



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 26, 2015

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515/281-5834

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

The County had local tax revenue of \$20,921,931 for the year ended June 30, 2014, which included \$1,096,432 in tax credits from the state. The County forwarded \$15,285,632 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,636,299 of the local tax revenue to finance County operations, a 4.0% increase over the prior year. Other revenues included charges for service of \$1,235,542, operating grants, contributions and restricted interest of \$3,520,495, capital grants, contributions and restricted interest of \$772,495, local option sales tax of \$380,911, unrestricted investment earnings of \$38,253 and other general revenues of \$115,538.

Expenses for County operations for the year ended June 30, 2014 totaled \$12,226,360, a 4.0% increase over the prior year. Expenses included \$5,366,070 for roads and transportation, \$1,795,355 for public safety and legal services and \$1,785,012 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/1410-0038-B00F.pdf>.

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GRUNDY COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2014

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Grundy County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Harlyn Riekema	Board of Supervisors	Jan 2015
Mark Schildroth	Board of Supervisors	Jan 2015
Charles Bakker	Board of Supervisors	Jan 2017
James Ross	Board of Supervisors	Jan 2017
Barbara Smith	Board of Supervisors	Jan 2017
Rhonda Deters	County Auditor	Jan 2017
Brenda Noteboom	County Treasurer	Jan 2015
Charles Kruse	County Recorder	Jan 2015
Rick Penning	County Sheriff	Jan 2017
Kirby D. Schmidt	County Attorney	Jan 2015
John Freese	County Assessor	Jan 2016

Grundy County



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Independent Auditor's Report

To the Officials of Grundy County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grundy County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Grundy County as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 50 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grundy County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2015 on our consideration of Grundy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 in considering Grundy County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 16, 2015

Grundy County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Grundy County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities remained relatively stable at approximately \$11,700,000. Charges for services decreased approximately \$173,000, operating grants, contributions and restricted interest decreased approximately \$519,000, capital grants, contributions and restricted interest increased approximately \$462,000 and property and other county tax increased approximately \$180,000.
- Program expenses increased approximately \$475,000, or 4.0%, from fiscal year 2013 to fiscal year 2014. Roads and transportation expenses increased approximately \$315,000 and county environment and education expenses increased approximately \$156,000.
- The County's net position decreased 2.0%, or approximately \$527,000 from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Grundy County's combined net position changed from a year ago, decreasing from approximately \$26,934,000 to approximately \$26,407,000. The analysis that follows focuses on the changes in the net position of governmental activities.

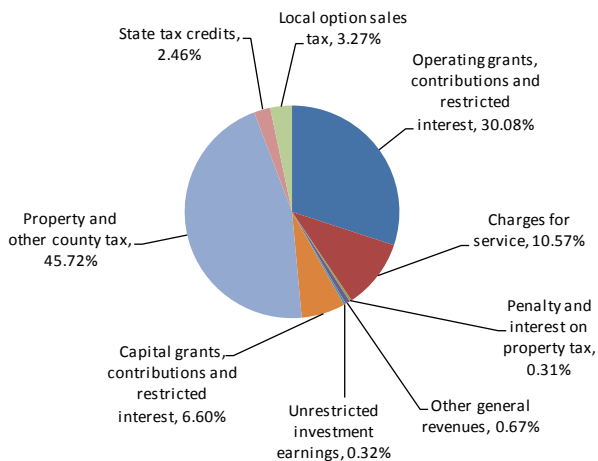
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 26,787	27,001
Capital assets	20,417	21,014
Total assets	47,204	48,015
Long-term liabilities	14,694	15,461
Other liabilities	427	295
Total liabilities	15,121	15,756
Deferred inflows of resources	5,676	5,325
Net position:		
Net investment in capital assets	20,417	20,835
Restricted	4,411	4,506
Unrestricted	1,579	1,593
Total net position	\$ 26,407	26,934

Net position of Grundy County's governmental activities decreased approximately \$527,000 (from approximately \$26,934,000 compared to approximately \$26,407,000). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$1,593,000 at June 30, 2013 to approximately \$1,579,000 at the end of this year, a decrease of less than 1%.

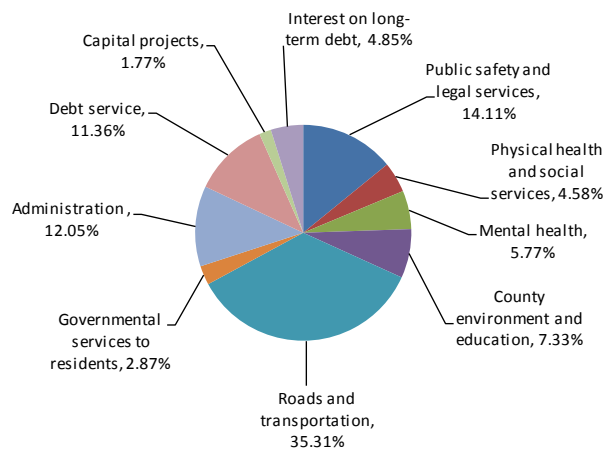
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2014	2013
Revenues:		
Program revenues:		
Charges for service	\$ 1,236	1,409
Operating grants, contributions and restricted interest	3,520	4,039
Capital grants, contributions and restricted interest	772	310
General revenues:		
Property and other county tax	5,349	5,169
Penalty and interest on property tax	37	36
State tax credits	288	250
Local option sales tax	381	386
Unrestricted investment earnings	38	43
Other general revenues	78	51
Total revenues	11,699	11,693
Program expenses:		
Public safety and legal services	1,795	1,775
Physical health and social services	585	565
Mental health	737	810
County environment and education	949	793
Roads and transportation	5,366	5,051
Governmental services to residents	370	364
Administration	1,785	1,727
Interest on long-term debt	639	666
Total expenses	12,226	11,751
Change in net position	(527)	(58)
Net position beginning of year	26,934	26,992
Net position end of year	\$ 26,407	26,934

Revenues by Source



Expenses by Function



Grundy County's property tax rates have been consistent in prior years. For fiscal year 2014, the rural levy rate increased slightly to \$3.11531 per \$1,000 of taxable valuation. This is an increase of \$0.04601 per \$1,000 of taxable valuation. The countywide levy was slightly lower at \$5.35571 per \$1,000 of taxable valuation in fiscal year (FY) 2014 as compared to fiscal year (FY) 2013. Taxable valuation by levy, the actual levy rate per \$1,000 of taxable valuation and total dollars levied are as follows:

	Taxes Levied FY2014	Taxes Levied FY2013
Countywide taxable valuation	\$ 722,230,994	690,445,704
Countywide levy rate without debt service	5.35571	5.39961
Dollars levied without debt service	3,868,060	3,728,137
County taxable debt service valuation	763,356,857	735,073,851
County debt service levy rate	-	-
Dollars levied debt service	-	-
Total countywide rate	5.35571	5.39961
Total dollars levied countywide	3,868,050	3,728,137
Rural taxable valuation	501,048,789	482,240,483
Rural tax levy rate	3.11531	3.06930
Dollars levied rural area only	1,560,922	1,480,141
Total dollars levied	5,428,982	5,208,278

Local option sales tax revenue totaled \$380,911. Grundy County uses 100% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund.

INDIVIDUAL MAJOR FUND ANALYSIS

As Grundy County completed the year, its governmental funds reported a combined fund balance of \$20,183,839, a decrease from last year's total of \$20,727,125. The decrease in fund balance is primarily attributable to an increase in long term debt payments on the conservation capital improvement loan which was paid in full during fiscal year 2014 and higher costs for building expenses associated with a new building at the campground and other increased costs within the county environment and education function, such as the purchase of a skid loader and multiple repairs to conservation vehicles. 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 \$219,623 from the prior year to \$1,869,536. Total revenues increased 3%. Total expenditures increased 8%, or \$346,062, compared to fiscal year 2013.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$737,047, a decrease of \$68,206 from the prior year. The Special Revenue, Mental Health Fund year-end balance decreased \$2,051 from the prior year. Revenues decreased to \$734,996.
- The Special Revenue, Rural Services Fund balance decreased \$47,850 from the prior year. Expenditures increased slightly in fiscal year 2014. Revenues increased \$111,613, primarily due to an increase in license and permit fees. Of the \$771,546 fund balance, \$250,247 is restricted as a reserve for the landfill/transfer station.

- Special Revenue, Secondary Roads Fund expenditures increased \$177,104 from the prior year, due primarily to increased expenditures for snow and ice control during fiscal year 2014 and the purchase of a motor grader for the Secondary Roads department. Revenues increased \$304,672. The increase in revenues was a result of increased reimbursements from the State for capital project costs. The Secondary Roads Fund ending fund balance increased \$394,792 to \$2,511,089.
- The Special Revenue, Landfill Closure Costs Fund balance decreased \$51,141 from the prior year to \$888,040. Closure/postclosure care costs of \$57,629 were expended from this fund during fiscal year 2014.
- The Debt Service Fund accumulates and pays the principal and interest on debt issued for the general obligation urban renewal capital loan notes. The proceeds were used to make a loan to the Grundy County Memorial Hospital for a building expansion project. These notes are anticipated to be paid by Grundy County Memorial Hospital and, therefore, no debt service tax is expected to be levied. The fund balance is restricted for debt service. The fund balance is large because the related debt is not recorded as a fund liability under the modified accrual basis of accounting.

BUDGETARY HIGHLIGHTS

Over the course of the year, Grundy County amended its budget two times. The first amendment was made in April 2014 and resulted in an increase in budgeted intergovernmental receipts, primarily due to additional pass-through State grants. The budget for expenditures increased \$187,276 in total due to increased costs identified across various functions. The second amendment was made on May 12, 2014 to budget for the conservation capital improvement loan payment in full.

The County's actual receipts were \$199,876 more than budgeted, a variance of 1.7%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated.

Total actual disbursements were \$994,707 less than the amended budget, a variance of 7.6%. Actual disbursements for the public safety and legal services, administration and capital projects functions were \$102,703, \$305,674 and \$304,712, respectively, less than budgeted. Disbursements for the administration function were less than budgeted, due primarily to monies budgeted for the purchase of property on which to build a new annex building. This purchase was not completed in fiscal year 2014. These funds will be used to purchase such property and begin construction of a new building in fiscal year 2015. In addition, fewer improvements and maintenance expenses occurred during fiscal year 2014 than anticipated. Disbursements for the capital projects function were less than budgeted, due primarily to project completion delays.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Grundy County had \$20,417,006 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of \$597,267, or approximately 2.84%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2014	2013
Land	\$ 1,309,331	1,333,341
Construction in process, road network	126,841	2,745,296
Buildings	2,817,558	2,905,489
Improvements other than buildings	456,269	465,977
Equipment and vehicles	1,953,038	1,894,820
Infrastructure, road network	13,753,969	11,669,350
Total	\$ 20,417,006	21,014,273
This year's major additions include:		
Road network infrastructure		\$ 126,809
2013 John Deere motor grader		259,606
John Deere compact track loader		57,876
County Sheriff vehicles		57,109
2014 Dodge 1/2 ton pickup		29,028
Total		\$ 530,428

The County had depreciation expense of \$1,165,830 in fiscal year 2014 and total accumulated depreciation of \$11,268,331 at June 30, 2014.

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

Long-Term Debt

At June 30, 2014, Grundy County had \$13,620,000 of general obligation urban renewal capital loan notes outstanding, compared to \$14,424,000 of long term debt outstanding at June 30, 2013.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2014	2013
General obligation notes	\$ 13,620,000	14,245,000
Conservation capital improvement loan	-	179,000
Total	\$ 13,620,000	14,424,000

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Grundy County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$64 million. 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 2015 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County as of June 2014 stands at 4.1% versus 3.7% a year ago. This compares with the State's unemployment rate of 4.4%. Interest income is very stagnant after reaching an all time low because of aggressive rate cutting by the Federal Reserve. The State of Iowa currently has a budget surplus, but relatively flat revenue projections continue. The uncertainty of revenue projections for the State of Iowa are keeping Grundy County's state funding in question for the fiscal year 2015 budget.

These indicators were taken into account when adopting the budget for fiscal year 2015. The fiscal year 2015 budget of \$14,462,039 increased 11.66% from the fiscal year 2014 original budget of \$12,951,385. Property tax will increase slightly, even though the tax rate is decreasing slightly, because assessed valuations have increased. Budgeted disbursements are expected to increase \$1,313,878 from the fiscal year 2014 final budgeted amounts. The County believes higher costs will impact all departments and amounts available for roads, costs of upgrading computer software and increases in IT/GIS maintenance fees will impact the fiscal year 2015 budget.

If these estimates are realized, the County's ending cash balance is expected to decrease approximately \$178,843 by the close of fiscal year 2015 from the fiscal year 2014 ending cash balance.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Grundy County
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 6,041,224
Receivables:	
Property tax:	
Delinquent	1,772
Succeeding year	5,583,300
Succeeding year tax increment financing	93,000
Interest and penalty on property tax	4,192
Loan to Grundy County Memorial Hospital	13,620,000
Accounts	1,783
Accrued interest	4,838
Due from other governments	589,917
Inventories	571,575
Prepaid insurance	275,702
Capital assets, net of accumulated depreciation	20,417,006
Total assets	<u>47,204,309</u>
Liabilities	
Accounts payable	267,004
Accrued interest payable	50,514
Salaries and benefits payable	55,859
Due to other governments	53,906
Long-term liabilities:	
Portion due or payable within one year:	
General obligation urban renewal capital loan notes	650,000
Compensated absences	181,343
Portion due or payable after one year:	
General obligation urban renewal capital loan notes	12,970,000
Estimated liability for landfill closure and postclosure care	695,500
Compensated absences	151,583
Net OPEB liability	45,007
Total liabilities	<u>15,120,716</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	5,583,300
Unavailable tax increment financing	93,000
Total deferred inflows of resources	<u>5,676,300</u>
Net Position	
Net investment in capital assets	20,417,006
Restricted for:	
Supplemental levy purposes	376,788
Mental health purposes	304,155
Rural services purposes	521,299
Secondary roads purposes	2,451,152
Landfill closure and postclosure care	442,787
Conservation purposes	112,106
Other purposes	202,504
Unrestricted	1,579,496
Total net position	<u>\$ 26,407,293</u>

See notes to financial statements.

Grundy County

Statement of Activities

Year ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Contributions and Restricted Interest	Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,795,355	338,897	16,272	-	(1,440,186)
Physical health and social services	585,048	9,900	193,624	-	(381,524)
Mental health	736,908	113,036	90,588	-	(533,284)
County environment and education	949,202	98,297	27,192	-	(823,713)
Roads and transportation	5,366,070	167,992	2,547,798	772,495	(1,877,785)
Governmental services to residents Administration	369,921	271,896	14	-	(98,011)
	1,785,012	235,524	11,777	-	(1,537,711)
Interest on long-term debt	638,844	-	633,230	-	(5,614)
Total	\$ 12,226,360	1,235,542	3,520,495	772,495	(6,697,828)
General Revenues:					
Property and other county tax levied for general purposes					5,247,175
Tax increment financing					101,551
Penalty and interest on property tax					37,578
State tax credits					287,573
Local option sales tax					380,911
Unrestricted investment earnings					38,253
Gain on disposition of capital assets					41,710
Miscellaneous					36,250
Total general revenues					6,171,001
Change in net position					(526,827)
Net position beginning of year					26,934,120
Net position end of year					\$ 26,407,293

See notes to financial statements.

Grundy County
Balance Sheet
Governmental Funds

June 30, 2014

	General	Special	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 1,769,058	295,571	566,373
Receivables:			
Property tax:			
Delinquent	1,357	193	222
Succeeding year	3,507,000	498,000	1,578,300
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	4,192	-	-
Loan	-	-	-
Accounts	126	-	648
Accrued interest	3,330	-	-
Due from other funds	-	-	-
Due from other governments	30,003	23,826	64,089
Inventories	-	-	-
Prepaid insurance	127,001	-	148,701
Total assets	\$ 5,442,067	817,590	2,358,333
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 23,743	1,256	5,780
Salaries and benefits payable	3,787	506	1,398
Due to other funds	6,230	-	1,062
Due to other governments	26,222	197	25
Total liabilities	59,982	1,959	8,265
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,507,000	498,000	1,578,300
Succeeding year tax increment financing	-	-	-
Other	5,549	193	222
Total deferred inflows of resources	3,512,549	498,193	1,578,522
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	127,001	-	148,701
Restricted for:			
Supplemental levy purposes	269,599	-	-
Mental health purposes	-	317,438	-
Rural services purposes	-	-	372,598
Secondary roads purposes	-	-	-
Landfill closure and postclosure care	-	-	-
Landfill/transfer station	-	-	250,247
Conservation land acquisition/capital improvements	112,106	-	-
Debt service	-	-	-
Other purposes	-	-	-
Unassigned	1,360,830	-	-
Total fund balances	1,869,536	317,438	771,546
Total liabilities, deferred inflows of resources and fund balances	\$ 5,442,067	817,590	2,358,333

See notes to financial statements.

Revenue				
Secondary Roads	Landfill Closure Costs	Debt Service	Nonmajor	Total
1,834,919	887,245	3,686	202,431	5,559,283
-	-	-	-	1,772
-	-	-	-	5,583,300
-	-	-	93,000	93,000
-	-	-	-	4,192
-	-	13,620,000	-	13,620,000
1,009	-	-	-	1,783
-	1,435	-	73	4,838
7,292	-	-	-	7,292
471,999	-	-	-	589,917
571,575	-	-	-	571,575
-	-	-	-	275,702
<u>2,886,794</u>	<u>888,680</u>	<u>13,623,686</u>	<u>295,504</u>	<u>26,312,654</u>
236,225	-	-	-	267,004
49,528	640	-	-	55,859
-	-	-	-	7,292
27,462	-	-	-	53,906
<u>313,215</u>	<u>640</u>	<u>-</u>	<u>-</u>	<u>384,061</u>
-	-	-	-	5,583,300
-	-	-	93,000	93,000
62,490	-	-	-	68,454
<u>62,490</u>	<u>-</u>	<u>-</u>	<u>93,000</u>	<u>5,744,754</u>
571,575	-	-	-	571,575
-	-	-	-	275,702
-	-	-	-	269,599
-	-	-	-	317,438
-	-	-	-	372,598
1,939,514	-	-	-	1,939,514
-	888,040	-	-	888,040
-	-	-	-	250,247
-	-	-	-	112,106
-	-	13,623,686	-	13,623,686
-	-	-	202,504	202,504
-	-	-	-	1,360,830
<u>2,511,089</u>	<u>888,040</u>	<u>13,623,686</u>	<u>202,504</u>	<u>20,183,839</u>
<u>2,886,794</u>	<u>888,680</u>	<u>13,623,686</u>	<u>295,504</u>	<u>26,312,654</u>

Grundy County

Grundy County

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

June 30, 2014

Total governmental fund balances (page 21)	\$ 20,183,839
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
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 \$31,685,337 and the accumulated depreciation is \$11,268,331.	20,417,006
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	68,454
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	481,941
Long-term liabilities, including general obligation urban renewal capital loan notes payable, landfill closure and postclosure care payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(14,743,947)</u>
Net position of governmental activities (page 18)	<u><u>\$ 26,407,293</u></u>

See notes to financial statements.

Grundy County

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

Year ended June 30, 2014

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 3,230,165	503,332	1,513,493
Local option sales tax	-	-	380,911
Interest and penalty on property tax	36,201	-	-
Intergovernmental	712,750	231,664	79,744
Licenses and permits	9,950	-	37,100
Charges for service	359,404	-	22,505
Use of money and property	36,667	-	-
Miscellaneous	43,047	-	936
Total revenues	4,428,184	734,996	2,034,689
Expenditures:			
Operating:			
Public safety and legal services	1,609,414	-	192,959
Physical health and social services	585,048	-	-
Mental health	-	737,047	-
County environment and education	524,160	-	255,091
Roads and transportation	-	-	-
Governmental services to residents	361,955	-	3,790
Administration	1,374,063	-	164,709
Debt service	193,167	-	-
Capital projects	-	-	-
Total expenditures	4,647,807	737,047	616,549
Excess (deficiency) of revenues over (under) expenditures	(219,623)	(2,051)	1,418,140
Other financing sources (uses):			
Sale of capital assets	-	-	24,010
Transfers in	-	-	-
Transfers out	-	-	(1,490,000)
Total other financing sources (uses)	-	-	(1,465,990)
Change in fund balances	(219,623)	(2,051)	(47,850)
Fund balances beginning of year	2,089,159	319,489	819,396
Fund balances end of year	\$ 1,869,536	317,438	771,546

See notes to financial statements.

Revenue					
Secondary Roads	Landfill Closure Costs	Debt Service	Nonmajor		Total
-	-	-	101,551		5,348,541
-	-	-	-		380,911
-	-	-	-		36,201
3,533,716	-	633,230	13,806		5,204,910
4,635	-	-	-		51,685
-	-	-	3,799		385,708
600	6,488	-	155		43,910
91,840	-	-	1,350		137,173
3,630,791	6,488	633,230	120,661		11,589,039
-	-	-	135		1,802,508
-	-	-	-		585,048
-	-	-	-		737,047
-	57,629	-	100,260		937,140
4,510,897	-	-	-		4,510,897
-	-	-	1,869		367,614
-	-	-	-		1,538,772
-	-	1,258,230	-		1,451,397
215,102	-	-	10,810		225,912
4,725,999	57,629	1,258,230	113,074		12,156,335
(1,095,208)	(51,141)	(625,000)	7,587		(567,296)
-	-	-	-		24,010
1,490,000	-	-	-		1,490,000
-	-	-	-		(1,490,000)
1,490,000	-	-	-		24,010
394,792	(51,141)	(625,000)	7,587		(543,286)
2,116,297	939,181	14,248,686	194,917		20,727,125
2,511,089	888,040	13,623,686	202,504		20,183,839

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, 2014

Change in fund balances - Total governmental funds (page 25) \$ (543,286)

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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 478,037	
Capital assets contributed by the Iowa Department of Transportation	72,826	
Depreciation expense	<u>(1,165,830)</u>	(614,967)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 17,700

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

Property tax	185	
Other	<u>(213,954)</u>	(213,769)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 804,000

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	(15,007)	
Compensated absences	(11,707)	
Other postemployment benefits	(9,932)	
Interest on long-term debt	<u>8,553</u>	(28,093)

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 51,588

Change in net position of governmental activities (page 19) \$ (526,827)

See notes to financial statements.

Grundy County
Statement of Net Position
Proprietary Fund
June 30, 2014

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 481,941
Current Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 481,941</u>
See notes to financial statements.	

Exhibit H

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

Year ended June 30, 2014

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 984,874
Reimbursements from employees		147,865
Reimbursements from others		13,602
Total operating revenues		<u>1,146,341</u>
Operating expenses:		
Partially self funded medical claims	\$ 121,822	
Medical claims	69,669	
Life insurance premiums	7,883	
Insurance premiums	870,535	
Affordable Care Act (ACA) fees	16,958	
Administrative fees	<u>9,472</u>	<u>1,096,339</u>
Operating income		50,002
Non-operating revenues:		
Interest income		<u>1,586</u>
Net income		51,588
Net position beginning of year		<u>430,353</u>
Net position end of year		<u>\$ 481,941</u>
See notes to financial statements.		

Grundy County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2014

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 984,874
Cash received from employees and others	161,467
Cash paid to suppliers for services	(1,096,339)
Net cash provided by operating activities	50,002
Cash flows from investing activities:	
Interest on investments	1,586
Net increase in cash and cash equivalents	51,588
Cash and cash equivalents beginning of year	430,353
Cash and cash equivalents end of year	\$ 481,941
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 50,002
Adjustment to reconcile operating income to net cash provided by operating activities:	
None	-
Net cash provided by operating activities	\$ 50,002

See notes to financial statements.

Grundy County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,041,879
Other County officials	37,064

Receivables:

Property tax:

Delinquent	9,837
Succeeding year	14,466,700

Accounts	8,860
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Accrued interest	22
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Assessments	1,340
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Due from other governments	30,682
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Total assets	<u>15,596,384</u>
---------------------	-------------------

Liabilities

Accounts payable	26,398
------------------	--------

Due to other governments	15,518,240
--------------------------	------------

Trusts payable	30,166
----------------	--------

Compensated absences	21,580
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Total liabilities	<u>15,596,384</u>
--------------------------	-------------------

Net position

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

Grundy County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Grundy County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

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

A. Reporting Entity

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

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

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

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

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

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

The County began participating in County Social Services (CSS), a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa, in February 2012. CSS is a consortium established for the purpose of administering mental health and disability services for its member counties. Pursuant to the consortium agreement, Butler County is the operating agency. Each member county is represented on the consortium Board which is responsible for administering the consortium.

B. Basis of Presentation

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

The Statement of Net Position presents the County’s nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported in the following categories.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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

Special Assessments Receivable – Special assessments receivable represent amounts assessed to individuals for work done which benefit their property. These assessments are payable by individuals in 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 represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories 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 Position. 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.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax and tax increment financing receivables that will not be recognized as revenue until the year for which it is levied.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 6,230
	Special Revenue:	
	Rural Services	1,062
Total		<u>\$ 7,292</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, 2014 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>\$ 1,490,000</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, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,333,341	-	(24,010)	1,309,331
Construction in progress, road network	2,745,296	126,809	(2,745,264)	126,841
Total capital assets not being depreciated	4,078,637	126,809	(2,769,274)	1,436,172
Capital assets being depreciated:				
Buildings	4,268,988	-	-	4,268,988
Improvements other than buildings	485,393	-	-	485,393
Equipment and vehicles	6,992,823	466,774	(124,056)	7,335,541
Infrastructure, road network	15,413,979	2,745,264	-	18,159,243
Total capital assets being depreciated	27,161,183	3,212,038	(124,056)	30,249,165
Less accumulated depreciation for:				
Buildings	1,363,499	87,931	-	1,451,430
Improvements other than buildings	19,416	9,708	-	29,124
Equipment and vehicles	5,098,003	407,546	(123,046)	5,382,503
Infrastructure, road network	3,744,629	660,645	-	4,405,274
Total accumulated depreciation	10,225,547	1,165,830	(123,046)	11,268,331
Total capital assets being depreciated, net	16,935,636	2,046,208	(1,010)	18,980,834
Governmental activities capital assets, net	\$ 21,014,273	2,173,017	(2,770,284)	20,417,006

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 77,377
County environment and education	55,036
Roads and transportation	983,265
Governmental services to residents	4,000
Administration	46,152
Total depreciation expense - governmental activities	<u>\$ 1,165,830</u>

(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 at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 26,222
Special Revenue:		
Mental Health	Services	197
Rural Services	Services	25
Secondary Roads	Services	27,462
		<u>27,684</u>
Total for governmental funds		<u>\$ 53,906</u>
Agency:		
Agricultural Extension Education	Collections	\$ 166,508
County Assessor		460,255
Schools		9,012,095
Community Colleges		901,182
Corporations		3,944,395
Townships		243,913
Auto License and Use Tax		456,181
All other		333,711
Total for agency funds		<u>\$ 15,518,240</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Conservation Capital Improvement Loan	General Obligation Capital Loan Notes	Urban Renewal Capital	Estimated Liability for Landfill Closure and Postclosure Care	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 179,000	14,245,000		680,493	321,219	35,075	15,460,787
Increases	-	-		15,007	279,845	9,932	304,784
Decreases	179,000	625,000		-	268,138	-	1,072,138
Balance end of year	\$ -	13,620,000		695,500	332,926	45,007	14,693,433
Due within one year	\$ -	650,000		-	181,343	-	831,343

Conservation Capital Improvement Loan

On October 5, 2009, the County entered into a loan agreement with Black Hawk Economic Development, Inc. to borrow \$200,000 for capital improvements at the Grundy County Lake campground with interest at 5% per annum. The loan was repaid in full from Conservation resources during the year ended June 30, 2014.

General Obligation Urban Renewal Capital Loan Notes

On July 15, 2009, the County issued \$16,020,000 of general obligation urban renewal capital loan notes for an expansion project at the Grundy County Memorial Hospital and to refund the Hospital's outstanding principal balance of \$4,025,000 of hospital revenue bonds issued in 2004. The notes bear interest, payable semiannually on the first of June and December of each year, at rates ranging from 4.25% to 4.75% per annum.

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

A summary of the County's June 30, 2014 general obligation urban renewal capital loan note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.25%	\$ 650,000	606,168	1,256,168
2016	4.25	675,000	578,542	1,253,542
2017	4.25	700,000	549,855	1,249,855
2018	4.25	730,000	520,105	1,250,105
2019	4.25	765,000	489,080	1,254,080
2020-2024	4.25-4.50	4,410,000	1,923,996	6,333,996
2025-2029	4.55-4.75	5,690,000	828,740	6,518,740
Total		\$ 13,620,000	5,496,486	19,116,486

During the year ended June 30, 2014, the County retired \$625,000 of general obligation urban renewal capital loan notes.

(8) Loan Receivable

As detailed in Note 7 of the Notes to Financial Statements, the County loaned note proceeds to the Grundy County Memorial Hospital. Under the loan agreement, the Grundy County Memorial Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation urban renewal capital loan notes.

(9) 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 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$337,288, \$318,227 and \$290,115, respectively, equal to the required contributions for each year.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the 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, 2014 were \$210,600.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

(11) Employee Health Insurance Plan

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

Administrative service fees and plan contributions are paid monthly from the County's operating funds to a separate account administered by Employee Benefit Systems. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution for the year ended June 30, 2014 was \$984,874.

(12) Closure and Postclosure Care Costs

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

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

The total costs for the County Landfill have been estimated at \$695,500 as of June 30, 2014 and the portion of the liability that has been recognized is \$695,500. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a transfer station instead of constructing new cells. The Landfill plans to maintain its recycling program and will use existing resources to finance these activities. A provision for the above liability has been made in the County's Statement of Net Position as of June 30, 2014. The County has accumulated resources to fund these costs and, at June 30, 2014, deposits of \$888,040 are held for these purposes. These resources are reported in the Special Revenue, Landfill Closure Costs Fund.

(13) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 67 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 9,924
Interest on net OPEB obligation	1,578
Adjustment to annual required contribution	<u>(1,570)</u>
Annual OPEB cost	9,932
Contributions made	<u>-</u>
Increase in net OPEB obligation	9,932
Net OPEB obligation beginning of year	<u>35,075</u>
Net OPEB obligation end of year	<u><u>\$45,007</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County did not contribute to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 11,966	54%	\$ 25,570
2013	9,505	0	35,075
2014	9,932	0	45,007

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was approximately \$67,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$67,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,711,000 and the ratio of the UAAL to covered payroll was 1.8%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or the first subsequent year in which the member would qualify for benefits.

Projected claim costs of the medical plan are \$13,748 annually for retirees less than age 65 and \$20,365 annually for retirees and spouses less than age 65. All coverage ceases when the retiree reaches age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(14) Developer Agreements

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

The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for the costs of certain improvements in the Grundy County Bacon Veneer Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between June 1, 2004 and June 1, 2018, but shall not exceed the developer's actual infrastructure costs as certified to the County or \$1,000,000, whichever is less. During the year ended June 30, 2014, \$8,754 was rebated to the developer, R. S. Bacon Veneer Company.

The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for the costs of certain improvements for the "Welcome Center" in the Grundy County Industrial Park Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between July 1, 2007 and June 30, 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, 2014, \$31,382 was rebated to the developer, Grundy County Heritage Center, Grundy County Rural Electric Cooperative and Corn Belt & Industrial Park.

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of certain improvements in the Grundy County Industrial Park Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated until \$105,000 is rebated or the agreement is terminated, whichever occurs first. During the year ended June 30, 2014, no rebates were paid to the developer, Olderog Wholesale Tires, Inc. as the business closed and did not meet the jobs requirement, thus the contract has been terminated. The County decertified the rebate agreement with Olderog Wholesale Tires, Inc. and certified additional debt for costs involved within this area of \$35,573. During the year ended June 30, 2014, \$8,914 was remitted to the County for debt certified.

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of certain improvements in the Grundy County Titan Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between January 1, 2009 and December 31, 2028 (up to forty semi-annual payments for twenty years) until \$225,000 is rebated or the agreement is terminated, whichever occurs first. During the year ended June 30, 2014, \$35,988 was rebated to the developer, Dealer Site LLC.

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of new commercial development in the OXBO Urban Renewal District within 2 miles of the City of Grundy Center. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between July 1, 2010 and June 30, 2020 (annual payments for ten years) or until termination of the agreement, whichever occurs first. During the year ended June 30, 2014, \$4,760 was rebated to the developer, OXBO International Corporation/Byron Midwest Corporation.

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of new commercial development in the Grundy County Industrial Park Urban Renewal Area. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated between December 1, 2011 and June 1, 2021 (semi-annual payments for ten years) or until termination of the agreement, whichever occurs first. During the year ended June 30, 2014, \$9,050 was rebated to the developer, Cardinal Construction, Inc.

(15) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

Grundy County

Required Supplementary Information

Grundy County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 5,714,023	-	5,714,023
Interest and penalty on property tax	39,014	-	39,014
Intergovernmental	5,627,734	-	5,627,734
Licenses and permits	51,195	-	51,195
Charges for service	400,984	-	400,984
Use of money and property	43,509	28	43,481
Miscellaneous	227,932	-	227,932
Total receipts	12,104,391	28	12,104,363
Disbursements:			
Public safety and legal services	1,788,629	-	1,788,629
Physical health and social services	583,289	-	583,289
Mental health	737,108	-	737,108
County environment and education	934,530	777	933,753
Roads and transportation	4,609,315	-	4,609,315
Governmental services to residents	367,329	-	367,329
Administration	1,537,059	-	1,537,059
Debt service	1,451,397	-	1,451,397
Capital projects	145,575	-	145,575
Total disbursements	12,154,231	777	12,153,454
Excess (deficiency) of receipts over (under) disbursements	(49,840)	(749)	(49,091)
Other financing sources, net	24,010	-	24,010
Balance beginning of year	5,585,113	48,508	5,536,605
Balance end of year	\$ 5,559,283	47,759	5,511,524

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,822,685	5,822,685	(108,662)
-	-	39,014
5,276,907	5,444,492	183,242
7,050	7,050	44,145
288,800	288,800	112,184
72,470	71,470	(27,989)
269,990	269,990	(42,058)
<u>11,737,902</u>	<u>11,904,487</u>	<u>199,876</u>
1,868,998	1,891,332	102,703
536,795	662,655	79,366
754,926	754,926	17,818
900,475	996,414	62,661
4,424,225	4,674,225	64,910
423,752	423,752	56,423
1,812,569	1,842,733	305,674
1,258,320	1,451,837	440
971,325	450,287	304,712
<u>12,951,385</u>	<u>13,148,161</u>	<u>994,707</u>
(1,213,483)	(1,243,674)	1,194,583
-	24,010	-
<u>4,595,113</u>	<u>4,595,113</u>	<u>941,492</u>
<u>3,381,630</u>	<u>3,375,449</u>	<u>2,136,075</u>

Grundy County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,104,391	(515,352)	11,589,039
Expenditures	12,154,231	2,104	12,156,335
Net	(49,840)	(517,456)	(567,296)
Other financing sources, net	24,010	-	24,010
Beginning fund balances	5,585,113	15,142,012	20,727,125
Ending fund balances	\$ 5,559,283	14,624,556	20,183,839

See accompanying independent auditor's report.

Grundy County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$196,776. The budget amendments are 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, 2014, disbursements did not exceed the amounts budgeted by function.

Grundy County

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

Required Supplementary Information

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

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Grundy County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	County					
	Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Federal Drug Forfeiture	Sheriff's Grant	Drainage Districts
Assets						
Cash, cash equivalents and pooled investments	\$ 24,190	104,832	2,440	1,223	265	21,255
Receivables:						
Succeeding year tax increment financing	-	-	-	-	-	-
Accrued interest	14	59	-	-	-	-
Total assets	\$ 24,204	104,891	2,440	1,223	265	21,255
Deferred Inflows of Resources and Fund Balances						
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year tax increment financing	\$ -	-	-	-	-	-
Fund balances:						
Restricted for other purposes	24,204	104,891	2,440	1,223	265	21,255
Total deferred inflows of resources and fund balances	\$ 24,204	104,891	2,440	1,223	265	21,255

See accompanying independent auditor's report.

Special Revenue										
Grundy County Industrial Park	Bacon Veneer TIF	Welcome Center TIF	Olderog TIF	Titan TIF	OXBO TIF	Cardinal Construction TIF	Conven- ience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation	Total
-	-	-	10,992	-	-	-	730	10,000	26,504	202,431
300	8,100	30,500	10,300	31,700	4,500	7,600	-	-	-	93,000
-	-	-	-	-	-	-	-	-	-	73
300	8,100	30,500	21,292	31,700	4,500	7,600	730	10,000	26,504	295,504
300	8,100	30,500	10,300	31,700	4,500	7,600	-	-	-	93,000
-	-	-	10,992	-	-	-	730	10,000	26,504	202,504
300	8,100	30,500	21,292	31,700	4,500	7,600	730	10,000	26,504	295,504

Grundy County

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

Year ended June 30, 2014

	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Federal Drug Forfeiture	Sheriff's Grant	Drainage Districts
Revenues:						
Property and other county tax	\$ -	-	-	-	-	-
Intergovernmental	-	13,796	-	-	-	-
Charges for service	3,799	-	-	-	-	-
Use of money and property	24	103	-	-	-	-
Miscellaneous	-	-	1,350	-	-	-
Total revenues	3,823	13,899	1,350	-	-	-
Expenditures:						
Operating:						
Public safety	-	-	135	-	-	-
County environment and education	-	-	-	-	-	-
Governmental services to residents	1,869	-	-	-	-	-
Capital projects	-	10,810	-	-	-	-
Total expenditures	1,869	10,810	135	-	-	-
Changes in fund balances	1,954	3,089	1,215	-	-	-
Fund balances beginning of year	22,250	101,802	1,225	1,223	265	21,255
Fund balances end of year	\$ 24,204	104,891	2,440	1,223	265	21,255

See accompanying independent auditor's report.

Special Revenue										
Grundy County Industrial Park	Bacon Veneer TIF	Welcome Center TIF	Olderog TIF	Titan TIF	OXBO TIF	Cardinal Construction TIF	Conven- ience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation	Total
175	8,754	31,832	10,992	35,988	4,760	9,050	-	-	-	101,551
10	-	-	-	-	-	-	-	-	-	13,806
-	-	-	-	-	-	-	-	-	-	3,799
-	-	-	-	-	-	-	-	-	28	155
-	-	-	-	-	-	-	-	-	-	1,350
185	8,754	31,832	10,992	35,988	4,760	9,050	-	-	28	120,661
-	-	-	-	-	-	-	-	-	-	135
185	8,754	31,832	8,914	35,988	4,760	9,050	-	-	777	100,260
-	-	-	-	-	-	-	-	-	-	1,869
-	-	-	-	-	-	-	-	-	-	10,810
185	8,754	31,832	8,914	35,988	4,760	9,050	-	-	777	113,074
-	-	-	2,078	-	-	-	-	-	(749)	7,587
-	-	-	8,914	-	-	-	730	10,000	27,253	194,917
-	-	-	10,992	-	-	-	730	10,000	26,504	202,504

Grundy County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,045	160,641	120,351	11,273
Other County officials	37,064	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	63	134	3,444	309
Succeeding year	-	164,400	345,600	8,888,300	889,600
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 37,064	166,508	506,375	9,012,095	901,182
Liabilities					
Accounts payable	\$ -	-	24,540	-	-
Due to other governments	6,898	166,508	460,255	9,012,095	901,182
Trusts payable	30,166	-	-	-	-
Compensated absences	-	-	21,580	-	-
Total liabilities	\$ 37,064	166,508	506,375	9,012,095	901,182

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
34,338	3,211	456,181	11,611	242,228	1,041,879
-	-	-	-	-	37,064
5,857	2	-	-	28	9,837
3,904,200	240,700	-	-	33,900	14,466,700
-	-	-	-	8,860	8,860
-	-	-	-	22	22
-	-	-	-	1,340	1,340
-	-	-	10,566	20,116	30,682
<u>3,944,395</u>	<u>243,913</u>	<u>456,181</u>	<u>22,177</u>	<u>306,494</u>	<u>15,596,384</u>
-	-	-	8	1,850	26,398
3,944,395	243,913	456,181	22,169	304,644	15,518,240
-	-	-	-	-	30,166
-	-	-	-	-	21,580
<u>3,944,395</u>	<u>243,913</u>	<u>456,181</u>	<u>22,177</u>	<u>306,494</u>	<u>15,596,384</u>

Grundy County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 18,243	159,956	693,649	9,190,485
Additions:				
Property and other county tax	-	165,424	347,736	8,911,821
E911 surcharges	-	-	-	-
State tax credits	-	8,858	21,789	511,776
Office fees and collections	301,279	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	161,071	-	-	-
Miscellaneous	-	-	81	-
Total additions	462,350	174,282	369,606	9,423,597
Deductions:				
Agency remittances:				
To other funds	125,100	-	-	-
To other governments	180,707	167,730	556,880	9,601,987
Trusts paid out	137,722	-	-	-
Total deductions	443,529	167,730	556,880	9,601,987
Balances end of year	\$ 37,064	166,508	506,375	9,012,095

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
891,637	3,968,646	231,811	310,981	22,178	223,062	15,710,648
893,720	3,881,060	242,594	-	-	34,418	14,476,773
-	-	-	-	-	132,430	132,430
47,174	205,194	12,336	-	-	1,732	808,859
-	-	-	-	-	-	301,279
-	-	-	4,769,518	-	-	4,769,518
-	-	-	-	-	4,275	4,275
-	-	-	-	-	-	161,071
-	-	-	-	60,379	73,100	133,560
940,894	4,086,254	254,930	4,769,518	60,379	245,955	20,787,765
-	-	-	137,935	-	-	263,035
931,349	4,110,505	242,828	4,486,383	60,380	162,523	20,501,272
-	-	-	-	-	-	137,722
931,349	4,110,505	242,828	4,624,318	60,380	162,523	20,902,029
901,182	3,944,395	243,913	456,181	22,177	306,494	15,596,384

Grundy County

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

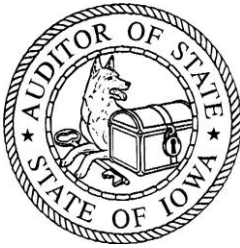
For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 5,348,541	5,168,483	5,006,401	4,820,922
Local option sales tax	380,911	385,885	468,137	398,479
Interest and penalty on property tax	36,201	36,486	33,978	34,100
Intergovernmental	5,204,910	4,851,117	5,579,690	5,219,156
Licenses and permits	51,685	12,290	15,340	10,655
Charges for service	385,708	386,215	355,300	343,261
Use of money and property	43,910	50,886	71,975	97,289
Miscellaneous	137,173	257,232	273,170	371,245
Total	<u>\$ 11,589,039</u>	<u>11,148,594</u>	<u>11,803,991</u>	<u>11,295,107</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,802,508	1,823,311	1,659,250	1,588,665
Physical health and social services	585,048	565,114	541,127	504,726
Mental health	737,047	805,253	1,030,743	1,037,365
County environment and education	937,140	784,747	844,536	816,407
Roads and transportation	4,510,897	4,230,656	4,174,887	4,012,543
Governmental services to residents	367,614	359,579	360,231	339,285
Administration	1,538,772	1,485,721	1,676,696	1,425,191
Nonprogram	-	-	-	-
Debt service	1,451,397	1,285,455	1,274,230	1,300,618
Capital projects	225,912	326,314	1,407,034	551,140
Total	<u>\$ 12,156,335</u>	<u>11,666,150</u>	<u>12,968,734</u>	<u>11,575,940</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
4,744,720	4,527,545	4,392,566	4,370,337	4,196,442	4,203,281
423,331	406,653	383,424	415,586	338,860	307,504
33,687	28,501	33,931	39,124	30,889	29,633
5,111,675	4,378,944	4,413,276	4,438,662	5,078,363	4,716,397
13,095	13,460	7,460	11,705	6,685	3,090
355,019	296,114	408,315	592,272	551,572	576,500
120,179	162,741	306,813	342,613	290,924	133,305
735,346	148,347	376,504	246,785	148,427	234,471
11,537,052	9,962,305	10,322,289	10,457,084	10,642,162	10,204,181
1,548,778	1,476,327	1,528,670	1,470,990	1,309,667	1,375,553
412,399	421,682	440,207	447,720	434,940	513,729
1,039,977	1,094,457	1,158,773	1,214,556	1,237,419	1,232,838
802,089	886,733	1,006,215	955,184	938,294	1,120,067
4,259,408	4,051,213	4,546,283	3,379,405	3,804,400	2,961,944
345,716	330,577	370,588	333,656	349,062	299,787
1,227,867	1,292,981	1,545,307	1,248,445	1,150,151	1,102,054
-	1,464	-	-	-	-
719,826	100,288	102,227	104,127	156,598	199,095
797,378	201,526	800,942	671,079	1,184,598	1,597,657
11,153,438	9,857,248	11,499,212	9,825,162	10,565,129	10,402,724

Grundy County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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Des Moines, Iowa 50319-0004

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

To the Officials of Grundy County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grundy County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 16, 2015.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) and (C) to be significant deficiencies.

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.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Grundy County's Responses to the Findings


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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 16, 2015

Grundy County

Schedule of Findings

Year ended June 30, 2014

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) 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:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	County Recorder
(2) Receipt collecting, depositing, posting and daily reconciling is performed by the same employee.	County Recorder
(3) 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.	County Sheriff
(4) Bank reconciliations are not reviewed periodically by an independent person for propriety.	County Recorder and County Sheriff
(5) There is no evidence the voided transactions report for vehicle registration fees is being reviewed by an independent person.	County Treasurer

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, including elected officials, 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 two full-time employees. We will monitor procedures to try to comply as much as possible with our limited staff.

Grundy County

Schedule of Findings

Year ended June 30, 2014

County Sheriff – With only one person handling civil fees, it is very difficult to segregate duties, especially with only one Secretary/Dispatcher/Jailer per shift, but we have initiated the following procedure after previous year's recommendations.

The Sheriff opens US mail and receipts the civil fees and, in his absence, the Chief Deputy assumes those duties. The fees and receipts are then forwarded to the secretary for entry into the Records Management System (RMS). The Secretary makes periodic bank deposits and issues checks as civil cases are completed.

The Sheriff also creates a monthly excel spreadsheet of civil fees received, which is forwarded to the Chief Deputy for audit purposes. The Chief Deputy reviews the audit sheet against the receipt book. The Secretary then provides the Chief Deputy with the monthly bank reconciliations to review.

County Treasurer – Procedures are in place to review and record all registration and transfer voids.

Conclusions – Responses accepted.

- (B) Disaster Recovery Plan – The County has not prepared a written disaster recovery plan which addresses the identification of staff responsibilities, establishment of a predetermined priority for processing, record recovery or restoration, identification of an alternate site and making provisions for the use of manual procedures, if necessary.

Recommendation – The County should commit its disaster recovery plan to writing and address all required elements.

Response – The County has committed its informal disaster recovery plan to writing and it was approved by the Board of Supervisors after the end of fiscal year 2014.

Conclusion – Response accepted.

- (C) County Landfill Board Minutes – Ten of eleven minutes of the County Landfill Board were not signed. Also, responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.

Recommendation – The minutes should be signed to authenticate the record. Responsibilities for collection, deposit preparation and reconciliation functions should be segregated from those for recording and accounting for cash receipts.

Response – We will notify the Commission that the Chairman needs to verify and sign all landfill meeting minutes.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Grundy County

Schedule of Findings

Year ended June 30, 2014

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amount budgeted for any function.
- (2) 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.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) 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.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) 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.
- (8) 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).
- (9) 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.

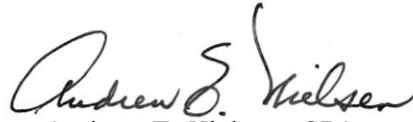
Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.
- (10) Financial Assurance – The County has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided by Chapter 111.6(8) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care are \$695,500. The balance reserved for landfill closure and postclosure care at June 30, 2014 is \$888,040. Therefore, the closure and postclosure care costs are fully funded at June 30, 2014.
- (11) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Grundy County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Kelly L. Hilton, Senior Auditor
Tiffany N. Aliprandi, Assistant Auditor
Jessica L. Roeding, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State