

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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004  
Telephone (515) 281-5834 Facsimile (515) 281-6518

**NEWS RELEASE**

Contact: Ernest Ruben  
515/281-5834

FOR RELEASE

March 31, 2022

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Auditor of State Rob Sand today released an audit report on Grundy County, Iowa.

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$17,975,841 for the year ended June 30, 2021, a 32.6% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$14,372,867, a 4.7% decrease from the prior year. The significant increase in the revenues is due primarily to Farm to Market contributions from the Iowa Department of Transportation.

**AUDIT FINDINGS:**

Sand reported one finding related to the receipt and expenditure of taxpayer funds. It is found on pages 78 through 80 of this report. The finding addresses the issue of the lack of segregation of duties. Sand provided the County with a recommendation to address the finding.

The finding discussed above is repeated from the prior year. The County Board of Supervisors and other County officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

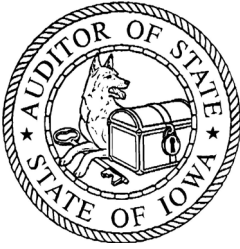
A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

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**GRUNDY COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2021**

**Grundy County**



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Rob Sand  
Auditor of State

March 21, 2022

Officials of Grundy County  
Grundy Center, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Grundy County for the year ended June 30, 2021. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Grundy County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

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**Grundy County**

**Officials**

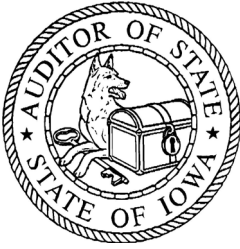
**(Before January 2021)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Bakker	Board of Supervisors	Jan 2021
James Ross	Board of Supervisors	Jan 2021
Barbara L. Smith	Board of Supervisors	Jan 2021
Heidi Nederhoff	Board of Supervisors	Jan 2023
Mark Schildroth	Board of Supervisors	Jan 2023
Rhonda Deters	County Auditor	Jan 2021
Brenda Noteboom	County Treasurer	Jan 2023
Travis Case	County Recorder	Jan 2023
Rick D. Penning	County Sheriff	Jan 2021
Erika L. Allen	County Attorney	Jan 2023
John Freese	County Assessor	Jan 2022

**(After January 2021)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Heidi Nederhoff	Board of Supervisors	Jan 2023
Mark Schildroth	Board of Supervisors	Jan 2023
Lucas Halverson	Board of Supervisors	Jan 2025
Barbara L. Smith	Board of Supervisors	Jan 2025
Vic H. Vandehaar	Board of Supervisors	Jan 2025
Rhonda Deters	County Auditor	Jan 2025
Brenda Noteboom	County Treasurer	Jan 2023
Travis Case	County Recorder	Jan 2023
Kirk Dolleslager	County Sheriff	Jan 2025
Erika L. Allen	County Attorney	Jan 2023
John Freese	County Assessor	Jan 2022

**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, 2021, 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, 2021, 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.



### Emphasis of a Matter

As discussed in Note 16 to the financial statements, Grundy County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, restating the beginning net position for fiduciary (custodial) funds. Our opinions are not modified with respect to these matters.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 54 through 63 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.

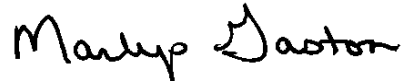
#### *Supplementary Information*

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, 2020 (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 21, 2022 on our consideration of Grundy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Grundy County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Chief Deputy Auditor of State

March 21, 2022

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

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Grundy County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2021 FINANCIAL HIGHLIGHTS**

- The County implemented Governmental Accounting Standards Board Statement (GASBS), No. 84, Fiduciary Activities during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$874,663 to retroactively report in accordance with the GASBS.
- Revenues of the County's governmental activities increased 32.6%, or approximately \$4,415,000, over fiscal year 2020 to fiscal year 2021. Charges for services increased approximately \$298,000, capital grants, contributions and restricted interest increased approximately \$3,509,000 and property taxes increased approximately \$220,000.
- Program expenses decreased approximately \$701,000, or 4.7%, from fiscal year 2020 to fiscal year 2021. Roads and transportation and mental health function expenses decreased approximately \$1,080,000 and \$187,000, respectively, while county environment and education and public safety and legal services function expenses increased approximately \$242,000 and \$219,000, respectively.
- The County's net position increased 12.4%, or approximately \$3,603,000, from the June 30, 2020 balance.

### **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 (Custodial Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial 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, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects 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) A 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 custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial 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. 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,	
	2021	2020
Current and other assets	\$ 31,626	28,102
Capital assets	28,041	25,176
Total assets	59,667	53,278
Deferred outflows of resources	954	902
Long-term liabilities	20,893	17,627
Other liabilities	607	877
Total liabilities	21,500	18,504
Deferred inflows of resources	6,549	6,707
Net position:		
Net investment in capital assets	27,282	24,470
Restricted	5,228	4,210
Unrestricted	62	289
Total net position	\$ 32,572	28,969

Net position of Grundy County's governmental activities increased 12.4% (approximately \$29.0 million compared to approximately \$32.6 million).

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. This net position category increased approximately \$2,812,000, or 11.5%, over the prior year, primarily due to infrastructure assets contributed by the Iowa Department of Transportation.

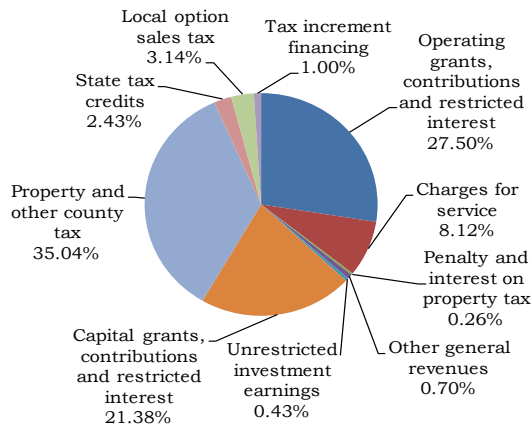
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,018,000, or 24.2%, over the prior year. This increase is primarily due to an increase in funds available in the Capital Projects Fund at year end.

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 \$289,000 at June 30, 2020 to approximately \$62,000 at the end of this year. The decrease is due to increases in the net pension liability and total OPEB liability.

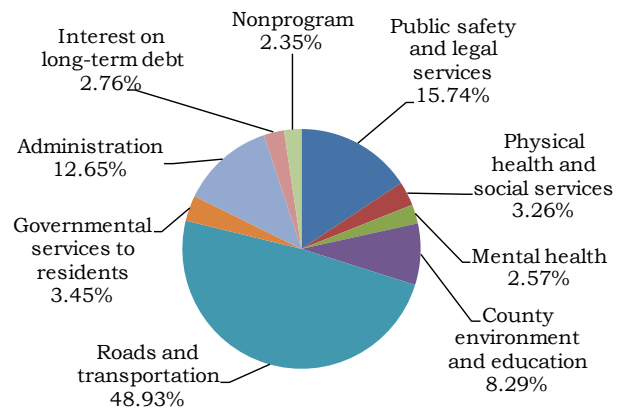
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 1,460	1,162
Operating grants, contributions and restricted interest	4,946	4,808
Capital grants, contributions and restricted interest	3,843	334
General revenues:		
Property and other county tax	6,299	6,079
Tax increment financing	179	2
Penalty and interest on property tax	46	17
State tax credits	436	453
Local option sales tax	564	519
Unrestricted investment earnings	77	164
Other general revenues	126	23
<b>Total revenues</b>	<b>17,976</b>	<b>13,561</b>
Program expenses:		
Public safety and legal services	2,263	2,044
Physical health and social services	468	479
Mental health	370	557
County environment and education	1,192	950
Roads and transportation	7,031	8,111
Governmental services to residents	496	523
Administration	1,818	1,708
Nonprogram	338	314
Interest on long-term debt	397	388
<b>Total expenses</b>	<b>14,373</b>	<b>15,074</b>
Change in net position	3,603	(1,513)
Net position beginning of year	28,969	30,482
Net position end of year	<b>\$ 32,572</b>	<b>28,969</b>

**Revenues by Source**



**Expenses by Function**



Grundy County’s property tax rates have been consistent in prior years. For fiscal year 2021, the rural levy rate was \$3.35961 per \$1,000 of taxable valuation, a decrease of \$0.15942 per \$1,000 of taxable valuation from the fiscal year 2020 rural levy rate. The countywide levy was \$4.37539 per \$1,000 of taxable valuation in fiscal year 2021, a decrease of \$0.41722 per \$1,000 of taxable valuation compared to fiscal year 2020. Taxable valuation by levy, the actual levy rate per \$1,000 of taxable valuation and total dollars levied are as follows:

	Taxes Levied FY 2021	Taxes Levied FY 2020
Countywide taxable valuation	\$ 989,725,954	876,305,944
Countywide levy rate without debt service	4.37539	4.79261
Dollars levied without debt service	4,270,617	4,204,015
County taxable debt service valuation	\$ 976,054,083	905,982,448
Total countywide rate	4.37539	4.79261
Total dollars levied countywide	4,270,617	4,204,015
Rural taxable valuation	679,998,711	608,784,755
Rural tax levy rate	3.35961	3.51903
Dollars levied rural area only	2,284,530	2,142,332
Total dollars levied	6,555,147	6,346,347

Local option sales tax revenue totaled \$564,395. Grundy County uses 100% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund.

The County’s capital grants, contributions and restricted interest increased approximately \$3,509,000 over fiscal year 2020 due to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Grundy County completed the year, its governmental funds reported a combined fund balance of \$24,583,785, an increase of \$3,735,429 above last year’s total of \$20,848,356. The increase in fund balance is primarily attributable to the increase in secondary roads and capital projects fund balances. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance increased \$250,168 over the prior year to \$3,162,895. Total revenues increased 12.4%, or \$600,485, to \$5,436,579. Property tax revenues increased \$287,658 and intergovernmental revenues increased \$239,007. Total expenditures increased 7.0%, or \$338,087, compared to fiscal year 2020.
- The Special Revenue, Mental Health Fund balance increased \$6,507 over the prior year to \$116,661. Total revenues decreased \$193,095, primarily due to a decrease in intergovernmental revenue of \$136,843 due to a decrease in County Social Services reimbursements. Expenditures totaled \$370,364, a decrease of \$193,759 from the prior year due to a portion of County employee expenses being moved to County Social Services.
- The Special Revenue, Rural Services Fund balance decreased \$20,129 from the prior year. Expenditures increased 3.4%, or \$23,962, compared to fiscal year 2020. Revenues increased \$201,740, primarily due to an increase in property tax revenues. Of the \$798,882 fund balance, \$87 is restricted as a reserve for the landfill/transfer station.
- Special Revenue, Secondary Roads Fund expenditures decreased 6.1%, or \$413,314, primarily due to decreased spending on projects for roads, bridges and culverts. Revenues increased 17.6%, or \$739,638, primarily due to an increase road use taxes and bridge project reimbursements received. The Secondary Roads Fund ending fund balance increased from \$2,582,318 to \$3,556,604.

- The Special Revenue, Landfill Closure Costs Fund balance decreased \$33,931 from the prior year to \$620,678. Closure/postclosure care costs of \$40,848 were expended from this fund during fiscal year 2021.
- The Debt Service Fund balance decreased \$1,482,100 from the prior year to \$11,948,919. A portion of the Debt Service Fund was used to make a loan to the Grundy County Memorial Hospital to refund the 2010 notes and for a building expansion project. These notes were anticipated to be paid by Grundy County Memorial Hospital and, therefore, no debt service tax is expected to be levied. The fund balance is large because the County has recorded a \$11,940,000 receivable for the loan, but the related debt is not recorded as a fund liability under the modified accrual basis of accounting.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Grundy County amended its budget once. The amendment was made in May 2021 and resulted in an increase in budgeted receipts of \$177,123. The budget for expenditures increased \$488,913 in total. The budgets for public safety and legal services, county environment and education, and administration increased \$170,964, \$134,426, and \$149,825 respectively, for increased expenditures for law enforcement vehicles, education, and administration expenses.

The County’s actual receipts were \$1,045,818 less than budgeted, a variance of 6.3%. The most significant variance resulted from the County receiving less bridge replacement receipts than anticipated due to timing of the projects.

Total disbursements were \$3,931,355 less than the amended budget, a variance of 20.4%. Actual disbursements for the capital projects function were \$2,837,902 less than budgeted due to project completion delays. The County did not exceed the budget for the year ended June 30, 2021.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, Grundy County had \$28,041,256 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of \$2,865,099, or 11.4%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2021	2020
Land	\$ 1,650,676	1,650,676
Construction in process, road network	1,627,283	1,133,174
Buildings	3,347,062	3,457,830
Improvements other than buildings	389,837	400,054
Equipment and vehicles	2,159,566	2,007,309
Intangibles	7,008	23,849
Infrastructure, road network	18,859,824	16,503,265
Total	<u>\$ 28,041,256</u>	<u>25,176,157</u>
This year's major additions include:		
Vermeer stump grinder		\$ 54,275
2021 Freightliner		185,020
2021 Freightliner		185,020
Road infrastructure		<u>4,117,805</u>
Total		<u>\$ 4,542,120</u>



The County had depreciation/amortization expense of \$1,972,032 in fiscal year 2021 and total accumulated depreciation/amortization of \$21,872,944 at June 30, 2021.

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

### **Long-Term Debt**

At June 30, 2021, Grundy County had \$16,890,000 of general obligation urban renewal bonds outstanding, compared to \$14,125,000 of bonds outstanding at June 30, 2020.

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 \$75.6 million. Additional information about the County's long-term debt and other long-term liabilities is presented in Note 6 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Grundy County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 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 2021 stands at 4.1%, which is down from 5.6% as of June 2020. This compares with the State's unemployment rate of 4.0%.

These indicators were taken into account when adopting the budget for fiscal year 2022. Fiscal year 2022 budgeted disbursements of \$19,706,836 increased 4.9% over the fiscal year 2021 original budget of \$18,784,876. Property taxes are expected to increase 12.2%, with increases in the tax rates, an increase in the valuation and the addition of a debt service levy. Budgeted disbursements are expected to increase \$433,047 over the fiscal year 2021 final budgeted amounts due primarily to increases in debt service and capital projects expenditures.

If these estimates are realized, the County's ending cash balance is expected to decrease \$1,562,194 by the close of fiscal year 2022 from the fiscal year 2021 ending cash balance.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

Grundy County  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 11,523,972
Receivables:	
Property tax:	
Delinquent	1,109
Succeeding year	6,288,000
Interest and penalty on property tax	1,057
Loan to Grundy County Memorial Hospital	11,940,000
Accounts	31,772
Accrued interest	1,781
Due from other governments	518,983
Inventories	1,024,893
Prepaid insurance	294,583
Capital assets, net of accumulated depreciation	28,041,256
<b>Total assets</b>	<b>59,667,406</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	953,648
<b>Liabilities</b>	
Accounts payable	366,792
Accrued interest payable	118,192
Salaries and benefits payable	80,440
Due to other governments	41,628
Long-term liabilities:	
Portion due or payable within one year:	
General obligation urban renewal bonds	1,890,000
Compensated absences	178,482
Portion due or payable after one year:	
General obligation urban renewal bonds	15,000,000
Estimated liability for landfill closure and postclosure care	540,000
Compensated absences	186,991
Net pension liability	2,929,327
Total OPEB liability	168,606
<b>Total liabilities</b>	<b>21,500,458</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	6,288,000
Pension related deferred inflows	260,570
<b>Total deferred inflows of resources</b>	<b>6,548,570</b>
<b>Net Position</b>	
Net investment in capital assets	27,282,245
Restricted for:	
Supplemental levy purposes	480,422
Mental health purposes	116,723
Rural services purposes	790,810
Secondary roads purposes	3,414,266
Landfill closure and postclosure care	80,678
Conservation purposes	157,271
Other purposes	187,718
Unrestricted	61,893
<b>Total net position</b>	<b>\$ 32,572,026</b>

See notes to financial statements.

Grundy County

Statement of Activities

Year ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,263,298	399,350	253,574	-	(1,610,374)
Physical health and social services	467,771	5,700	139,597	-	(322,474)
Mental health	370,364	1,238	-	-	(369,126)
County environment and education	1,191,920	109,762	19,748	343	(1,062,067)
Roads and transportation	7,030,857	310,335	4,182,487	3,842,400	1,304,365
Governmental services to residents	495,382	335,261	33	-	(160,088)
Administration	1,818,214	21,963	-	-	(1,796,251)
Non-program	338,085	276,328	510	-	(61,247)
Interest on long-term debt	396,976	-	350,277	-	(46,699)
<b>Total</b>	<b>\$ 14,372,867</b>	<b>1,459,937</b>	<b>4,946,226</b>	<b>3,842,743</b>	<b>(4,123,961)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					6,298,721
Tax increment financing					179,694
Penalty and interest on property tax					45,740
State tax credits					436,149
Local option sales tax					564,395
Unrestricted investment earnings					76,600
Miscellaneous					69,913
Gain on disposition of capital assets					55,723
<b>Total general revenues</b>					<b>7,726,935</b>
Change in net position					3,602,974
Net position beginning of year					28,969,052
Net position end of year					<b>\$ 32,572,026</b>

See notes to financial statements.

Grundy County

Balance Sheet  
Governmental Funds  
June 30, 2021

	Special		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,064,490	116,026	607,918
Receivables:			
Property tax:			
Delinquent	669	62	378
Succeeding year	3,731,000	348,000	2,209,000
Interest and penalty on property tax	1,057	-	-
Loan	-	-	-
Accounts	6,630	717	-
Accrued interest	1,118	-	-
Due from other governments	26,441	-	43,258
Inventories	-	-	-
Prepaid insurance	140,203	-	154,380
<b>Total assets</b>	<b>\$ 6,971,608</b>	<b>464,805</b>	<b>3,014,934</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 31,919	82	3,566
Salaries and benefits payable	3,719	-	3,108
Due to other governments	40,349	-	-
Total liabilities	75,987	82	6,674
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,731,000	348,000	2,209,000
Other	1,726	62	378
Total deferred inflows of resources	3,732,726	348,062	2,209,378
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	140,203	-	154,380
Restricted for:			
Supplemental levy purposes	480,338	-	-
Mental health purposes	-	116,661	-
Rural services purposes	-	-	644,415
Secondary roads purposes	-	-	-
Landfill closure and postclosure care	-	-	-
Landfill/transfer station	-	-	87
Conservation land acquisition/capital improvements	157,271	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	2,385,083	-	-
Total fund balances	3,162,895	116,661	798,882
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,971,608</b>	<b>464,805</b>	<b>3,014,934</b>

See notes to financial statements.

Revenue					
Secondary Roads	Landfill Closure Costs	Capital Projects	Debt Service	Nonmajor	Total
2,463,203	621,937	4,190,989	8,919	187,151	11,260,633
-	-	-	-	-	1,109
-	-	-	-	-	6,288,000
-	-	-	-	-	1,057
-	-	-	11,940,000	-	11,940,000
23,621	-	-	-	804	31,772
-	461	-	-	202	1,781
449,284	-	-	-	-	518,983
1,024,893	-	-	-	-	1,024,893
-	-	-	-	-	294,583
<b>3,961,001</b>	<b>622,398</b>	<b>4,190,989</b>	<b>11,948,919</b>	<b>188,157</b>	<b>31,362,811</b>
330,439	786	-	-	-	366,792
72,699	914	-	-	-	80,440
1,259	20	-	-	-	41,628
<b>404,397</b>	<b>1,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>488,860</b>
-	-	-	-	-	6,288,000
-	-	-	-	-	2,166
-	-	-	-	-	6,290,166
1,024,893	-	-	-	-	1,024,893
-	-	-	-	-	294,583
-	-	-	-	-	480,338
-	-	-	-	-	116,661
-	-	-	-	-	644,415
2,531,711	-	-	-	-	2,531,711
-	620,678	-	-	-	620,678
-	-	-	-	-	87
-	-	-	-	-	157,271
-	-	-	11,948,919	-	11,948,919
-	-	4,190,989	-	-	4,190,989
-	-	-	-	188,157	188,157
-	-	-	-	-	2,385,083
<b>3,556,604</b>	<b>620,678</b>	<b>4,190,989</b>	<b>11,948,919</b>	<b>188,157</b>	<b>24,583,785</b>
<b>3,961,001</b>	<b>622,398</b>	<b>4,190,989</b>	<b>11,948,919</b>	<b>188,157</b>	<b>31,362,811</b>

**Grundy County**

Grundy County

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

June 30, 2021

**Total governmental fund balances (page 19)** \$ 24,583,785

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$49,914,200 and the accumulated depreciation/amortization is \$21,872,944. 28,041,256

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. 2,166

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. 263,339

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 953,648	
Deferred inflows of resources	<u>(260,570)</u>	693,078

Long-term liabilities, including general obligation urban renewal bonds payable, estimated liability for landfill closure and postclosure care, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (21,011,598)

**Net position of governmental activities (page 16)** \$ 32,572,026

See notes to financial statements.



Grundy County

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

Year ended June 30, 2021

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,750,289	349,454	2,222,559
Tax increment financing	-	-	-
Local option sales tax	-	-	564,395
Interest and penalty on property tax	46,545	-	-
Intergovernmental	989,300	27,417	127,720
Licenses and permits	5,700	-	4,000
Charges for service	443,160	-	23,561
Use of money and property	76,943	-	-
Miscellaneous	124,642	-	1,700
Total revenues	<u>5,436,579</u>	<u>376,871</u>	<u>2,943,935</u>
Expenditures:			
Operating:			
Public safety and legal services	1,987,558	-	228,366
Physical health and social services	474,631	-	-
Mental health	-	370,364	-
County environment and education	616,712	-	325,736
Roads and transportation	-	-	-
Governmental services to residents	477,134	-	2,725
Administration	1,630,376	-	167,221
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>5,186,411</u>	<u>370,364</u>	<u>724,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>250,168</u>	<u>6,507</u>	<u>2,219,887</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(2,240,016)
Proceeds on general obligation bonds	-	-	-
Premium on general obligation bonds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,240,016)</u>
Change in fund balances	250,168	6,507	(20,129)
Fund balances beginning of year	<u>2,912,727</u>	<u>110,154</u>	<u>819,011</u>
Fund balances end of year	<u>\$ 3,162,895</u>	<u>116,661</u>	<u>798,882</u>

See notes to financial statements.

Revenue						
Secondary Roads	Landfill Closure Costs	Capital Projects	Debt Service	Nonmajor	Total	
-	-	-	-	-	6,322,302	
-	-	-	-	179,694	179,694	
-	-	-	-	-	564,395	
-	-	-	-	-	46,545	
4,734,065	-	-	350,277	11,535	6,240,314	
12,915	-	-	-	-	22,615	
-	-	-	-	3,367	470,088	
20,585	6,917	-	-	266	104,711	
170,272	-	-	-	2,365	298,979	
4,937,837	6,917	-	350,277	197,227	14,249,643	
-	-	-	-	17,266	2,233,190	
-	-	-	-	-	474,631	
-	-	-	-	-	370,364	
-	40,848	-	-	184,581	1,167,877	
5,607,642	-	-	-	-	5,607,642	
-	-	-	-	3,242	483,101	
-	-	-	-	-	1,797,597	
-	-	-	1,832,377	-	1,832,377	
779,303	-	-	-	18,770	798,073	
6,386,945	40,848	-	1,832,377	223,859	14,764,852	
(1,449,108)	(33,931)	-	(1,482,100)	(26,632)	(515,209)	
2,423,394	-	-	-	-	2,423,394	
-	-	(183,378)	-	-	(2,423,394)	
-	-	4,230,000	-	-	4,230,000	
-	-	20,638	-	-	20,638	
2,423,394	-	4,067,260	-	-	4,250,638	
974,286	(33,931)	4,067,260	(1,482,100)	(26,632)	3,735,429	
2,582,318	654,609	123,729	13,431,019	214,789	20,848,356	
3,556,604	620,678	4,190,989	11,948,919	188,157	24,583,785	

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, 2021

**Change in fund balances - Total governmental funds (page 23)** \$ 3,735,429

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

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

Expenditures for capital assets	\$ 1,384,023	
Capital assets contributed by the Iowa Department of Transportation	3,397,385	
Depreciation expense	<u>(1,972,032)</u>	2,809,376

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. 55,723

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	(23,581)	
Other	<u>(805)</u>	(24,386)

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.

Issued	(4,230,000)	
Repaid	<u>1,465,000</u>	(2,765,000)

The current year County share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position. 410,625

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	24,300	
Compensated absences	23,791	
OPEB expense	8,820	
Pension expense	(533,154)	
Interest on long-term debt	<u>(29,599)</u>	(505,842)

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. (112,951)

**Change in net position of governmental activities (page 17)** \$ 3,602,974

See notes to financial statements.

Grundy County  
Statement of Net Position  
Proprietary Fund  
June 30, 2021

	<u>Internal Service - Employee Group Health</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 263,339
<b>Current Liabilities</b>	
None	<u>-</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 263,339</u>

See notes to financial statements.

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

Year ended June 30, 2021

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,184,304
Reimbursements from employees		171,841
Reimbursements from others		<u>54,879</u>
Total operating revenues		1,411,024
Operating expenses:		
Partially self funded medical claims	\$ 191,062	
Medical claims	52,925	
Insurance premiums	1,243,504	
Affordable Care Act (ACA) fees	17,750	
Reinsurance fee	6,547	
Administrative fees	<u>12,697</u>	<u>1,524,485</u>
Operating loss		(113,461)
Non-operating revenues:		
Interest income		<u>510</u>
Net loss		(112,951)
Net position beginning of year		<u>376,290</u>
Net position end of year		<u><u>\$ 263,339</u></u>

See notes to financial statements.

Grundy County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2021

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,184,304
Cash received from employees and others	226,720
Cash paid to suppliers for services	(1,524,485)
Net cash used by operating activities	(113,461)
Cash flows from investing activities:	
Interest on investments	510
Net decrease in cash and cash equivalents	(112,951)
Cash and cash equivalents beginning of year	376,290
Cash and cash equivalents end of year	\$ 263,339
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss and net cash used by operating activities	\$ (113,461)

See notes to financial statements.

Grundy County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2021

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,699,944
Other County officials	31,324
Receivables:	
Property tax:	
Delinquent	3,466
Succeeding year	18,095,000
Accounts	5,336
Accrued interest	946
Due from other governments	<u>57,900</u>
<b>Total assets</b>	<u>19,893,916</u>

**Liabilities**

Accounts payable	1,721
Salaries and benefits payable	617
Due to other governments	715,697
Trusts payable	46,236
Compensated absences	<u>26,480</u>
<b>Total liabilities</b>	<u>790,751</u>

**Deferred Inflows of Resources**

Unavailable revenues	<u>18,095,000</u>
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**Net position**

Restricted for individuals, organizations and other governments	<u>\$ 1,008,165</u>
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See notes to financial statements.

Grundy County

Statement of Changes in Fiduciary Net Position  
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 17,910,541
911 surcharges	229,568
State tax credits	1,514,611
Office fees and collections	408,620
Auto licenses, use tax and postage	6,311,085
Assessments	6,886
Trusts	273,662
Miscellaneous	<u>59,307</u>
Total additions	<u>26,714,280</u>
Deductions:	
Agency remittances:	
To other funds	336,480
To other governments	25,970,901
Trusts paid out	<u>273,397</u>
Total deductions	<u>26,580,778</u>
Change in net position	133,502
Net position beginning of year, as restated	<u>874,663</u>
Net position end of year	<u>\$ 1,008,165</u>

See notes to financial statements.



Grundy County

Notes to Financial Statements

June 30, 2021

**(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 is 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 911 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 Custodial Funds of the County.

B. Basis of Presentation

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

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

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

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

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, 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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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 – Custodial 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 lease agreements are reported as other financing sources.

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax and tax increment financing receivables represent 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 and tax increment financing receivables have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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.

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

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

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

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment and infrastructure are depreciated/amortized using the straight line method over the following estimated useful lives:

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

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

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, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Grundy County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied, and unrecognized items not yet charged to pension expense.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements did not exceed the budget for any function.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County’s deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	Capital Projects	\$ 183,378
	Special Revenue:	
	Rural Services	<u>2,240,016</u>
		<u>\$ 2,423,394</u>

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



(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 1,650,676	-	-	1,650,676
Construction in progress	1,133,174	4,117,805	(3,623,696)	1,627,283
Total capital assets not being depreciated/amortized	2,783,850	4,117,805	(3,623,696)	3,277,959
Capital assets being depreciated/amortized:				
Buildings	5,485,846	-	-	5,485,846
Improvements other than buildings	490,468	-	-	490,468
Equipment and vehicles	9,132,332	735,072	(385,443)	9,481,961
Intangibles	143,465	-	(36,265)	107,200
Infrastructure, road network	27,447,070	3,623,696	-	31,070,766
Total capital assets being depreciated/amortized	42,699,181	4,358,768	(421,708)	46,636,241
Less accumulated depreciation/amortization for:				
Buildings	2,028,016	110,768	-	2,138,784
Improvements other than buildings	90,414	10,217	-	100,631
Equipment and vehicles	7,125,023	577,947	(380,575)	7,322,395
Intangibles	119,616	5,963	(25,387)	100,192
Infrastructure, road network	10,943,805	1,267,137	-	12,210,942
Total accumulated depreciation/amortization:	20,306,874	1,972,032	(405,962)	21,872,944
Total capital assets being depreciated/amortized, net	22,392,307	2,386,736	(15,746)	24,763,297
Governmental activities capital assets, net	\$ 25,176,157	6,504,541	(3,639,442)	28,041,256

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 98,362
Physical health and social services	2,379
County environment and education	84,138
Roads and transportation	1,669,726
Governmental services to residents	4,063
Administration	113,364
Total depreciation/amortization expense - governmental activities	\$ 1,972,032

**(5) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2021 is as follows:

Fund	Description	Amount
General	Services	\$ 40,349
Special Revenue:		
Secondary Roads	Services	1,259
Landfill Closure Costs	Services	20
Total for governmental funds		<u>\$ 41,628</u>
Custodial:		
County Offices	Collections	\$ 23,916
Agriculture Extension Education		2,367
Schools		136,343
Community Colleges		14,294
Corporations		41,384
Townships		3,803
Auto License and Use Tax		492,304
All other		1,286
Total for custodial funds		<u>\$ 715,697</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	General Obligation Urban Urban Bonds	Estimated Liability for Landfill Closure and Postclosure Care	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 14,125,000	564,300	389,264	2,371,311	177,426	17,627,301
Increases	4,230,000	-	351,820	558,016	12,772	5,152,608
Decreases	1,465,000	24,300	375,611	-	21,592	1,886,503
Balance end of year	<u>\$ 16,890,000</u>	<u>540,000</u>	<u>365,473</u>	<u>2,929,327</u>	<u>168,606</u>	<u>20,893,406</u>
Due within one year	<u>\$ 1,890,000</u>	<u>-</u>	<u>178,482</u>	<u>-</u>	<u>-</u>	<u>2,068,482</u>

**General Obligation Urban Renewal Bonds**

On September 21, 2015, the County issued \$14,640,000 of general obligation urban renewal refunding capital loan bonds to advance refund the Grundy County Memorial Hospital's outstanding principal balance of \$12,970,000 of general obligation urban renewal capital loan notes issued in 2010. The transactions and balances of the escrow account are not recorded by the County since the refunded debt is considered extinguished. The bonds bear interest, payable semiannually on the first of June and December of each year, at rates ranging from 2.00% to 3.25% per annum. During the year ended June 30, 2021, the County paid principal of \$970,000 and interest of \$273,413 on the bonds. The outstanding balance of the refunded bonds at June 30, 2021 is \$8,975,000.

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

The County loaned the general obligation urban renewal bond proceeds to the Grundy County Memorial Hospital. Under the loan agreement, the Grundy County Memorial Hospital is to make payments to the County equal to the payments the County is required to make on both bond issues. The principal and interest payments from the Grundy County Memorial Hospital are credited to the Debt Service Fund. During the year ended June 30, 2021, the County paid principal of \$385,000 and interest of \$76,864 on the bonds.

On August 23, 2016, the County issued \$1,150,000 of general obligation urban renewal bonds, series 2016B, for the purpose of paying for the demolition of a current aged structure and constructing a new Grundy County Courthouse Annex which will house certain County offices. The bonds bear interest, payable semiannually on the first of June and December of each year, at 2% per annum. During the year ended June 30, 2021, the County paid principal of \$110,000 and interest of \$17,100 on the bonds.

On March 30, 2021, the County issued \$4,230,000 of general obligation urban renewal bonds, series 2021A, for the purpose of paying costs of capital projects for the construction, reconstruction, improvement, repair or equipping of bridges, roads, and culverts for the Grundy Road Project. The bonds bear interest, payable semiannually on the first of June and December of each year, at rates ranging from 1.00% to 1.40% per annum. During the year ended June 30, 2021, the County paid no principal or interest on the bonds.

A summary of the County's June 30, 2021 general obligation indebtedness is as follows:

Year Ending June 30,	Refunding Issued Sep 21, 2015			Urban Renewal Hospital Issued May 4, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.25%	\$ 1,000,000	253,513	2.00%	\$ 390,000	68,665
2023	2.37	1,030,000	231,013	2.25	400,000	60,865
2024	2.50	1,060,000	206,550	2.25	410,000	51,865
2025	2.75	1,090,000	180,050	2.25	425,000	42,640
2026	3.00	1,130,000	150,075	2.35	435,000	33,078
2027-2029	3.00-3.25	3,665,000	238,375	2.5-2.55	905,000	34,585
Total		<u>\$ 8,975,000</u>	<u>1,259,576</u>		<u>\$ 2,965,000</u>	<u>291,698</u>

Year Ending June 30,	Urban Renewal Issued Aug 23, 2016			Urban Renewal Issued Mar 30, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.00%	\$ 110,000	14,400	1.00%	\$ 390,000	53,970
2023	2.00	115,000	12,200	1.00	400,000	42,250
2024	2.00	120,000	9,900	1.00	405,000	38,250
2025	2.00	120,000	7,500	1.00	410,000	34,200
2026	2.00	125,000	5,100	1.00	415,000	30,100
2027-2031	2.00	130,000	2,600	1.00-1.40	2,210,000	83,730
Total		<u>\$ 720,000</u>	<u>51,700</u>		<u>\$ 4,230,000</u>	<u>282,500</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2022	\$ 1,890,000	390,548	2,280,548
2023	1,945,000	346,328	2,291,328
2024	1,995,000	306,565	2,301,565
2025	2,045,000	264,390	2,309,390
2026	2,105,000	218,353	2,323,353
2027-2031	6,910,000	359,290	7,269,290
Total	\$ 16,890,000	1,885,474	18,775,474

During the year ended June 30, 2021, \$1,465,000 of general obligation bonds were retired.

**(7) Loan Receivable**

As detailed in Note 6, the County loaned bond proceeds to the Grundy County Memorial Hospital. Under the loan agreement, the Grundy County Memorial Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation urban renewal bonds. The receivable balance at June 30, 2021 is \$11,940,000 and is recorded in the Debt Service Fund.

**(8) Pension Plan**

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County's contributions to IPERS for the year ended June 30, 2021 totaled \$410,625

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$2,929,327 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the County's proportion was 0.041700%, which was an increase of 0.000750% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$533,154. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,016	78,342
Changes of assumptions	197,727	76,284
Net difference between projected and actual earnings on IPERS' investments	238,773	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	94,507	105,944
County contributions subsequent to the measurement date	410,625	-
Total	<u>\$ 953,648</u>	<u>260,570</u>

\$410,625 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 25,661
2023	57,877
2024	80,398
2025	129,524
2026	(11,007)
Total	<u>\$ 282,453</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 5,597,134	2,929,327	692,873

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

Payables to IPERS – At June 30, 2021, the County reported payables to IPERS of \$35,298 for legally required County contributions and \$25,696 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(9) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2021 were \$252,051.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.



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

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

**(10) Employee Health Insurance Plan**

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

Administrative service fees and plan contributions are paid monthly from the County's operating funds to a separate account administered by Employee Benefit Systems. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution for the year ended June 30, 2021 was \$1,184,304.

**(11) Closure and Postclosure Care Costs**

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

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

The total costs for the County Landfill have been estimated at \$540,000 as of June 30, 2021 and the portion of the liability that has been recognized is \$540,000. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a transfer station instead of constructing new cells. The Landfill plans to maintain its recycling program and will use existing resources to finance these activities. A provision for the above liability has been made in the County's Statement of Net Position as of June 30, 2021. The County has accumulated resources to fund these costs and, at June 30, 2021, \$620,678 is held for these purposes. These resources are reported in the Special Revenue, Landfill Closure Costs Fund.

**(12) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Grundy County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>71</u>
Total	<u><u>74</u></u>

Total OPEB Liability – The County's total OPEB liability of \$168,606 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions – The total June 30, 2021 OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	5.00% for all years.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2014 United States Life Tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 177,426
Changes for the year:	
Service cost	8,893
Interest	3,879
Benefit payments	<u>(21,592)</u>
Net changes	<u>(8,820)</u>
Total OPEB liability end of year	<u>\$ 168,606</u>

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 174,587	168,606	161,139

Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 155,106	168,606	184,193

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$12,772. The County utilized the alternative measurement method which results with all deferred outflows of resources and deferred inflows of resources related to OPEB being fully recognized in the current fiscal year.

**(13) Developer Agreements**

The County agreed to rebate 80% of the incremental property tax paid by the developer in exchange for the costs of construction of new grain storage facilities and a related office building in the Mid-Iowa Cooperative 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, 2021 and June 1, 2030 (annual payments for ten years) or until termination of the agreement, whichever occurs first. During the year ended June 30, 2021, \$172,201 was rebated to the developer, Mid-Iowa Cooperative.

**(14) Tax Abatements**

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

**County Tax Abatements**

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

For the year ended June 30, 2021, the County abated \$66,068 property tax under the urban renewal and economic development projects.

**Tax Abatements of Other Entities**

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Grundy Center	Urban renewal and economic development projects	\$ 27,231
Grundy Center Community School District	Urban renewal and economic development projects	96,668
Hawkeye Community College	Urban renewal and economic development projects	7,756

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

County Social Services (CSS), a jointly governed organization formed pursuant to the provisions of Chapters 28E and 331.390 of the Code of Iowa, included the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago Winneshiek, Worth and Wright counties. The financial activity of Grundy County’s Special Revenue, Mental Health Fund is included in CSS for the year ended June 30, 2021 as follows:

Revenues:		
Property and other county tax		\$ 349,454
Intergovernmental:		
State tax credits	\$ 26,179	
Payments from mental health region - CSS	1,238	27,417
Total revenues		<u>376,871</u>
Expenditures:		
Service to persons with:		
Mental illness		622
General administration:		
Direct administration	622	
Distribution to regional fiscal agent	369,120	369,742
Total expenditures		<u>370,364</u>
Excess of revenues over expenditures		6,507
Fund balance beginning of year		<u>110,154</u>
Fund balance end of year		<u>\$ 116,661</u>

**(16) COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economics, including that of Grundy County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Grundy County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the County.

**(17) Accounting Change/Restatement**

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. The restatement to retroactively report the change in net position is as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>874,663</u>
Net position July 1, 2020, as restated	<u>\$ 874,663</u>

**(18) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

**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, 2021

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 7,064,847	-	7,064,847
Interest and penalty on property tax	46,545	-	46,545
Intergovernmental	7,613,316	-	7,613,316
Licenses and permits	23,455	-	23,455
Charges for service	469,522	-	469,522
Use of money and property	127,057	-	127,057
Miscellaneous	283,523	2,430	281,093
Total receipts	<u>15,628,265</u>	<u>2,430</u>	<u>15,625,835</u>
<b>Disbursements:</b>			
Public safety and legal services	2,233,508	-	2,233,508
Physical health and social services	473,940	-	473,940
Mental health	370,358	-	370,358
County environment and education	1,170,700	3,585	1,167,115
Roads and transportation	6,146,561	-	6,146,561
Governmental services to residents	483,476	-	483,476
Administration	1,786,821	-	1,786,821
Debt service	1,832,377	-	1,832,377
Capital projects	848,278	-	848,278
Total disbursements	<u>15,346,019</u>	<u>3,585</u>	<u>15,342,434</u>
Excess (deficiency) of receipts over (under) disbursements	282,246	(1,155)	283,401
Other financing sources, net	<u>4,250,638</u>	<u>-</u>	<u>4,250,638</u>
Change in balances	4,532,884	(1,155)	4,534,039
Balance beginning of year	<u>6,727,749</u>	<u>76,780</u>	<u>6,650,969</u>
Balance end of year	<u>\$ 11,260,633</u>	<u>75,625</u>	<u>11,185,008</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net Variance
7,004,576	7,004,576	60,271
3,000	3,000	43,545
8,905,332	8,909,532	(1,296,216)
8,250	8,250	15,205
361,500	361,500	108,022
94,432	94,100	32,957
117,440	290,695	(9,602)
<u>16,494,530</u>	<u>16,671,653</u>	<u>(1,045,818)</u>
2,266,623	2,437,587	204,079
547,535	553,535	79,595
370,460	370,460	102
1,193,400	1,327,826	160,711
6,381,061	6,381,061	234,500
512,886	540,584	57,108
1,992,853	2,142,678	355,857
1,833,878	1,833,878	1,501
<u>3,686,180</u>	<u>3,686,180</u>	<u>2,837,902</u>
<u>18,784,876</u>	<u>19,273,789</u>	<u>3,931,355</u>
(2,290,346)	(2,602,136)	2,885,537
-	-	4,250,638
<u>(2,290,346)</u>	<u>(2,602,136)</u>	<u>7,136,175</u>
<u>5,960,912</u>	<u>5,960,912</u>	<u>690,057</u>
<u>3,670,566</u>	<u>3,358,776</u>	<u>7,826,232</u>

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Grundy County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 15,628,265	(1,378,622)	14,249,643
Expenditures	15,346,019	(581,167)	14,764,852
Net	282,246	(797,455)	(515,209)
Other financing sources, net	4,250,638	-	4,250,638
Beginning fund balances	6,727,749	14,120,607	20,848,356
Ending fund balances	<u>\$ 11,260,633</u>	<u>13,323,152</u>	<u>24,583,785</u>

See accompanying independent auditor's report.

Grundy County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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 Custodial 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, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$488,913. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted.

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Grundy County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.041700%	0.040951%	0.039974%	0.043434%
County's proportionate share of the net pension liability	\$ 2,929	2,371	2,530	2,893
County's covered payroll	\$ 4,247	4,269	4,005	3,917
County's proportionate share of the net pension liability as a percentage of its covered payroll	68.97%	55.54%	63.17%	73.86%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

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2017	2016	2015
0.043761%	0.041320%	0.039736%
2,754	2,041	1,576
3,824	3,731	3,670
72.02%	54.70%	42.94%
81.82%	85.19%	87.61%

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Grundy County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 411	403	408	364
Contributions in relation to the statutorily required contribution	<u>(411)</u>	<u>(403)</u>	<u>(408)</u>	<u>(364)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,360	4,247	4,269	4,005
Contributions as a percentage of covered payroll	9.43%	9.49%	9.56%	9.09%

See accompanying independent auditor's report.

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2017	2016	2015	2014	2013	2012
357	351	343	337	318	290
(357)	(351)	(343)	(337)	(318)	(290)
-	-	-	-	-	-
3,917	3,824	3,731	3,670	3,532	3,400
9.11%	9.18%	9.19%	9.18%	9.00%	8.53%



Grundy County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

Grundy County

Schedule of Changes in the County's  
Total OPEB Liability, Related Ratios and Notes

For the Last Four Years  
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 8,893	4,635	4,500	1,927
Interest cost	3,879	5,493	6,046	3,434
Difference between expected and actual experiences	-	29,550	-	78,187
Changes in assumptions	-	13,139	-	13,443
Benefit payments	(21,592)	(25,455)	(24,425)	(14,858)
Net change in total OPEB liability	(8,820)	27,362	(13,879)	82,133
Total OPEB liability beginning of year	177,426	150,064	163,943	81,810
Total OPEB liability end of year	\$ 168,606	177,426	150,064	163,943
Covered-employee payroll	\$ 3,831,937	3,720,327	3,777,715	3,667,685
Total OPEB liability as a percentage of covered-employee payroll	4.4%	4.8%	4.0%	4.5%

See accompanying independent auditor's report.

**Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2021	2.21%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	4.87%
Year ended June 30, 2017	4.50%

**Grundy County**

**Supplementary Information**

Grundy County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2021

	County Recorder's Records Management	Resource Enhancement and Protection	Special State Drug Forfeiture
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 14,783	63,220	5,242
Receivables:			
Accounts	804	-	-
Accrued interest	34	168	-
<b>Total assets</b>	<b>\$ 15,621</b>	<b>63,388</b>	<b>5,242</b>
<b>Liabilities and Fund Balances</b>			
Liabilities			
None	\$ -	-	-
Fund balances:			
Restricted for other purposes	15,621	63,388	5,242
<b>Total liabilities and fund balances</b>	<b>\$ 15,621</b>	<b>63,388</b>	<b>5,242</b>

See accompanying independent auditor's report.

Revenue							
Federal Drug Forfeiture	Sheriff's Grant	Drainage Districts	Convenience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation		Total
2,223	4,971	21,255	11,087	10,000	54,370		187,151
-	-	-	-	-	-		804
-	-	-	-	-	-		202
2,223	4,971	21,255	11,087	10,000	54,370		188,157
-	-	-	-	-	-		-
2,223	4,971	21,255	11,087	10,000	54,370		188,157
2,223	4,971	21,255	11,087	10,000	54,370		188,157

Grundy County

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

Year ended June 30, 2021

	Special		
	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	-	10,233	-
Charges for service	3,367	-	-
Use of money and property	33	168	-
Miscellaneous	-	-	-
Total revenues	<u>3,400</u>	<u>10,401</u>	<u>-</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	-
Governmental services to residents	3,242	-	-
Capital projects	-	18,770	-
Total expenditures	<u>3,242</u>	<u>18,770</u>	<u>-</u>
Change in fund balances	158	(8,369)	-
Fund balances beginning of year	<u>15,463</u>	<u>71,757</u>	<u>5,242</u>
Fund balances end of year	<u>\$ 15,621</u>	<u>63,388</u>	<u>5,242</u>

See accompanying independent auditor's report.

Revenue								Total
Federal Drug Forfeiture	Sheriff's Grant	Drainage Districts	Mid Iowa TIF	Convenience Center Closure	Household Hazardous Materials	Grundy County Heritage Foundation		
-	-	-	179,694	-	-	-	-	179,694
-	-	-	1,302	-	-	-	-	11,535
-	-	-	-	-	-	-	-	3,367
-	-	-	-	-	-	65	-	266
-	-	-	-	-	-	2,365	-	2,365
-	-	-	180,996	-	-	2,430	-	197,227
-	17,266	-	-	-	-	-	-	17,266
-	-	-	180,996	-	-	3,585	-	184,581
-	-	-	-	-	-	-	-	3,242
-	-	-	-	-	-	-	-	18,770
-	17,266	-	180,996	-	-	3,585	-	223,859
-	(17,266)	-	-	-	-	(1,155)	-	(26,632)
2,223	22,237	21,255	-	11,087	10,000	55,525	-	214,789
2,223	4,971	21,255	-	11,087	10,000	54,370	-	188,157



Grundy County

Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,367	355,760	136,343
Other County officials	31,324	-	-	-
Receivables:				
Property tax:				
Delinquent	-	36	67	2,289
Succeeding year	-	201,000	377,000	11,439,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>31,324</b>	<b>203,403</b>	<b>732,827</b>	<b>11,577,632</b>
<b>Liabilities</b>				
Accounts payable	-	-	98	-
Salaries and benefits	-	-	-	-
Due to other governments	23,916	2,367	-	136,343
Trusts payable	7,408	-	-	-
Compensated absences	-	-	26,480	-
<b>Total liabilities</b>	<b>31,324</b>	<b>2,367</b>	<b>26,578</b>	<b>136,343</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	201,000	377,000	11,439,000
<b>Net Position</b>				
Restricted for individuals, organizations and other governments	\$ -	36	329,249	2,289

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
14,294	41,384	3,803	492,304	22,177	631,512	1,699,944
-	-	-	-	-	-	31,324
195	811	1	-	-	67	3,466
1,229,000	4,476,000	311,000	-	-	62,000	18,095,000
-	-	-	-	-	5,336	5,336
-	-	-	-	-	946	946
-	-	-	-	-	57,900	57,900
1,243,489	4,518,195	314,804	492,304	22,177	757,761	19,893,916
-	-	-	-	-	1,623	1,721
-	-	-	-	-	617	617
14,294	41,384	3,803	492,304	-	1,286	715,697
-	-	-	-	-	38,828	46,236
-	-	-	-	-	-	26,480
14,294	41,384	3,803	492,304	-	42,354	790,751
1,229,000	4,476,000	311,000	-	-	62,000	18,095,000
195	811	1	-	22,177	653,407	1,008,165

Grundy County

Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Additions:</b>				
Property and other county tax	\$ -	201,043	377,387	11,448,206
911 surcharges	-	-	-	-
State tax credits	-	15,121	28,369	859,104
Office fees and collections	405,253	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	273,662	-	-	-
Miscellaneous	-	-	219	-
<b>Total additions</b>	<b>678,915</b>	<b>216,164</b>	<b>405,975</b>	<b>12,307,310</b>
<b>Deductions:</b>				
<b>Agency remittances:</b>				
To other funds	164,406	-	-	-
To other governments	241,112	216,970	302,698	12,350,343
Trusts paid out	273,397	-	-	-
<b>Total deductions</b>	<b>678,915</b>	<b>216,970</b>	<b>302,698</b>	<b>12,350,343</b>
Changes in net position	-	(806)	103,277	(43,033)
Net position beginning of year, as restated	-	842	225,972	45,322
Net position end of year	\$ -	36	329,249	2,289

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
1,231,988	4,279,125	311,161	-	-	61,631	17,910,541
-	-	-	-	-	229,568	229,568
92,538	498,244	17,838	-	-	3,397	1,514,611
-	-	-	-	-	3,367	408,620
-	-	-	6,311,085	-	-	6,311,085
-	-	-	-	-	6,886	6,886
-	-	-	-	-	-	273,662
-	-	-	-	-	59,088	59,307
1,324,526	4,777,369	328,999	6,311,085	-	363,937	26,714,280
-	-	-	172,074	-	-	336,480
1,328,250	4,802,044	329,741	6,139,011	-	260,732	25,970,901
-	-	-	-	-	-	273,397
1,328,250	4,802,044	329,741	6,311,085	-	260,732	26,580,778
(3,724)	(24,675)	(742)	-	-	103,205	133,502
3,919	25,486	743	-	22,177	550,202	874,663
195	811	1	-	22,177	653,407	1,008,165

Grundy County

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

For the Last Ten Years

	2021	2020	2019	2018
<b>Revenues:</b>				
Property and other county tax	\$ 6,322,302	6,055,353	5,975,453	5,854,229
Tax increment financing	179,694	-	2,642	3,933
Local option sales tax	564,395	519,363	509,716	405,204
Interest and penalty on property tax	46,545	16,512	24,557	25,458
Intergovernmental	6,240,314	5,429,771	5,886,407	5,766,060
Licenses and permits	22,615	24,040	57,578	22,975
Charges for service	470,088	413,936	419,458	450,731
Use of money and property	104,711	197,068	184,746	103,262
Miscellaneous	298,979	250,139	155,267	204,785
<b>Total</b>	<b>\$ 14,249,643</b>	<b>12,906,182</b>	<b>13,215,824</b>	<b>12,836,637</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,233,190	1,985,115	1,991,150	2,289,744
Physical health and social services	474,631	473,274	475,916	478,542
Mental health	370,364	564,123	699,954	983,355
County environment and education	1,167,877	912,197	907,142	891,263
Roads and transportation	5,607,642	6,466,824	5,568,791	5,005,516
Governmental services to residents	483,101	511,470	429,548	433,893
Administration	1,797,597	1,713,123	1,736,985	1,681,185
Debt service	1,832,377	1,831,078	1,829,678	1,825,378
Capital projects	798,073	337,435	579,544	1,078,727
<b>Total</b>	<b>\$ 14,764,852</b>	<b>14,794,639</b>	<b>14,218,708</b>	<b>14,667,603</b>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
5,631,307	5,631,363	5,603,025	5,246,990	5,065,429	4,901,054
40,423	80,967	90,002	101,551	103,054	105,347
453,760	405,536	450,511	380,911	385,885	468,137
27,621	30,446	34,638	36,201	36,486	33,978
6,381,635	7,639,200	5,013,091	5,204,910	4,851,117	5,579,690
16,610	16,530	19,083	51,685	12,290	15,340
380,849	385,822	367,757	385,708	386,215	355,300
66,580	58,088	46,924	43,910	50,886	71,975
238,942	218,050	128,039	137,173	257,232	273,170
<u>13,237,727</u>	<u>14,466,002</u>	<u>11,753,070</u>	<u>11,589,039</u>	<u>11,148,594</u>	<u>11,803,991</u>
1,809,518	1,834,947	1,800,880	1,802,508	1,823,311	1,659,250
497,265	470,455	478,182	585,048	565,114	541,127
689,512	700,423	773,570	737,047	805,253	1,030,743
892,057	922,247	901,746	937,140	784,747	844,536
4,900,439	5,584,893	4,354,335	4,510,897	4,230,656	4,174,887
391,833	391,059	385,248	367,614	359,579	360,231
1,619,851	1,666,974	1,631,931	1,538,772	1,485,721	1,676,696
1,711,314	1,368,265	1,256,668	1,451,397	1,285,455	1,274,230
2,325,245	748,440	122,182	225,912	326,314	1,407,034
<u>14,837,034</u>	<u>13,687,703</u>	<u>11,704,742</u>	<u>12,156,335</u>	<u>11,666,150</u>	<u>12,968,734</u>



**OFFICE OF AUDITOR OF STATE**  
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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, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 21, 2022.

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 as a basis for designing audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grundy County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item (A) to be a material weakness.

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 financial statements. 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, 2021 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.

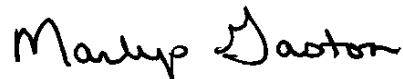
#### Grundy County's Responses to the Findings

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.



Marlys K. Gaston, CPA  
Chief Deputy Auditor of State

March 21, 2022



Grundy County

Schedule of Findings

Year ended June 30, 2021

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

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

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

	Applicable Offices
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder, Sheriff and Landfill
(2) Receipt collecting, depositing, posting and daily reconciling is performed by the same employee.	Treasurer, Recorder, Sheriff, Assessor and Landfill
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Treasurer, Recorder and Sheriff
(4) The person who signs checks is not independent of the person preparing the checks, approving disbursements and recording cash disbursements.	Sheriff

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

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. These reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Grundy County

Schedule of Findings

Year ended June 30, 2021

Responses –

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

Sheriff – The first employee opens the mail, issues a receipt in the receipt book and documents the receipt electronically in an excel spreadsheet. A second employee records the receipt/transaction in the accounting record and deposits the money received into the bank. This person is also responsible for issuing checks/disbursements. A third employee reconciles the recorded receipts with the electronic spreadsheet for accuracy each month.

Treasurer – Due to a limited number of employees, all cross trained to collect funds, it is difficult to segregate all financial duties. We will continue to review our procedures to ensure we are obtaining the maximum internal control possible with our limited staff resources. Bank reconciliations are conducted by an employee who does not have access to the accounts.

Assessor – Due to having a small office of only 3 employees, it is difficult to segregate all financial duties. We do, however, do our best to separate the duties as much as possible. We will continue to review our procedures to ensure we are obtaining the maximum internal control possible with our limited staff resources.

Landfill – Due to a limited number of employees, it is difficult to segregate all financial duties. All financial transactions and reports are reviewed monthly by the Landfill Commission. We will continue to review our procedures to ensure we are obtaining the maximum internal control possible with our limited staff resources.

Conclusion –

Recorder, Treasurer, Assessor and Landfill – Response accepted.

Sheriff – Response acknowledged. The County Sheriff should continue to review procedures, including utilizing personnel from other County Offices, to ensure the maximum internal control possible.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Grundy County

Schedule of Findings

Year ended June 30, 2021

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted.
- (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) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) 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.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) 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.
- (9) 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).
- (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 \$540,000. The balance reserved for landfill closure and postclosure care at June 30, 2021 is \$620,678. Therefore, the closure and postclosure care costs are fully funded at June 30, 2021.
- (11) Annual Urban Renewal Report – The Annual Urban Renewal Report was 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:

Marlys K. Gaston, CPA, Chief Deputy  
Tammy A. Hollingsworth, CIA, Manager  
Molly N. Kalkwarf, Staff Auditor  
Savannah R. Fitz, Assistant Auditor  
Kari L. Middleton, Assistant Auditor  
Tristan D. Abalos, Intern Auditor