

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

February 28, 2023

Contact: Ernest Ruben
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$16,053,087 for the year ended June 30, 2022, a 10.7% decrease from the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$14,610,300, a 1.6% increase over the prior year. The significant decrease in revenues is due primarily to less farm to market contributions from the Iowa Department of Transportation in fiscal year 2022.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and expenditure of taxpayer funds. They are found on pages 80 through 83 of this report. The findings address the issue of a lack of segregation of duties and disbursements exceeding budgeted amounts. Sand provided the County with recommendations to address the findings.

One 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 [Audit Reports – Auditor of State](#).

###

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

JUNE 30, 2022

Grundy County



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

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

Rob Sand
Auditor of State

February 13, 2023

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, 2022. 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".

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Net Position – Custodial Funds	J	30
Statement of Changes in Fiduciary Net Position – Custodial Funds	K	31
Notes to Financial Statements		32-54
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		56-57
Budget to GAAP Reconciliation		58
Notes to Required Supplementary Information – Budgetary Reporting		59
Schedule of the County’s Proportionate Share of the Net Pension Liability (Asset)		60-61
Schedule of County Contributions		62-63
Notes to Required Supplementary Information – Pension Liability (Asset)		64
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		65
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	68-69
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	70-71
Custodial Funds:		
Combining Schedule of Fiduciary Net Position	3	72-73
Combining Schedule of Changes in Fiduciary Net Position	4	74-75
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	76-77
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		78-79
Schedule of Findings		80-83
Staff		84

Grundy County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Schildroth	Chairperson, Board of Supervisors	Jan 2023
Heidi Nederhoff	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
Mike Steinmeyer	County Assessor	Jan 2028

Grundy County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Officials of Grundy County:

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Grundy County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 19 to the financial statements, Grundy County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grundy County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grundy County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grundy County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), 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 15 and 56 through 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 auditing standards generally accepted in the United States of America, 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, 2021 (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.

Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 5 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2023 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

February 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Grundy County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS), No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenues of the County's governmental activities decreased 10.7%, or approximately \$1,923,000, from fiscal year 2021 to fiscal year 2022. Capital grants, contributions and restricted interest decreased approximately \$2,876,000 due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation while property taxes increased approximately \$754,000 and local option sales tax increased approximately \$150,000.
- Program expenses increased approximately \$237,000, or 1.6%, over fiscal year 2021. Roads and transportation function expenses increased approximately \$495,000 while public safety and legal services function expenses decreased approximately \$271,000.
- The County's net position increased 4.4%, or approximately \$1,443,000, from the June 30, 2021 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 (asset) 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 Net Position and a Statement of Changes in Fiduciary Net Position.

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,	
	2022	2021 (Not Restated)
Current and other assets	\$ 24,391	31,626
Capital assets	29,614	28,041
Total assets	54,005	59,667
Deferred outflows of resources	648	954
Long-term liabilities	8,097	20,893
Other liabilities	2,169	607
Total liabilities	10,266	21,500
Deferred inflows of resources	10,372	6,549
Net position:		
Net investment in capital assets	27,115	27,282
Restricted	6,155	5,228
Unrestricted	745	62
Total net position	\$ 34,015	32,572

Net position of Grundy County’s governmental activities increased 4.4% (approximately \$32.6 million compared to approximately \$34.0 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 decreased approximately \$167,000, or less than 1.0%, from the prior year.

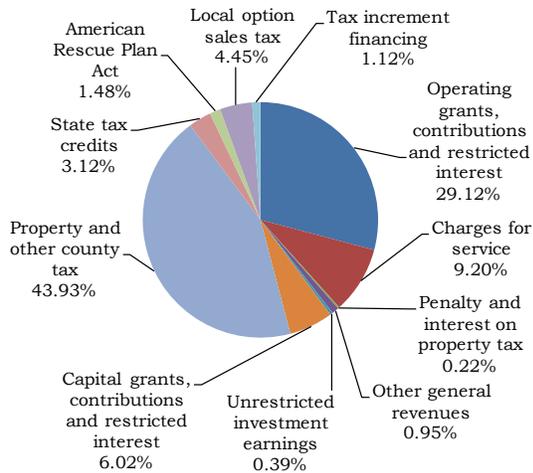
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$927,000, or 17.7%, over the prior year. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Rural Services Fund.

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 \$62,000 at June 30, 2021 to approximately \$745,000 at the end of this year. The increase is due to a decrease in the net pension liability (asset).

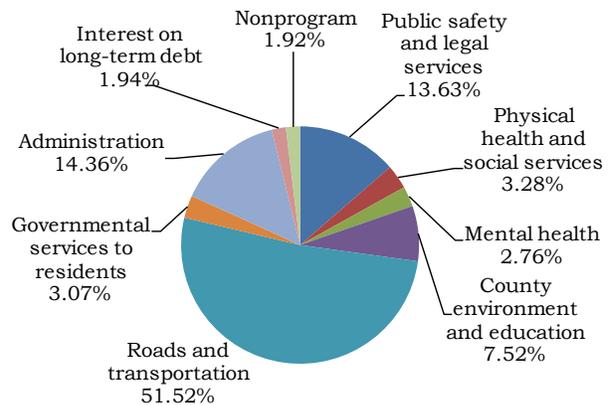
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 1,477	1,460
Operating grants, contributions and restricted interest	4,675	4,946
Capital grants, contributions and restricted interest	967	3,843
General revenues:		
Property and other county tax	7,053	6,299
Tax increment financing	180	179
Penalty and interest on property tax	35	46
State tax credits	501	436
Local option sales tax	714	564
American Rescue Plan Act	237	-
Unrestricted investment earnings	62	77
Other general revenues	152	126
Total revenues	16,053	17,976
Program expenses:		
Public safety and legal services	1,992	2,263
Physical health and social services	479	468
Mental health	403	370
County environment and education	1,099	1,192
Roads and transportation	7,526	7,031
Governmental services to residents	448	496
Administration	2,098	1,818
Nonprogram	281	338
Interest on long-term debt	284	397
Total expenses	14,610	14,373
Change in net position	1,443	3,603
Net position beginning of year	32,572	28,969
Net position end of year	\$ 34,015	32,572

Revenues by Source



Expenses by Function



Grundy County’s property tax rates have been consistent in prior years. For fiscal year 2022, the rural levy rate was \$3.36669 per \$1,000 of taxable valuation, an increase of \$0.00708 per \$1,000 of taxable valuation from the fiscal year 2021 rural levy rate. The countywide levy was \$4.70488 per \$1,000 of taxable valuation in fiscal year 2022, an increase of \$0.32949 per \$1,000 of taxable valuation compared to fiscal year 2021. Taxable valuation by levy, the actual levy rate per \$1,000 of taxable valuation and total dollars levied are as follows:

	Taxes Levied FY 2022	Taxes Levied FY 2021
Countywide taxable valuation	\$ 1,035,178,106	\$ 989,725,954
Countywide levy rate without debt service	4.70488	4.37539
Dollars levied without debt service	4,887,302	4,270,617
County taxable debt service valuation	\$ 1,067,196,236	\$ 976,054,083
Total countywide rate	4.70488	4.37539
Total dollars levied countywide	4,887,302	4,270,617
Rural taxable valuation	\$ 732,565,157	\$ 679,998,711
Rural tax levy rate	3.36669	3.35961
Dollars levied rural area only	2,466,320	2,284,530
Total dollars levied	7,353,622	6,555,147

Local option sales tax revenue totaled \$714,298. 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 decreased approximately \$2,876,000 from fiscal year 2021 due to a decrease 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 \$13,560,293, a decrease of \$11,023,492 from last year’s total of \$24,583,785. The decrease in fund balance is primarily attributable to the payoff of \$8,975,000 general obligation urban renewal bonds. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance increased \$94,908 over the prior year to \$3,257,803. Total revenues increased 2.2%, or \$117,953, to \$5,554,532. Property tax revenues increased \$135,603 and intergovernmental revenues increased \$58,454. Total expenditures increased 5.3%, or \$273,213, compared to fiscal year 2021.
- The Special Revenue, Mental Health Fund balance decreased \$116,661 from the prior year end. Total revenues decreased \$90,800, primarily due to a decrease in property tax revenue. Expenditures totaled \$402,732, an increase of \$32,368 over the prior year due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the County Social Services Mental Health Region prior to June 30, 2022.
- The Special Revenue, Rural Services Fund balance increased \$358,655 over the prior year to \$1,157,537. Expenditures decreased 4.3%, or \$31,019, compared to fiscal year 2021. Revenues increased \$336,790, primarily due to an increase in property tax revenues and local option sales tax.
- The Special Revenue, Secondary Roads Fund expenditures increased 42.2%, or \$2,696,685, primarily due to increased spending on projects for roads, bridges and culverts. There were no significant changes in revenues. The Secondary Roads Fund ending fund balance decreased from \$3,556,604 to \$3,443,429.

- The Special Revenue, Landfill Closure Costs Fund balance decreased \$52,148 from the prior year to \$568,530. Closure/postclosure care costs of \$54,634 were expended from this fund during fiscal year 2022.
- The Debt Service Fund balance decreased \$9,355,471 from the prior year to \$2,593,448. 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 hospital paid off the balance of the refunding bonds, \$8,975,000, during fiscal year 2022. The County has recorded a \$2,575,000 receivable for the remaining 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 twice. The first amendment was made in April 2022 and resulted in an increase in budgeted receipts of \$9,408,939. The budget for expenditures increased \$9,842,274 in total. The budgets for public safety and legal services, physical health and social services, county environment and education, government services to residents, administration, debt service and capital projects increased \$81,656, \$67,118, \$107,495, \$14,465, \$1,385,867, \$7,980,075, and \$205,598 respectively, for increased expenditures for public safety and capital projects and anticipated expenditure of American Rescue Plan Act funds. In addition, Grundy County Memorial Hospital planned to pay the County the remaining balance of their loan for the general obligation urban renewal bonds and the County would make the subsequent debt payments, resulting in an increase to debt service expenditures. The second amendment was made in June 2022 and resulted in an increase to budgeted expenditures of \$50,000. The budget for mental health expenditures increased for the transfer of remaining Mental Health Fund balance to Mental Health Region.

The County's actual receipts were \$2,061,691 less than budgeted, a variance of 7.5%. The most significant variance resulted from the County receiving less for the Grundy Road Project than expected.

Total disbursements were \$4,074,083 less than the amended budget, a variance of 13.8%. Actual disbursements for the administration function were \$1,122,691 less than budgeted due to the County not spending as much ARPA proceeds as expected. Actual disbursements for the capital projects function were \$1,483,458 less than budgeted due to project completion delays. The County did not exceed the budget for the year ended June 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Grundy County had \$29,393,538 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 \$1,352,282, or 4.8%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2022	2021
Land	\$ 1,650,676	1,650,676
Construction in process, road network	3,498,309	1,627,283
Buildings	3,236,294	3,347,062
Improvements other than buildings	379,622	389,837
Equipment and vehicles	2,042,934	2,159,566
Intangibles	28,585	7,008
Infrastructure, road network	18,777,696	18,859,824
Total	<u>\$ 29,614,116</u>	<u>28,041,256</u>
This year's major additions include:		
Caterpillar Excavator	\$	295,042
2021 Dodge Charger		39,769
Chevy Silverado Pickup		31,966
Road infrastructure		<u>2,881,182</u>
Total		<u>\$ 3,247,959</u>

The County had depreciation/amortization expense of \$1,955,602 in fiscal year 2022 and total accumulated depreciation/amortization of \$23,082,271 at June 30, 2022.

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

Long-Term Debt

At June 30, 2022, Grundy County had \$7,025,000 of general obligation urban renewal bonds outstanding, compared to \$16,890,000 of bonds outstanding at June 30, 2021.

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 \$78.3 million. Additional information about the County’s long-term debt and other long-term liabilities is presented in Note 8 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 2023 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 2022 stands at 2.2%, which is down from 4.1% as of June 2021. This compares with the State’s unemployment rate of 2.6%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Fiscal year 2023 budgeted disbursements of \$23,775,028 decreased 19.7% from the fiscal year 2022 final amended budget of \$29,599,110. Property taxes are expected to increase less than 1%, with a decrease in the tax rates but an increase in the valuation. Budgeted disbursements are expected to decrease \$5,824,082 from the fiscal year 2022 final budgeted amounts due primarily to decreases in debt service and capital projects expenditures.

If these estimates are realized, the County's ending cash balance is expected to decrease \$4,147,637 by the close of fiscal year 2023 from the fiscal year 2022 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.

Grundy County

Basic Financial Statements

Grundy County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 11,371,899
Receivables:	
Property tax:	
Delinquent	1,745
Succeeding year	7,093,000
Interest and penalty on property tax	899
Loan to Grundy County Memorial Hospital	2,575,000
Accounts	15,718
Opioid settlement	249,041
Accrued interest	1,455
Due from other governments	462,559
Lease receivable	56,407
Inventories	1,084,346
Prepaid insurance	352,707
Capital assets, net of accumulated depreciation	29,614,116
Net pension asset	1,125,693
	54,004,585
Total assets	
Deferred Outflows of Resources	
Pension related deferred outflows	648,400
	648,400
Liabilities	
Accounts payable	1,098,970
Accrued interest payable	9,610
Salaries and benefits payable	101,025
Due to other governments	8,408
Unearned revenues	951,422
Long-term liabilities:	
Portion due or payable within one year:	
General obligation urban renewal bonds	915,000
Compensated absences	186,555
Portion due or payable after one year:	
General obligation urban renewal bonds	6,110,000
Estimated liability for landfill closure and postclosure care	525,300
Compensated absences	174,582
Total OPEB liability	185,503
	10,266,375
Total liabilities	
Deferred Inflows of Resources	
Unavailable property tax revenue	7,093,000
Pension related deferred inflows	3,222,390
Lease related	56,407
	10,371,797
Total deferred inflows of resources	
Net Position	
Net investment in capital assets	27,115,161
Restricted for:	
Supplemental levy purposes	642,678
Rural services purposes	1,155,679
Secondary roads purposes	3,265,337
Opioid abatements	8,644
Landfill closure and postclosure care	43,230
Conservation purposes	209,644
Debt service	398,960
Other purposes	430,136
Unrestricted	745,344
	745,344
Total net position	\$ 34,014,813

See notes to financial statements.

Grundy County

Statement of Activities

Year ended June 30, 2022

	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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,991,877	415,450	28,241	-	(1,548,186)
Physical health and social services	479,043	7,406	353,864	-	(117,773)
Mental health	402,732	1,289	22,177	-	(379,266)
County environment and education	1,099,118	111,947	25,388	449	(961,334)
Roads and transportation	7,526,484	311,424	3,906,061	966,154	(2,342,845)
Governmental services to residents	448,092	352,220	34	-	(95,838)
Administration	2,098,170	18,217	15,395	-	(2,064,558)
Non-program	280,718	259,489	231	-	(20,998)
Interest on long-term debt	284,066	-	323,177	-	39,111
Total	\$ 14,610,300	1,477,442	4,674,568	966,603	(7,491,687)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,515,091
Debt service					538,225
Tax increment financing					180,012
Penalty and interest on property tax					35,071
State tax credits					500,679
Local option sales tax					714,298
American Rescue Plan Act					236,540
Unrestricted investment earnings					62,570
Miscellaneous					11,479
Gain on disposition of capital assets					140,509
Total general revenues					8,934,474
Change in net position					1,442,787
Net position beginning of year					32,572,026
Net position end of year					\$ 34,014,813

See notes to financial statements.

Grundy County
Balance Sheet
Governmental Funds
June 30, 2022

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 4,042,093	936,516	3,120,934
Receivables:			
Property tax:			
Delinquent	911	712	-
Succeeding year	4,188,000	2,365,000	-
Interest and penalty on property tax	899	-	-
Loan	-	-	-
Accounts	4,940	-	10,778
Opioid settlement	-	-	-
Accrued interest	830	-	-
Due from other funds	-	-	9,176
Due from other governments	53,928	50,987	357,644
Lease receivable	-	-	56,407
Inventories	-	-	1,084,346
Prepaid insurance	169,287	183,420	-
Total assets	\$ 8,460,888	3,536,635	4,639,285
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 44,080	6,014	1,047,631
Salaries and benefits payable	4,710	5,364	90,007
Due to other funds	7,106	2,008	-
Due to other governments	5,957	-	1,811
Unearned revenues	951,422	-	-
Total liabilities	1,013,275	13,386	1,139,449
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,188,000	2,365,000	-
Other	1,810	712	-
Lease related	-	-	56,407
Total deferred inflows of resources	4,189,810	2,365,712	56,407
Fund balances:			
Nonspendable:			
Inventories	-	-	1,084,346
Prepaid insurance	169,287	183,420	-
Restricted for:			
Supplemental levy purposes	642,578	-	-
Rural services purposes	-	974,117	-
Secondary roads purposes	-	-	2,359,083
Landfill closure and postclosure care	-	-	-
Conservation land acquisition/capital improvements	209,644	-	-
Debt service	-	-	-
Capital projects	-	-	-
Opioid abatements	-	-	-
Other purposes	-	-	-
Unassigned	2,236,294	-	-
Total fund balances	3,257,803	1,157,537	3,443,429
Total liabilities, deferred inflows of resources and fund balances	\$ 8,460,888	3,536,635	4,639,285

See notes to financial statements.

Revenue				
Landfill Closure Costs	Capital Projects	Debt Service	Nonmajor	Total
570,982	2,341,045	18,448	189,671	11,219,689
-	-	122	-	1,745
-	-	540,000	-	7,093,000
-	-	-	-	899
-	-	2,575,000	-	2,575,000
-	-	-	-	15,718
-	-	-	249,041	249,041
439	-	-	186	1,455
-	-	-	-	9,176
-	-	-	-	462,559
-	-	-	-	56,407
-	-	-	-	1,084,346
-	-	-	-	352,707
571,421	2,341,045	3,133,570	438,898	23,121,742
1,245	-	-	-	1,098,970
944	-	-	-	101,025
62	-	-	-	9,176
640	-	-	-	8,408
-	-	-	-	951,422
2,891	-	-	-	2,169,001
-	-	540,000	-	7,093,000
-	-	122	240,397	243,041
-	-	-	-	56,407
-	-	540,122	240,397	7,392,448
-	-	-	-	1,084,346
-	-	-	-	352,707
-	-	-	-	642,578
-	-	-	-	974,117
-	-	-	-	2,359,083
568,530	-	-	-	568,530
-	-	-	-	209,644
-	-	2,593,448	-	2,593,448
-	2,341,045	-	-	2,341,045
-	-	-	8,644	8,644
-	-	-	189,857	189,857
-	-	-	-	2,236,294
568,530	2,341,045	2,593,448	198,501	13,560,293
571,421	2,341,045	3,133,570	438,898	23,121,742

Grundy County

Grundy County

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

June 30, 2022

Total governmental fund balances (page 21) \$ 13,560,293

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 \$52,696,387 and the accumulated depreciation/amortization is \$23,082,271. 29,614,116

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 243,041	
Net pension asset	<u>1,125,693</u>	1,368,734

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. 152,210

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	648,400	
Deferred inflows of resources	<u>(3,222,390)</u>	(2,573,990)

Long-term liabilities, including general obligation urban renewal bonds payable, estimated liability for landfill closure and postclosure care, compensated absences payable, 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. (8,106,550)

Net position of governmental activities (page 18) \$ 34,014,813

See notes to financial statements.

Grundy County

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

Year ended June 30, 2022

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,885,892	244,052	2,384,511
Tax increment financing	-	-	-
Local option sales tax	-	-	714,298
Interest and penalty on property tax	35,229	-	-
Intergovernmental	1,047,754	42,019	144,602
Licenses and permits	4,800	-	3,750
Charges for service	444,607	-	28,235
Use of money and property	63,019	-	-
Miscellaneous	73,231	-	5,329
Total revenues	5,554,532	286,071	3,280,725
Expenditures:			
Operating:			
Public safety and legal services	1,922,808	-	156,750
Physical health and social services	498,858	-	-
Mental health	-	402,732	-
County environment and education	558,375	-	346,130
Roads and transportation	-	-	-
Governmental services to residents	484,863	-	2,175
Administration	1,990,211	-	187,974
Debt service	-	-	-
Capital projects	4,509	-	-
Total expenditures	5,459,624	402,732	693,029
Excess (deficiency) of revenues over (under) expenditures	94,908	(116,661)	2,587,696
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(2,229,041)
Total other financing sources (uses)	-	-	(2,229,041)
Change in fund balances	94,908	(116,661)	358,655
Fund balances beginning of year	3,162,895	116,661	798,882
Fund balances end of year	\$ 3,257,803	-	1,157,537

See notes to financial statements.

Revenue						
Secondary Roads	Landfill Closure Costs	Capital Projects	Debt Service	Nonmajor	Total	
-	-	-	538,225	-	7,052,680	
-	-	-	-	180,012	180,012	
-	-	-	-	-	714,298	
-	-	-	-	-	35,229	
4,674,569	-	-	363,951	11,195	6,284,090	
12,110	-	-	-	-	20,660	
-	-	-	-	2,300	475,142	
20,266	2,486	-	-	224	85,995	
184,525	-	-	-	8,644	271,729	
4,891,470	2,486	-	902,176	202,375	15,119,835	
-	-	-	-	615	2,080,173	
-	-	-	-	-	498,858	
-	-	-	-	-	402,732	
-	54,634	-	-	189,196	1,148,335	
6,217,407	-	-	-	-	6,217,407	
-	-	-	-	2,220	489,258	
-	-	-	-	-	2,178,185	
-	-	-	10,257,647	-	10,257,647	
2,866,223	-	-	-	-	2,870,732	
9,083,630	54,634	-	10,257,647	192,031	26,143,327	
(4,192,160)	(52,148)	-	(9,355,471)	10,344	(11,023,492)	
4,078,985	-	-	-	-	4,078,985	
-	-	(1,849,944)	-	-	(4,078,985)	
4,078,985	-	(1,849,944)	-	-	-	
(113,175)	(52,148)	(1,849,944)	(9,355,471)	10,344	(11,023,492)	
3,556,604	620,678	4,190,989	11,948,919	188,157	24,583,785	
3,443,429	568,530	2,341,045	2,593,448	198,501	13,560,293	

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, 2022

Change in fund balances - Total governmental funds (page 25) \$ (11,023,492)

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	\$ 3,034,959	
Capital assets contributed by the Iowa Department of Transportation	352,994	
Depreciation expense	<u>(1,955,602)</u>	1,432,351

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. 140,509

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	636	
Other	<u>240,239</u>	240,875

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. 9,865,000

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. 408,791

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	14,700	
Compensated absences	4,336	
OPEB expense	(16,897)	
Pension expense	379,161	
Interest on long-term debt	<u>108,582</u>	489,882

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. (111,129)

Change in net position of governmental activities (page 19) \$ 1,442,787

See notes to financial statements.

Grundy County
Statement of Net Position
Proprietary Fund
June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 152,210
Current Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 152,210</u>

See notes to financial statements.

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

Year ended June 30, 2022

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,145,009
Reimbursements from employees		155,863
Reimbursements from others		<u>58,912</u>
Total operating revenues		1,359,784
Operating expenses:		
Partially self funded medical claims	\$ 144,195	
Medical claims	35,156	
Insurance premiums	1,246,608	
Affordable Care Act (ACA) fees	16,940	
Reinsurance fee	16,590	
Administrative fees	<u>11,655</u>	<u>1,471,144</u>
Operating loss		(111,360)
Non-operating revenues:		
Interest income		<u>231</u>
Net loss		(111,129)
Net position beginning of year		<u>263,339</u>
Net position end of year		<u>\$ 152,210</u>

See notes to financial statements.

Grundy County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2022

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,145,009
Cash received from employees and others	214,775
Cash paid to suppliers for services	(1,471,144)
Net cash used by operating activities	(111,360)
Cash flows from investing activities:	
Interest on investments	231
Net decrease in cash and cash equivalents	(111,129)
Cash and cash equivalents beginning of year	263,339
Cash and cash equivalents end of year	\$ 152,210
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss and net cash used by operating activities	\$ (111,360)

See notes to financial statements.

Grundy County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,593,900
Other County officials	54,148
Receivables:	
Property tax:	
Delinquent	3,936
Succeeding year	20,780,000
Accounts	4,705
Accrued interest	379
Due from other governments	44,747
	<u>22,481,815</u>

Total assets**Liabilities**

Accounts payable	4,683
Salaries and benefits payable	375
Due to other governments	674,322
Trusts payable	46,901
Compensated absences	16,201
	<u>742,482</u>

Total liabilities**Deferred Inflows of Resources**

Unavailable revenues	<u>20,780,000</u>
----------------------	-------------------

Net position

Restricted for individuals, organizations and other governments	<u>\$ 959,333</u>
--------------------------------------------------------------------	-------------------

See notes to financial statements.

Grundy County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 18,855,488
911 surcharges	184,939
State tax credits	1,576,484
Office fees and collections	503,466
Auto licenses, use tax and postage	6,167,493
Trusts	300,130
Miscellaneous	<u>229,450</u>
Total additions	<u>27,817,450</u>
Deductions:	
Agency remittances:	
To other funds	321,202
To other governments	27,245,030
Trusts paid out	<u>300,050</u>
Total deductions	<u>27,866,282</u>
Change in net position	(48,832)
Net position beginning of year	<u>1,008,165</u>
Net position end of year	<u>\$ 959,333</u>

See notes to financial statements.

Grundy County

Notes to Financial Statements

June 30, 2022

(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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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 and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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	25,000
Right-to-use leased assets	15,000
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
Right-to-use leased assets	2 - 20
Vehicles	5 - 15

Leases – County as Lessor: Grundy County is a lessor for a noncancellable lease of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized over the life of the lease term.

Key estimates and judgments include how the County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Grundy County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

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.

Unearned Revenue – 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. Unearned revenue in the government-wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made the qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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, 2022. 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 (asset), 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 (asset) 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, 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 deferred amounts related to leases.

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, 2022, disbursements did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2022 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, 2022 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 2,229,041
	Capital Projects	1,849,944
		<u>\$ 4,078,985</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, 2022 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,650,676	-	-	1,650,676
Construction in progress	1,627,283	3,101,760	(1,230,734)	3,498,309
Total capital assets not being depreciated/amortized	<u>3,277,959</u>	<u>3,101,760</u>	<u>(1,230,734)</u>	<u>5,148,985</u>
Capital assets being depreciated/amortized:				
Buildings	5,485,846	-	-	5,485,846
Improvements other than buildings	490,468	-	-	490,468
Equipment and vehicles	9,481,961	427,170	(773,313)	9,135,818
Intangibles	107,200	26,570	-	133,770
Infrastructure, road network	31,070,766	1,230,734	-	32,301,500
Total capital assets being depreciated/amortized	<u>46,636,241</u>	<u>1,684,474</u>	<u>(773,313)</u>	<u>47,547,402</u>
Less accumulated depreciation/amortization for:				
Buildings	2,138,784	110,768	-	2,249,552
Improvements other than buildings	100,631	10,215	-	110,846
Equipment and vehicles	7,322,395	516,764	(746,275)	7,092,884
Intangibles	100,192	4,993	-	105,185
Infrastructure, road network	12,210,942	1,312,862	-	13,523,804
Total accumulated depreciation/amortization:	<u>21,872,944</u>	<u>1,955,602</u>	<u>(746,275)</u>	<u>23,082,271</u>
Total capital assets being depreciated/amortized, net	<u>24,763,297</u>	<u>(271,128)</u>	<u>(27,038)</u>	<u>24,465,131</u>
Governmental activities capital assets, net	<u>\$ 28,041,256</u>	<u>2,830,632</u>	<u>(1,257,772)</u>	<u>29,614,116</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 90,201
Physical health and social services		2,379
County environment and education		85,679
Roads and transportation		1,659,961
Governmental services to residents		4,063
Administration		<u>113,319</u>
Total depreciation/amortization expense - governmental activities		<u>\$ 1,955,602</u>

(5) Lease Receivable

Effective December 31, 2018, the County entered into a seven-year lease with Cover 2, LLC to rent county-owned land for a communications tower. The County is to receive \$1,400 per month with an implicit rate of 1.0%.

Year	Ending June 30,	Interest Rate	Prinicpal	Interest	Total
2023		1.00%	\$ 16,311	489	16,800
2024		1.00	16,474	326	16,800
2025		1.00	16,640	160	16,800
2026		1.00	6,982	18	7,000
Total			<u>\$ 56,407</u>	<u>993</u>	<u>57,400</u>

(6) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 7,106
	Special Revenue:	
	Rural Services	2,008
	Landfill Closure Costs	<u>62</u>
		<u>\$ 9,176</u>

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

(7) 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, 2022 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 5,957
Special Revenue:		
Secondary Roads	Services	1,811
Landfill Closure Costs	Services	640
Total for governmental funds		<u>\$ 8,408</u>
Custodial:		
County Offices	Collections	\$ 34,406
Agriculture Extension Education		2,178
Schools		126,001
Community Colleges		14,351
Corporations		20,387
Townships		4,312
Auto License and Use Tax		471,447
All other		1,240
Total for custodial funds		<u>\$ 674,322</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<u>General Obligation Urban Urban Bonds</u>	<u>Estimated Liability for Landfill Closure and Postclosure Care</u>	<u>Compensated Absences</u>	<u>Net Pension Liability (asset)</u>	<u>Total OPEB Liability</u>	<u>Total</u>
Balance beginning of year	\$ 16,890,000	540,000	365,473	2,929,327	168,606	20,893,406
Increases	-	-	306,244	-	50,366	356,610
Decreases	9,865,000	14,700	310,580	4,055,020	33,469	14,278,769
Balance end of year	<u>\$ 7,025,000</u>	<u>525,300</u>	<u>361,137</u>	<u>(1,125,693)</u>	<u>185,503</u>	<u>6,971,247</u>
Due within one year	<u>\$ 915,000</u>	<u>-</u>	<u>186,555</u>	<u>-</u>	<u>-</u>	<u>1,101,555</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, 2022, the County paid the remaining balance of \$8,975,000 of principal and interest of \$254,512 on the bonds.

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, 2022, the County paid principal of \$390,000 and interest of \$69,165 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, 2022, the County paid principal of \$110,000 and interest of \$14,900 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, 2022, the County paid principal of \$390,000 and interest of \$54,570 on the bonds.

A summary of the County's June 30, 2022 general obligation indebtedness is as follows:

Year Ending June 30,	Urban Renewal Hospital Issued May 4, 2016			Urban Renewal Issued Aug 23, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	2.25%	\$ 400,000	60,865	2.00%	\$ 115,000	12,200
2024	2.25	410,000	51,865	2.00	120,000	9,900
2025	2.25	425,000	42,640	2.00	120,000	7,500
2026	2.35	435,000	33,078	2.00	125,000	5,100
2027	2.50	445,000	22,855	2.00	130,000	2,600
2028	2.55	460,000	11,730		-	-
Total		<u>\$ 2,575,000</u>	<u>223,033</u>		<u>\$ 610,000</u>	<u>37,300</u>

Year Ending June 30,	Urban Renewal Issued Mar 30, 2021			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	1.00%	\$ 400,000	42,250	\$ 915,000	115,315	1,030,315
2024	1.00	405,000	38,250	935,000	100,015	1,035,015
2025	1.00	410,000	34,200	955,000	84,340	1,039,340
2026	1.00	415,000	30,100	975,000	68,278	1,043,278
2027	1.00	425,000	25,950	1,000,000	51,405	1,051,405
2028-2031	1.00-1.40	1,785,000	57,780	2,245,000	69,510	2,314,510
Total		<u>\$ 3,840,000</u>	<u>228,530</u>	<u>\$ 7,025,000</u>	<u>488,863</u>	<u>7,513,863</u>

During the year ended June 30, 2022, \$9,865,000 of general obligation bonds were retired.

(9) Loan Receivable

As detailed in Note 8, 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, 2022 is \$2,575,000 and is recorded in the Debt Service Fund.

(10) 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.

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 2022, 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 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2022 totaled \$408,791.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County had an asset of \$1,125,693 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability used in its calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the overall plan net pension asset was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County's proportion of the overall plan net pension asset was 0.362073%, which was an increase of 0.284373% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(379,161). At June 30, 2022, 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	\$ 124,188	48,852
Changes of assumptions	48,952	42,858
Net difference between projected and actual earnings on IPERS' investments	-	3,033,546
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	66,469	97,134
County contributions subsequent to the measurement date	408,791	-
Total	<u>\$ 648,400</u>	<u>3,222,390</u>

\$408,791 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 (asset) in the year ending June 30, 2023. 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
2023	\$ (754,255)
2024	(731,688)
2025	(682,861)
2026	(822,657)
2027	8,680
Total	<u>\$ (2,982,781)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 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, 2021 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 2021 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	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability (asset) 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 (asset).

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) 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 (asset)	\$ 1,644,066	(1,125,693)	(3,445,879)

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

Payables to IPERS – At June 30, 2022, the County reported payables to IPERS of \$36,102 for legally required County contributions and \$26,366 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(11) 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 794 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, employment practices liability, public officials liability, and police professional liability. 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, 2022 were \$310,307.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, 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, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, 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.

(12) 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 \$5,000/\$10,000 per single/family plan with a maximum out of pocket expense of \$7,350/\$14,000 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, 2022 was \$1,145,009.

(13) 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 \$525,000 as of June 30, 2022 and the portion of the liability that has been recognized is \$525,000. 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, 2022. The County has accumulated resources to fund these costs and, at June 30, 2022, \$568,530 is held for these purposes. These resources are reported in the Special Revenue, Landfill Closure Costs Fund.

(14) 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>72</u>
Total	<u><u>73</u></u>

Total OPEB Liability – The County's total OPEB liability of \$185,503 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2022)	3.00% per annum.
Rates of salary increase (effective June 30, 2022)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2022)	3.54% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	5.00% for all years.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.54% 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 2019 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	\$ 168,606
Changes for the year:	
Service cost	9,160
Interest	3,690
Differences between expected and actual experiences	37,516
Changes in assumptions	(11,910)
Benefit payments	<u>(21,559)</u>
Net changes	<u>16,897</u>
Total OPEB liability end of year	<u>\$ 185,503</u>

Changes of assumptions reflect a change in the discount rate from 2.21% in fiscal year 2021 to 3.54% in fiscal year 2022.

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 (2.54%) or 1% higher (4.54%) than the current discount rate.

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB liability	\$ 195,042	185,503	175,292

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	\$ 169,171	185,503	204,530

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$38,456. 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.

(15) Opioid Litigation Settlement

The State of Iowa, along with other states, settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payments from the Defendant companies over the next seventeen years. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction, treatment, and recovery services.

(16) 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, 2022, \$181,351 was rebated to the developer, Mid-Iowa Cooperative.

(17) 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, 2022, \$64,432 of property tax was diverted from the County under the County's urban renewal and economic development project agreement.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2022 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	\$ 54,569

(18) 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 of the Code of Iowa, includes the following member counties: Allamakee, Black Hawk, Butler, Chickasaw, Clayton, Fayette, Floyd, Grundy, Howard, Mitchell, Tama and Winneshiek counties. The financial activity of Grundy County's Special Revenue, Mental Health Fund is included in CSS for the year ended June 30, 2022 as follows:

Revenues:		
Property and other county tax		\$ 244,052
Intergovernmental:		
State tax credits	\$ 18,553	
Payments from mental health region - CSS	23,466	42,019
Total revenues		<u>286,071</u>
Expenditures:		
Service to persons with:		
Mental illness		615
General administration:		
Direct administration	592	
Distribution to regional fiscal agent	401,525	402,117
Total expenditures		<u>402,732</u>
Excess of expenditures over revenues		(116,661)
Fund balance beginning of year		<u>116,661</u>
Fund balance end of year		<u>\$ -</u>

(19) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets, lease receivables, deferred inflows of resources and liabilities which were previously not reported. The restated balance of lease receivables and deferred inflows of resources at July 1, 2021 is \$72,556. The result of these changes had no effect on the beginning net position.

(20) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting of the right to use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

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, 2022

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,939,262	-	7,939,262
Interest and penalty on property tax	35,229	-	35,229
Intergovernmental	16,666,400	-	16,666,400
Licenses and permits	21,020	-	21,020
Charges for service	474,909	-	474,909
Use of money and property	89,566	38	89,528
Miscellaneous	265,542	-	265,542
Total receipts	<u>25,491,928</u>	<u>38</u>	<u>25,491,890</u>
Disbursements:			
Public safety and legal services	2,079,787	-	2,079,787
Physical health and social services	495,147	-	495,147
Mental health	402,812	-	402,812
County environment and education	1,143,353	7,845	1,135,508
Roads and transportation	5,763,076	-	5,763,076
Governmental services to residents	489,270	-	489,270
Administration	2,251,627	-	2,251,627
Debt service	10,257,647	-	10,257,647
Capital projects	2,650,153	-	2,650,153
Total disbursements	<u>25,532,872</u>	<u>7,845</u>	<u>25,525,027</u>
Excess (deficiency) of receipts over (under) disbursements	(40,944)	(7,807)	(33,137)
Other financing sources, net	-	-	-
Change in balances	(40,944)	(7,807)	(33,137)
Balance beginning of year	<u>11,260,633</u>	<u>75,625</u>	<u>11,185,008</u>
Balance end of year	<u>\$ 11,219,689</u>	<u>67,818</u>	<u>11,151,871</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,907,560	7,849,184	90,078
3,000	3,000	32,229
7,177,096	16,539,575	126,825
12,350	12,350	8,670
363,250	371,550	103,359
94,200	91,244	(1,716)
2,695,562	2,686,678	(2,421,136)
18,253,018	27,553,581	(2,061,691)
2,248,562	2,330,218	250,431
540,024	607,142	111,995
368,300	418,300	15,488
1,313,120	1,420,615	285,107
6,493,667	6,493,667	730,591
542,151	556,616	67,346
1,988,451	3,374,318	1,122,691
2,284,548	10,264,623	6,976
3,928,013	4,133,611	1,483,458
19,706,836	29,599,110	4,074,083
(1,453,818)	(2,045,529)	2,012,392
-	-	-
(1,453,818)	(2,045,529)	2,012,392
5,250,146	5,250,146	5,934,862
3,796,328	3,204,617	7,947,254

Grundy County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2022

	<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	\$ 25,491,928	(10,372,093)	15,119,835
Expenditures	<u>25,532,872</u>	<u>610,455</u>	<u>26,143,327</u>
Net	(40,944)	(10,982,548)	(11,023,492)
Other financing sources, net	-	-	-
Beginning fund balances	<u>11,260,633</u>	<u>13,323,152</u>	<u>24,583,785</u>
Ending fund balances	<u>\$ 11,219,689</u>	<u>2,340,604</u>	<u>13,560,293</u>

See accompanying independent auditor's report.

Grundy County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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, two budget amendments increased budgeted disbursements by \$9,892,274. 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 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, 2022, disbursements did not exceed the amounts budgeted.

Grundy County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability (asset)	0.326073% **	0.041700%	0.040951%	0.039974%
County's proportionate share of the net pension liability (asset)	\$ (1,126)	2,929	2,371	2,530
County's covered payroll	\$ 4,360	4,247	4,269	4,005
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-25.83%	68.97%	55.54%	63.17%
IPERS' net position as a percentage of the total pension liability (asset)	100.81%	82.90%	85.45%	83.62%

* 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.

** Overall plan net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.043434%	0.043761%	0.041320%	0.039736%
2,893	2,754	2,041	1,576
3,917	3,824	3,731	3,670
73.86%	72.02%	54.70%	42.94%
82.21%	81.82%	85.19%	87.61%

Grundy County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 409	411	403	408
Contributions in relation to the statutorily required contribution	<u>(409)</u>	<u>(411)</u>	<u>(403)</u>	<u>(408)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,362	4,360	4,247	4,269
Contributions as a percentage of covered payroll	9.38%	9.43%	9.49%	9.56%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
364	357	351	343	337	318
(364)	(357)	(351)	(343)	(337)	(318)
-	-	-	-	-	-
4,005	3,917	3,824	3,731	3,670	3,532
9.09%	9.11%	9.18%	9.19%	9.18%	9.00%

Grundy County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2022

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 Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 9,160	8,893	4,635	4,500	1,927
Interest cost	3,690	3,879	5,493	6,046	3,434
Difference between expected and actual experiences	37,516	-	29,550	-	78,187
Changes in assumptions	(11,910)	-	13,139	-	13,443
Benefit payments	(21,559)	(21,592)	(25,455)	(24,425)	(14,858)
Net change in total OPEB liability	16,897	(8,820)	27,362	(13,879)	82,133
Total OPEB liability beginning of year	168,606	177,426	150,064	163,943	81,810
Total OPEB liability end of year	\$ 185,503	168,606	177,426	150,064	163,943
Covered-employee payroll	\$ 4,002,223	3,831,937	3,720,327	3,777,715	3,667,685
Total OPEB liability as a percentage of covered-employee payroll	4.6%	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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	3.54%
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, 2022

	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Special Federal Drug Forfeiture
Assets				
Cash, cash equivalents and pooled investments	\$ 15,701	73,244	4,627	2,223
Receivables:				
Opioid settlement	-	-	-	-
Accrued interest	34	152	-	-
Total assets	\$ 15,735	73,396	4,627	2,223
Liabilities, Deferred Inflows of Resources				
Liabilities and Fund Balances				
Liabilities				
None	\$ -	-	-	-
Deferred inflows of resources:				
Unavaible revenues:				
Other	-	-	-	-
Fund balances:				
Restricted for opioid abatements	-	-	-	-
Restricted for other purposes	15,735	73,396	4,627	2,223
Total fund balances	15,735	73,396	4,627	2,223
Total liabilities, deferred inflows of resources and fund balances	\$ 15,735	73,396	4,627	2,223

See accompanying independent auditor's report.

Revenue							
Sheriff's Grant	Drainage Districts	Convenience Center Closure	Household Hazardous Materials	Opioid Abatement Fund	Grundy County Heritage Foundation		Total
4,971	21,255	11,087	10,000	-	46,563		189,671
-	-	-	-	249,041	-		249,041
-	-	-	-	-	-		186
<u>4,971</u>	<u>21,255</u>	<u>11,087</u>	<u>10,000</u>	<u>249,041</u>	<u>46,563</u>		<u>438,898</u>
-	-	-	-	-	-		-
-	-	-	-	240,397	-		240,397
-	-	-	-	8,644	-		8,644
<u>4,971</u>	<u>21,255</u>	<u>11,087</u>	<u>10,000</u>	<u>-</u>	<u>46,563</u>		<u>189,857</u>
<u>4,971</u>	<u>21,255</u>	<u>11,087</u>	<u>10,000</u>	<u>8,644</u>	<u>46,563</u>		<u>198,501</u>
<u>4,971</u>	<u>21,255</u>	<u>11,087</u>	<u>10,000</u>	<u>249,041</u>	<u>46,563</u>		<u>438,898</u>

Grundy County

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

Year ended June 30, 2022

	Special			
	County			
	Recorder's	Resource	State	Federal
	Records	Enhancement	Drug	Drug
	Management	and Protection	Forfeiture	Forfeiture
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	9,856	-	-
Charges for service	2,300	-	-	-
Use of money and property	34	152	-	-
Miscellaneous	-	-	-	-
Total revenues	2,334	10,008	-	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	615	-
County environment and education	-	-	-	-
Governmental services to residents	2,220	-	-	-
Total expenditures	2,220	-	615	-
Change in fund balances	114	10,008	(615)	-
Fund balances beginning of year	15,621	63,388	5,242	2,223
Fund balances end of year	\$ 15,735	73,396	4,627	2,223

See accompanying independent auditor's report.

Revenue								
Sheriff's Grant	Drainage Districts	Mid Iowa TIF	Convenience Center Closure	Household Hazardous Materials	Opioid Abatement Fund	Grundy County Heritage Foundation	Total	
-	-	180,012	-	-	-	-	180,012	
-	-	1,339	-	-	-	-	11,195	
-	-	-	-	-	-	-	2,300	
-	-	-	-	-	-	38	224	
-	-	-	-	-	8,644	-	8,644	
-	-	181,351	-	-	8,644	38	202,375	
-	-	-	-	-	-	-	615	
-	-	181,351	-	-	-	7,845	189,196	
-	-	-	-	-	-	-	2,220	
-	-	181,351	-	-	-	7,845	192,031	
-	-	-	-	-	8,644	(7,807)	10,344	
4,971	21,255	-	11,087	10,000	-	54,370	188,157	
4,971	21,255	-	11,087	10,000	8,644	46,563	198,501	

Grundy County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,178	223,579	126,001
Other County officials	54,148	-	-	-
Receivables:				
Property tax:				
Delinquent	-	49	67	3,133
Succeeding year	-	217,000	314,000	13,562,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	54,148	219,227	537,646	13,691,134
Liabilities				
Accounts payable	-	-	2,657	-
Salaries and benefits	-	-	375	-
Due to other governments	34,406	2,178	-	126,001
Trusts payable	19,742	-	-	-
Compensated absences	-	-	16,201	-
Total liabilities	54,148	2,178	19,233	126,001
Deferred Inflows of Resources				
Unavailable revenues	-	217,000	314,000	13,562,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	49	204,413	3,133

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
14,351	20,387	4,312	471,447	-	731,645	1,593,900
-	-	-	-	-	-	54,148
273	284	42	-	-	88	3,936
1,466,000	4,805,000	348,000	-	-	68,000	20,780,000
-	-	-	-	-	4,705	4,705
-	-	-	-	-	379	379
-	-	-	-	-	44,747	44,747
1,480,624	4,825,671	352,354	471,447	-	849,564	22,481,815
-	-	-	-	-	2,026	4,683
-	-	-	-	-	-	375
14,351	20,387	4,312	471,447	-	1,240	674,322
-	-	-	-	-	27,159	46,901
-	-	-	-	-	-	16,201
14,351	20,387	4,312	471,447	-	30,425	742,482
1,466,000	4,805,000	348,000	-	-	68,000	20,780,000
273	284	42	-	-	751,139	959,333

Grundy County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	207,646	290,925	12,166,497
911 surcharges	-	-	-	-
State tax credits	-	15,785	15,771	922,788
Office fees and collections	500,666	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	300,130	-	-	-
Miscellaneous	-	-	1,018	-
Total additions	800,796	223,431	307,714	13,089,285
Deductions:				
Agency remittances:				
To other funds	156,560	-	-	-
To other governments	344,186	223,418	432,550	13,088,441
Trusts paid out	300,050	-	-	-
Total deductions	800,796	223,418	432,550	13,088,441
Changes in net position	-	13	(124,836)	844
Net position beginning of year	-	36	329,249	2,289
Net position end of year	\$ -	49	204,413	3,133

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Tama County 28E Agreement	Other	Total
1,344,125	4,449,410	330,869	-	-	66,016	18,855,488
-	-	-	-	-	184,939	184,939
102,240	496,200	20,354	-	-	3,346	1,576,484
-	-	-	-	-	2,800	503,466
-	-	-	6,167,493	-	-	6,167,493
-	-	-	-	-	-	300,130
-	-	-	-	-	228,432	229,450
1,446,365	4,945,610	351,223	6,167,493	-	485,533	27,817,450
-	-	-	164,642	-	-	321,202
1,446,287	4,946,137	351,182	6,002,851	22,177	387,801	27,245,030
-	-	-	-	-	-	300,050
1,446,287	4,946,137	351,182	6,167,493	22,177	387,801	27,866,282
78	(527)	41	-	(22,177)	97,732	(48,832)
195	811	1	-	22,177	653,407	1,008,165
273	284	42	-	-	751,139	959,333

Grundy County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 7,052,680	6,322,302	6,055,353	5,975,453
Tax increment financing	180,012	179,694	-	2,642
Local option sales tax	714,298	564,395	519,363	509,716
Interest and penalty on property tax	35,229	46,545	16,512	24,557
Intergovernmental	6,284,090	6,240,314	5,429,771	5,886,407
Licenses and permits	20,660	22,615	24,040	57,578
Charges for service	475,142	470,088	413,936	419,458
Use of money and property	85,995	104,711	197,068	184,746
Miscellaneous	271,729	298,979	250,139	155,267
Total	\$ 15,119,835	14,249,643	12,906,182	13,215,824
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,080,173	2,233,190	1,985,115	1,991,150
Physical health and social services	498,858	474,631	473,274	475,916
Mental health	402,732	370,364	564,123	699,954
County environment and education	1,148,335	1,167,877	912,197	907,142
Roads and transportation	6,217,407	5,607,642	6,466,824	5,568,791
Governmental services to residents	489,258	483,101	511,470	429,548
Administration	2,178,185	1,797,597	1,713,123	1,736,985
Debt service	10,257,647	1,832,377	1,831,078	1,829,678
Capital projects	2,870,732	798,073	337,435	579,544
Total	\$ 26,143,327	14,764,852	14,794,639	14,218,708

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
5,854,229	5,631,307	5,631,363	5,603,025	5,246,990	5,065,429
3,933	40,423	80,967	90,002	101,551	103,054
405,204	453,760	405,536	450,511	380,911	385,885
25,458	27,621	30,446	34,638	36,201	36,486
5,766,060	6,381,635	7,639,200	5,013,091	5,204,910	4,851,117
22,975	16,610	16,530	19,083	51,685	12,290
450,731	380,849	385,822	367,757	385,708	386,215
103,262	66,580	58,088	46,924	43,910	50,886
204,785	238,942	218,050	128,039	137,173	257,232
<u>12,836,637</u>	<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>
2,289,744	1,809,518	1,834,947	1,800,880	1,802,508	1,823,311
478,542	497,265	470,455	478,182	585,048	565,114
983,355	689,512	700,423	773,570	737,047	805,253
891,263	892,057	922,247	901,746	937,140	784,747
5,005,516	4,900,439	5,584,893	4,354,335	4,510,897	4,230,656
433,893	391,833	391,059	385,248	367,614	359,579
1,681,185	1,619,851	1,666,974	1,631,931	1,538,772	1,485,721
1,825,378	1,711,314	1,368,265	1,256,668	1,451,397	1,285,455
1,078,727	2,325,245	748,440	122,182	225,912	326,314
<u>14,667,603</u>	<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>



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

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 auditing standards generally accepted in the United States of America 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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 13, 2023.

Report on 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 (internal control) as a basis for designing audit procedures that are 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 that 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 were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grundy County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Grundy County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Grundy County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Grundy County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

February 13, 2023

Grundy County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

2022-001 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:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder, Sheriff, Heritage Foundation and Landfill
(2) Receipt collecting, depositing, posting and daily reconciling is performed by the same employee.	Treasurer, Recorder, Sheriff, Heritage Foundation and Landfill
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Treasurer, Recorder, Sheriff and Heritage Foundation
(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, 2022

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. We will start having the Treasurer verify our monthly bank reconciliation. We will also continue to review our procedures to assure we are obtaining the maximum internal control possible with our limited staff resources.

Sheriff – With three employees, it is difficult to segregate all financial duties. We do our best to separate the duties as much as possible. We continue to review our procedures to ensure we are obtaining the maximum segregation with our limited staff.

Treasurer – Due to a limited number of employees and we are 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.

Heritage Foundation - With two employees, it is difficult to segregate all financial duties. We do our best to separate duties as much as possible. We review our procedures frequently to ensure we are obtaining maximum segregation with our limited staff.

Landfill – With one full time employee, it is difficult to segregate all financial duties. We do our best to separate duties as much as possible. We have hired a part time person to help with workload and to maximize segregation with our limited staff.

Conclusion – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Grundy County

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

- 2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amounts budgeted.
- 2022-B 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.
- 2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2022-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Nick Buseman, Conservation Director brother is owner of Buseman Electric, Inc.	Campground maintenance	\$ 721

This transaction does not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with the individual was less than \$6,000 during the fiscal year.

- 2022-E 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.
- 2022-F 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.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2022-H 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.
- 2022-I 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).
- 2022-J 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 \$525,000. The balance reserved for landfill closure and postclosure care at June 30, 2022 is \$568,530. Therefore, the closure and postclosure care costs are fully funded at June 30, 2022.

Grundy County

Schedule of Findings

Year ended June 30, 2022

2022-K 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.

2022-L Emergency Management Commission Budget – Disbursements during the year ended June 30, 2022 exceeded the amount budgeted.

Recommendation – The budget should have been amended by the Emergency Management Commission in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The Emergency Management Commission will review its disbursements in an attempt to ensure that the amounts budgeted are not exceeded.

Conclusion – Response accepted.

Grundy County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Jennifer L. Wall, CPA, Manager
Bianca M. Cleary, Senior Auditor
Taylor A. Hepp, Staff Auditor
Stephen A. Baker, Assistant Auditor
Seth W. Franklin, Intern Auditor