,931
2,998,070	100,000	19,710	5,347	13,706	4,413,276
610	-	-	-	-	7,460
199	-	1,464	-	3,006	408,315
3,000	48,876	-	-	1,086	306,813
235,740	-	-	-	57,578	376,504
3,237,619	148,876	21,174	102,535	113,114	10,322,289
-	-	-	-	-	1,528,670
-	-	-	-	-	440,207
-	-	-	-	-	1,158,773
-	40,397	-	-	38,528	1,006,215
4,546,283	-	-	-	-	4,546,283
-	-	-	-	7,717	370,588
-	25,199	-	-	-	1,545,307
-	-	-	102,227	-	102,227
436,209	-	334,738	-	29,995	800,942
4,982,492	65,596	334,738	102,227	76,240	11,499,212
(1,744,873)	83,280	(313,564)	308	36,874	(1,176,923)
-	177,980	-	-	-	187,633
1,007,000	-	-	-	10,730	1,017,730
-	-	-	-	-	(1,017,730)
1,007,000	177,980	-	-	10,730	187,633
(737,873)	261,260	(313,564)	308	47,604	(989,290)
2,965,073	890,299	132,280	20,286	115,937	6,970,876
2,227,200	1,151,559	(181,284)	20,594	163,541	5,981,586

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, 2008

**Net change in fund balances - Total governmental funds (page 23)** \$ (989,290)

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

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

Expenditures for capital assets	\$ 1,564,939	
Depreciation expense	<u>(858,180)</u>	706,759

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (189,574)

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

Property tax	844	
Other	<u>377,456</u>	378,300

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 95,000

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	(65,160)	
Compensated absences	1,147	
Interest on long-term debt	<u>174</u>	(63,839)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 437,745

**Change in net assets of governmental activities (page 17)** \$ 375,101

See notes to financial statements.

Grundy County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 972,874</u>
<b>Net Assets</b>	
Unrestricted	<u>\$ 972,874</u>

See notes to financial statements.

Grundy County  
Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2008

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,164,419
Contributions from employees		91,768
Contributions from others		<u>20,772</u>
Total operating revenues		1,276,959
Operating expenses:		
Partially self funded medical claims	\$ 54,583	
Medical claims	6,565	
Life insurance premiums paid	9,199	
Insurance premiums paid	767,804	
Administrative fees	<u>9,651</u>	<u>847,802</u>
Operating income		429,157
Non-operating revenues:		
Interest income		<u>8,588</u>
Net income		437,745
Net assets beginning of year		<u>535,129</u>
Net assets end of year		<u><u>\$ 972,874</u></u>

See notes to financial statements.

Grundy County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2008

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,164,419
Cash received from insurance refunds	20,772
Cash received from employees and others	91,768
Cash paid to suppliers for services	(947,802)
Net cash provided by operating activities	329,157
Cash flows from investing activities:	
Interest on investments	8,588
Net increase in cash and cash equivalents	337,745
Cash and cash equivalents beginning of year	635,129
Cash and cash equivalents end of year	\$ 972,874
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 429,157
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(100,000)
Net cash provided by operating activities	\$ 329,157

See notes to financial statements.

Grundy County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2008

**Assets**

Cash and pooled investments:		
County Treasurer	\$	740,004
Other County officials		22,354
Receivables:		
Property tax:		
Delinquent		11,345
Succeeding year		13,107,000
Accounts		18,791
Accrued interest		1,591
Special assessments		48,968
Due from other governments		6,120
<b>Total assets</b>		<u>13,956,173</u>

**Liabilities**

Accounts payable		1,369
Due to other governments		13,921,687
Trusts payable		11,316
Compensated absences		21,801
<b>Total liabilities</b>		<u>13,956,173</u>

<b>Net assets</b>	\$	<u><u>-</u></u>
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See notes to financial statements.

Grundy County

Notes to Financial Statements

June 30, 2008

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

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

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 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 whomsoever, 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, a political subdivision of government in Grundy County, Iowa, and any affiliated organizations of said 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 Assets 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 Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

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

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues



include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as 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 designated to be used to fund mental health, mental retardation 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 secondary road construction and maintenance.

The Landfill Closure Costs Fund is used to accumulate monies for closure and post closure care for the future closing of the Landfill.

The Conservation Land Acquisition Fund accumulates monies for future land purchases.

The Debt Service Fund is utilized to account 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for 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, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds 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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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 the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds 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, equipment and vehicles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the

current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. 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, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Unrestricted Net Assets – The unrestricted net assets of the Internal Service, Employee Group Health Fund are designated for 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, 2008, disbursements exceeded the amount budgeted in the roads and transportation function.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,902,046 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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

The detail of interfund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Secondary Roads	\$ 16,023
	Bob's Farm Center, Inc. - TIF	169
	Conservation Land Acquisition	286,048
		<u>302,240</u>
Special Revenue:	General	6,407
Secondary Roads	Special Revenue:	
	Rural Services	1,387
Total		<u>\$ 310,034</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 1,007,000
Convenience Center Closure	Rural Services	730
Household Hazardous Materials	Rural Services	10,000
Total		<u>\$ 1,017,730</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 876,707	273,249	-	1,149,956
Construction in progress	-	75,760	-	75,760
Construction in progress, road network	302,542	528,772	(548,770)	282,544
Total capital assets not being depreciated	1,179,249	877,781	(548,770)	1,508,260
Capital assets being depreciated:				
Buildings	3,751,161	212,988	-	3,964,149
Equipment and vehicles	6,637,720	524,812	(749,357)	6,413,175
Infrastructure, road network	7,027,416	548,770	-	7,576,186
Total capital assets being depreciated	17,416,297	1,286,570	(749,357)	17,953,510
Less accumulated depreciation for:				
Buildings	854,839	81,834	-	936,673
Equipment and vehicles	3,911,583	433,125	(509,141)	3,835,567
Infrastructure, road network	697,356	343,221	-	1,040,577
Total accumulated depreciation	5,463,778	858,180	(509,141)	5,812,817
Total capital assets being depreciated, net	11,952,519	428,390	(240,216)	12,140,693
Governmental activities capital assets, net	\$ 13,131,768	1,306,171	(788,986)	13,648,953

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 51,493
Mental health	3,385
County environment and education	62,702
Roads and transportation	676,714
Governmental services to residents	5,845
Administration	58,041
Total depreciation expense - governmental activities	\$ 858,180

**(6) 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 is as follows:

Fund	Description	Amount
General	Services	\$ 4,683
Special Revenue:		
Mental Health	Services	113,178
Secondary Roads	Services	65
Landfill Closure Costs		10,777
		124,020
Total for governmental funds		\$ 128,703
Agency:		
Agricultural Extension Education		\$ 129,101
County Assessor	Collections	374,524
Schools		8,079,504
Community Colleges		818,974
Corporations		3,737,074
Townships		181,104
Auto License and Use Tax		301,863
All other		299,543
Total for agency funds		\$ 13,921,687

**(7) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	General Obligation Capital Loan Refunding Notes	Estimated Liability for Landfill Closure and Postclosure Care	Compen- sated Absences	Total
Balance beginning of year	\$ 285,000	769,643	242,760	1,297,403
Increases	-	65,160	184,175	249,335
Decreases	95,000	-	185,322	280,322
Balance end of year	\$ 190,000	834,803	241,613	1,266,416
Due within one year	\$ 95,000	-	133,556	228,556

General Obligation Capital Loan Refunding Notes

On June 1, 2003, the County issued \$890,000 in general obligation capital loan refunding notes with an average interest rate of 2.177%, of which \$868,662 was used to advance refund \$868,905 of general obligation notes dated June 1, 1999 and September 1, 2000.

A summary of the County's June 30, 2008 general obligation capital loan refunding notes is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2009	2.50%	\$ 95,000	4,987	99,987
2010	2.75	95,000	2,613	97,613
Total		\$ 190,000	7,600	197,600

**(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$203,626, \$194,146 and \$185,464, respectively, equal to the required contributions for each year.



**(9) Risk Management**

Grundy County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 563 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$212,669.

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may

withdraw from the Pool. Upon withdrawal, payments for all claims and 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. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

**(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 both employee and County contributions and is administered through a service agreement with Iowa Governmental Health Care Plan. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the deductible of \$2,000/\$4,000 per single/family plans with a maximum out of pocket expense of \$4,000/\$8,000 for single/family plans. 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 for single/family plans and employee maximum out of pocket expense of \$1,500/\$3,000 for single/family plans. Claims in excess of deductibles are covered by Iowa Governmental Health Care Plan.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Twin Rivers Bank & Trust, Burlington, Iowa and Iowa Governmental Health Care Plan administers the plan funds. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2008 was \$1,164,419.

The County was not required to obtain an actuarial report for the period ended June 30, 2008 since its plan qualifies as a "mini plan."

**(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 plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered

with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of 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 \$834,803 as of June 30, 2008 and the portion of the liability that has been recognized is \$834,803. This liability represents the cumulative amount reported to date based on the use of approximately 100 percent 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 on the County's Statement of Net Assets as of June 30, 2008. The County has accumulated resources to fund these costs and, at June 30, 2008, deposits of \$1,151,559 are held for these purposes. These resources are reported in the Special Revenue, Landfill Closure Costs Funds.

## **(12) Developer Agreements**

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

The County agreed to rebate 100% of the incremental tax paid by the developer in exchange for the costs of constructing a new storage and processing building. The incremental tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated beginning in the fiscal year ended June 30, 2005 for three years, with total annual payments to the company between \$15,000 and \$20,000. During the year ended June 30, 2008, \$3,185 was rebated to the developer, Bob's Farm Center, Inc.

The County agreed to rebate 100% of the incremental tax paid by the developer in exchange for the costs of certain improvements. The incremental 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, 2008, \$9,793 was rebated to the developer, R. S. Bacon Veneer Company.

The County agreed to rebate 100% of the incremental tax paid by the developer in exchange for the costs of certain improvements for the "Welcome Center". The incremental 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, 2017 (semi annual 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, 2008, \$19,793 was rebated to the developers, Grundy County Heritage Center, Grundy County Rural Electric Cooperative, and Corn Belt & Industrial Park.

The County agreed to rebate 80% of the incremental tax paid by the developer in exchange for the costs of certain improvements. The incremental tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated for the amount of \$105,000 or upon termination of the agreement, whichever is first. During the year ended June 30, 2008, \$4,967 was rebated to the developer, Olderog Wholesale Tires, Inc.

**(13) Litigation**

The County is involved in a discrimination lawsuit as of June 30, 2008. The probability of loss, if any, is undeterminable at this time.

**(14) Deficit Fund Balance**

The Special Revenue, Conservation Land Acquisition Fund had a deficit balance of \$181,284 at June 30, 2008. State and federal grant reimbursements will be coming to reimburse the County for the costs incurred on the Grundy County Lake campground and trail projects. The inter fund loan was planned to be repaid upon receipt of the grant monies. Additionally, other contributions and donations are to be received from other organizations and individuals to return the fund to a sound financial condition

**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, 2008

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 4,763,749	-	4,763,749
Interest and penalty on property tax	33,947	-	33,947
Intergovernmental	4,437,181	-	4,437,181
Licenses and permits	7,490	-	7,490
Charges for service	432,859	-	432,859
Use of money and property	304,325	-	304,325
Miscellaneous	350,762	57,460	293,302
Total receipts	<u>10,330,313</u>	<u>57,460</u>	<u>10,272,853</u>
<b>Disbursements:</b>			
Public safety and legal services	1,533,750	-	1,533,750
Physical health and social services	443,953	-	443,953
Mental health	1,167,561	-	1,167,561
County environment and education	1,004,833	790	1,004,043
Roads and transportation	4,105,523	-	4,105,523
Governmental services to residents	369,639	-	369,639
Administration	1,581,176	-	1,581,176
Debt service	102,378	-	102,378
Capital projects	667,554	-	667,554
Total disbursements	<u>10,976,367</u>	<u>790</u>	<u>10,975,577</u>
Excess (deficiency) of receipts over (under) disbursements	(646,054)	56,670	(702,724)
Other financing sources (uses), net	<u>187,633</u>	-	<u>187,633</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(458,421)	56,670	(515,091)
Balance beginning of year	<u>6,156,990</u>	<u>22,719</u>	<u>6,134,271</u>
Balance end of year	<u>\$ 5,698,569</u>	<u>79,389</u>	<u>5,619,180</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
4,697,648	4,697,648	66,101
-	-	33,947
4,805,240	4,880,240	(443,059)
7,500	7,500	(10)
338,073	338,258	94,601
183,600	183,600	120,725
105,170	205,985	87,317
<u>10,137,231</u>	<u>10,313,231</u>	<u>(40,378)</u>
1,638,317	1,652,317	118,567
487,059	487,059	43,106
1,354,281	1,354,281	186,720
1,218,163	1,308,642	304,599
3,673,820	3,976,920	(128,603)
387,333	407,683	38,044
1,587,829	1,678,809	97,633
102,378	102,378	-
1,226,270	1,226,270	558,716
<u>11,675,450</u>	<u>12,194,359</u>	<u>1,218,782</u>
(1,538,219)	(1,881,128)	1,178,404
-	-	187,633
(1,538,219)	(1,881,128)	1,366,037
5,344,681	6,098,920	35,351
<u>3,806,462</u>	<u>4,217,792</u>	<u>1,401,388</u>

Grundy County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 10,330,313	(8,024)	10,322,289
Expenditures	10,976,367	522,845	11,499,212
Net	(646,054)	(530,869)	(1,176,923)
Other financing sources, net	187,633	-	187,633
Beginning fund balances	6,156,990	813,886	6,970,876
Ending fund balances	\$ 5,698,569	283,017	5,981,586

See accompanying independent auditor's report.



Grundy County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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 10 major classes of expenditures known as functions, not by fund. These 10 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 \$518,909. 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, 2008, disbursements exceeded the amount budgeted in the roads and transportation function.

**Grundy County**

**Other Supplementary Information**

Grundy County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2008

	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Federal Drug Forfeiture	Sheriff's Grant
<b>Assets</b>					
Cash and pooled investments	\$ 16,102	41,980	13,648	223	265
Receivables:					
Succeeding year property tax	-	-	-	-	-
Accrued interest	352	734	-	-	-
Due from other governments	-	-	118	-	-
<b>Total assets</b>	<b>\$ 16,454</b>	<b>42,714</b>	<b>13,766</b>	<b>223</b>	<b>265</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Due to other funds	\$ -	-	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund equity:					
Fund balances:					
Unreserved	16,454	42,714	13,766	223	265
<b>Total liabilities and fund equity</b>	<b>\$ 16,454</b>	<b>42,714</b>	<b>13,766</b>	<b>223</b>	<b>265</b>

See accompanying independent auditor's report.

Special Revenue									
Drainage Districts	Bob's Farm Center, Inc. TIF	Bacon Veneer TIF	Welcome Center TIF	Olderog TIF	Titan TIF	Convenience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation	Total
22,719	169	-	-	-	-	730	10,000	56,670	162,506
-	-	10,000	20,000	4,000	5,000	-	-	-	39,000
-	-	-	-	-	-	-	-	-	1,086
-	-	-	-	-	-	-	-	-	118
22,719	169	10,000	20,000	4,000	5,000	730	10,000	56,670	202,710
-	169	-	-	-	-	-	-	-	169
-	-	10,000	20,000	4,000	5,000	-	-	-	39,000
-	169	10,000	20,000	4,000	5,000	-	-	-	39,169
22,719	-	-	-	-	-	730	10,000	56,670	163,541
22,719	169	10,000	20,000	4,000	5,000	730	10,000	56,670	202,710

Grundy County

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

Year ended June 30, 2008

	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Federal Drug Forfeiture	Sheriff's Grant
Revenues:					
Property and other county tax	\$ -	-	-	-	-
Intergovernmental	-	13,706	-	-	-
Charges for service	3,006	-	-	-	-
Use of money and property	352	734	-	-	-
Miscellaneous	-	-	118	-	-
Total revenues	<u>3,358</u>	<u>14,440</u>	<u>118</u>	<u>-</u>	<u>-</u>
Expenditures:					
Operating:					
County environment and education	-	-	-	-	-
Governmental services to residents	7,717	-	-	-	-
Capital projects	-	29,995	-	-	-
Total expenditures	<u>7,717</u>	<u>29,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(4,359)	(15,555)	118	-	-
Other financing sources:					
Operating transfers in	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(4,359)	(15,555)	118	-	-
Fund balances beginning of year	<u>20,813</u>	<u>58,269</u>	<u>13,648</u>	<u>223</u>	<u>265</u>
Fund balances end of year	<u>\$ 16,454</u>	<u>42,714</u>	<u>13,766</u>	<u>223</u>	<u>265</u>

See accompanying independent auditor's report.

Special Revenue								
Drainage Districts	Bob's Farm Center, Inc. TIF	Bacon Veneer TIF	Welcome Center TIF	Olderog TIF	Convenience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation	Total
-	3,185	9,793	19,793	4,967	-	-	-	37,738
-	-	-	-	-	-	-	-	13,706
-	-	-	-	-	-	-	-	3,006
-	-	-	-	-	-	-	-	1,086
-	-	-	-	-	-	-	57,460	57,578
-	3,185	9,793	19,793	4,967	-	-	57,460	113,114
-	3,185	9,793	19,793	4,967	-	-	790	38,528
-	-	-	-	-	-	-	-	7,717
-	-	-	-	-	-	-	-	29,995
-	3,185	9,793	19,793	4,967	-	-	790	76,240
-	-	-	-	-	-	-	56,670	36,874
-	-	-	-	-	730	10,000	-	10,730
-	-	-	-	-	730	10,000	56,670	47,604
22,719	-	-	-	-	-	-	-	115,937
22,719	-	-	-	-	730	10,000	56,670	163,541

Grundy County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	2,017	71,120	128,144
Other County officials	22,354	-	-	-
Receivables:				
Property tax:				
Delinquent	-	84	215	5,360
Succeeding year	-	127,000	325,000	7,946,000
Accounts	617	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 22,971</b>	<b>129,101</b>	<b>396,335</b>	<b>8,079,504</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	10	-
Due to other governments	11,655	129,101	374,524	8,079,504
Trusts payable	11,316	-	-	-
Compensated absences	-	-	21,801	-
<b>Total liabilities</b>	<b>\$ 22,971</b>	<b>129,101</b>	<b>396,335</b>	<b>8,079,504</b>

See accompanying independent auditor's report.



Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
10,298	40,096	3,092	301,863	16,679	166,695	740,004
-	-	-	-	-	-	22,354
676	4,978	12	-	-	20	11,345
808,000	3,692,000	178,000	-	-	31,000	13,107,000
-	-	-	-	-	18,174	18,791
-	-	-	-	-	1,591	1,591
-	-	-	-	-	48,968	48,968
-	-	-	-	4,348	1,772	6,120
818,974	3,737,074	181,104	301,863	21,027	268,220	13,956,173
-	-	-	-	24	1,335	1,369
818,974	3,737,074	181,104	301,863	21,003	266,885	13,921,687
-	-	-	-	-	-	11,316
-	-	-	-	-	-	21,801
818,974	3,737,074	181,104	301,863	21,027	268,220	13,956,173

Grundy County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 31,612	125,271	385,891	7,971,908
Additions:				
Property and other county tax	-	128,038	326,701	7,964,689
E911 surcharges	-	-	-	-
State tax credits	-	7,169	17,963	451,369
Office fees and collections	292,405	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	86,557	-	-	-
Miscellaneous	-	-	405	-
Total additions	<u>378,962</u>	<u>135,207</u>	<u>345,069</u>	<u>8,416,058</u>
Deductions:				
Agency remittances:				
To other funds	134,284	-	-	-
To other governments	158,007	131,377	334,625	8,308,462
Trusts paid out	95,312	-	-	-
Total deductions	<u>387,603</u>	<u>131,377</u>	<u>334,625</u>	<u>8,308,462</u>
Balances end of year	<u>\$ 22,971</u>	<u>129,101</u>	<u>396,335</u>	<u>8,079,504</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
662,216	3,579,472	173,310	353,075	20,000	270,247	13,573,002
810,639	3,657,370	179,783	-	-	31,399	13,098,619
-	-	-	-	-	100,179	100,179
36,310	161,884	9,574	-	-	2,011	686,280
-	-	-	-	-	-	292,405
-	-	-	3,439,721	-	-	3,439,721
-	-	-	-	-	-	86,557
-	-	-	-	56,460	43,423	100,288
846,949	3,819,254	189,357	3,439,721	56,460	177,012	17,804,049
-	-	-	100,238	-	-	234,522
690,191	3,661,652	181,563	3,390,695	55,433	179,039	17,091,044
-	-	-	-	-	-	95,312
690,191	3,661,652	181,563	3,490,933	55,433	179,039	17,420,878
818,974	3,737,074	181,104	301,863	21,027	268,220	13,956,173

Grundy County

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

For the Last Eight Years

	2008	2007	2006
<b>Revenues:</b>			
Property and other county tax	\$ 4,392,566	4,370,337	4,196,442
Local option sales tax	383,424	415,586	338,860
Interest and penalty on property tax	33,931	39,124	30,889
Intergovernmental	4,413,276	4,438,662	5,078,363
Licenses and permits	7,460	11,705	6,685
Charges for service	408,315	592,272	551,572
Use of money and property	306,813	342,613	290,924
Miscellaneous	376,504	246,785	148,427
<b>Total</b>	<b>\$ 10,322,289</b>	<b>10,457,084</b>	<b>10,642,162</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 1,528,670	1,470,990	1,309,667
Physical health and social services	440,207	447,720	434,940
Mental health	1,158,773	1,214,556	1,237,419
County environment and education	1,006,215	955,184	938,294
Roads and transportation	4,546,283	3,379,405	3,804,400
Governmental services to residents	370,588	333,656	349,062
Administration	1,545,307	1,248,445	1,150,151
Non-program	-	-	-
Debt service	102,227	104,127	156,598
Capital projects	800,942	671,079	1,184,598
<b>Total</b>	<b>\$ 11,499,212</b>	<b>9,825,162</b>	<b>10,565,129</b>

See accompanying independent auditor's report.

Modified Accrual Basis				
2005	2004	2003	2002	2001
4,203,281	3,961,060	3,602,860	3,365,420	3,063,270
307,504	294,560	276,883	256,757	296,060
29,633	26,856	25,811	26,850	25,019
4,716,397	5,490,809	5,927,767	4,793,199	4,767,388
3,090	5,669	2,880	31,412	1,625
576,500	587,891	513,514	664,398	598,473
133,305	113,088	145,298	205,223	336,303
234,471	301,399	173,267	26,600	56,341
10,204,181	10,781,332	10,668,280	9,369,859	9,144,479
1,375,553	1,170,609	1,190,754	1,133,542	1,106,040
513,729	534,020	578,737	565,695	610,081
1,232,838	1,232,856	1,102,682	1,136,314	1,011,857
1,120,067	1,052,191	1,124,511	980,275	840,374
2,961,944	3,797,749	3,325,895	3,177,583	3,465,244
299,787	262,872	279,209	260,224	240,445
1,102,054	1,067,246	997,193	924,514	898,108
-	308	-	-	-
199,095	196,255	210,730	208,600	128,453
1,597,657	1,054,169	673,931	1,133,651	869,910
10,402,724	10,368,275	9,483,642	9,520,398	9,170,512

**Schedule 6**

## Grundy County

## Statement of Expenditures of Federal Awards

Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 1,828
U. S. National Park Service, Department of Interior:			
Iowa Department of Natural Resources:			
Outdoor Recreation, Acquisition, Development and Planning	15.916	19-01218	135,778
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C038(76)-8J-38	231,543
Highway Planning and Construction	20.205	IA-08-01	10,719
Highway Planning and Construction	20.205	STP-E-CO38(71)-8V-38	75,760
			318,022
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 08-157, Task 78	1,500
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		1,990
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		482
Foster Care - Title IV-E	93.658		1,161
Adoption Assistance	93.659		276
State Children's Insurance Program	93.767		17
Medical Assistance Program	93.778		2,532
Social Services Block Grant	93.667		1,306
Social Services Block Grant	93.667		28,706
			30,012
Iowa Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889	5887EM137	600

Grundy County  
Statement of Expenditures of Federal Awards  
Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U. S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Conservation	97.036	1763-DR-IA	7,602
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Secondary Roads	97.036	1763-DR-IA	131,713
			<u>139,315</u>
Emergency Management - State and Local Assistance	97.042		5,504
Homeland Security Grant Program	97.067		<u>2,175</u>
 Total			 <u>\$ 641,192</u>

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

See accompanying independent auditor's report.

**Grundy County**



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

**Grundy County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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 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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 23, 2009. 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.

Internal Control Over Financial Reporting

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-08 and II-B-08 are 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 certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

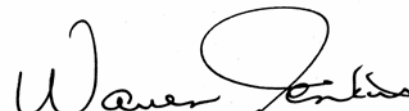
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all 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 findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Grundy County's responses and, accordingly, we express no opinion on them.

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

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 23, 2009

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

**Grundy County**



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

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Grundy County:

Compliance

We have audited the compliance of Grundy County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. Grundy County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Grundy County's management. Our responsibility is to express an opinion on Grundy County's compliance based on our audit.

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

In our opinion, Grundy County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Grundy County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Grundy County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

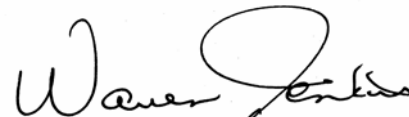
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 23, 2009



Grundy County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 20.205 Highway Planning and Construction
  - CFDA Number 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Grundy County did not qualify as a low-risk auditee.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared by that employee.	Recorder and Sheriff
(2) Receipt collecting, depositing, posting and daily reconciling is performed by the same employee.	Recorder
(3) Checks are not signed by an individual who does not otherwise participate in the preparation of the checks, approve disbursements or record disbursements. After signing, the checks are not mailed without allowing them to return to individuals who prepare the checks or approve payment.	Sheriff

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

Responses:

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

County Sheriff – Chief Deputy to review disbursements, similar to receipts.

Conclusion – Responses accepted.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-B-08 Financial Reporting - During the audit, we identified material amounts of receivables and infrastructure additions which 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.

Recommendation - The County should implement procedures to ensure all receivables and infrastructure additions are properly recorded and included in the County's financial statements.

Response - The Board of Supervisors will work with the County Engineer to implement procedures to be sure infrastructure additions are recorded and accounted for in financial statements.

Conclusion - Response accepted.

II-C-08 Cancellation of Invoices - Certain invoices and supporting documentation were not marked paid to help prevent duplicate payment.

Recommendation - All invoices and supporting documents should be properly canceled to help prevent duplicate payment.

Response - We will implement a process to more closely monitor the cancellation of accounts payable claims to help prevent duplicate payments.

Conclusion - Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Grundy County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

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

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in the roads and transportation function.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will work closely with the County Engineer to avoid this situation in the future.

Conclusion – Response accepted.

IV-B-08 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-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-08 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-08 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-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-08 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-08 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-08 Solid Waste Fees Retainage – The County used or retained the solid waste fees in accordance with Chapter 455E.11.2(a) of the Code of Iowa.

IV-J-08 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, 2008 for the County Extension Office did not exceed the amount budgeted.

Grundy County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-K-08 Financial Condition - The Special Revenue, Conservation Land Acquisition Fund had a deficit fund balance (on an accrual basis) of \$181,284 at June 30, 2008.

Recommendation – The County should investigate alternatives to eliminate the deficit fund balance in order to return the fund to a sound financial position.

Response - At June 30, 2008, what appeared to be a deficit balance in the Conservation Land Acquisition Fund during the auditing process was in the County's opinion to be covered by an interfund loan which was made knowing State and Federal grant reimbursements would be coming to reimburse the County for the costs incurred on the projects. The interfund loan was planned to be repaid upon receipt of the grant monies. Additionally, other contributions and donations are to be received from other organizations and individuals to return the fund to a sound financial condition

Conclusion – Response accepted.

IV-L-08 Financial Assurance – Grundy County has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care are \$834,803. The balance at June 30, 2008 reserved for landfill closure and postclosure care is \$1,151,559. Therefore, the closure and postclosure care costs are fully funded at June 30, 2008.

IV-M-08 Non-Current Debt - The County made an interfund loan of \$286,048 to the Special Revenue, Conservation Land Acquisition Fund from the General Fund as a temporary loan during the year ended June 30, 2008. The funds were not repaid by the Special Revenue, Conservation Land Acquisition Fund during the year ended June 30, 2008. Chapters 331.478 and 331.479 of the Code of Iowa require that before non-current debt can be incurred, a notice of the proposed action, including a statement of the amount, purposes and form of the debt, the proposed time of its liquidation and the time and place of the meeting at which the Board proposes to take action to authorize the debt shall be published. At the meeting, the Board shall receive oral and written objections before action is taken to authorize the debt or abandon the proposal.

Recommendation – The County should comply with Chapters 331.478 and 331.479 of the Code of Iowa before non-current debt is authorized

Response – We will review the requirements of Code Chapters 331.478 and 331.479, and set-up a system to be sure all items are complied with before any non-current debt is authorized.

Conclusion – Response accepted.

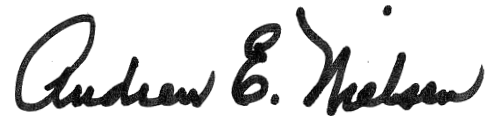
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Grundy County

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Darryl J. Brumm, CPA, Senior Auditor II  
Shawn R. Elsbury, Senior Auditor  
Aaron P. Wagner, CPA, Staff Auditor  
Jennifer K. Kopp, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a prominent initial 'A' and a dot over the 'i' in Nielsen.

Andrew E. Nielsen, CPA  
Deputy Auditor of State