



**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

**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

February 26, 2025

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$20,581,370 for the year ended June 30, 2024, a 23.4% increase over the prior year. Expenses for County operations for the year ended June 30, 2024 totaled \$15,986,145, a 7.5% increase over the prior year. The increase in revenues is due primarily to an increase in infrastructure assets contributed from the Iowa Department of Transportation.

**AUDIT FINDINGS:**

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 91 of this report. The findings address issue such as lack of segregation of duties and material amounts of payables and capital asset additions not properly recorded in the County's financial statements. Sand provided the County with recommendations to address each of the findings.

All of the findings discussed above are 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 website at [Audit Reports – Auditor of State.](#)

# # #

**GRUNDY COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2024**

**Grundy County**



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Rob Sand  
Auditor of State

February 20, 2025

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, 2024. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

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

Rob Sand  
Auditor of State

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## Grundy County

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Vic H. Vandehaar	Chairperson, Board of Supervisors	Jan 2025
Lucas Halverson	Board of Supervisors	Jan 2025
Barbara L. Smith	Board of Supervisors	Jan 2025
Heidi Nederhoff	Board of Supervisors	Jan 2027
Mark Schildroth	Board of Supervisors	Jan 2027
Rhonda Deters	County Auditor	(Retired Jan 2024)
Alan Tscherter (Appointed Jan 2024)	County Auditor	Nov 2024
Brenda Noteboom	County Treasurer	Jan 2027
Travis Case	County Recorder	Jan 2027
Kirk Dolleslager	County Sheriff	Jan 2025
Erika L. Allen	County Attorney	Jan 2027
Mike Steinmeyer	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Grundy County:

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2024, 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 accompanying 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, 2024 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the 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.

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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment 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 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 judgment, 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 60 through 72 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 GAAS, 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, 2023 (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 GAAS. 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 20, 2025 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

February 20, 2025

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

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Grundy County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2024. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2024 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 23.4%, or approximately \$3,904,000, from fiscal year 2023 to fiscal year 2024. Capital grants, contributions and restricted interest increased approximately \$2,884,000 due primarily to an increase in infrastructure assets contributed from the Iowa Department of Transportation and the County recognized an increase in American Rescue Plan Act revenues of approximately \$290,000.
- Program expenses increased approximately \$1,117,000, or 7.5%, over fiscal year 2023. Public safety and legal services, roads and transportation and county environment and education function expenses increased approximately \$506,000, \$351,000 and \$166,000, respectively.
- The County's net position increased 12.8%, or approximately \$4,596,000, from the June 30, 2023 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, 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 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,	
	2024	2023
Current and other assets	\$ 19,591	18,896
Capital assets	36,188	32,134
Total assets	55,779	51,030
Deferred outflows of resources	1,145	644
Long-term liabilities	6,345	6,122
Other liabilities	758	1,630
Total liabilities	7,103	7,752
Deferred inflows of resources	9,401	8,098
Net position:		
Net investment in capital assets	32,446	28,617
Restricted	6,328	6,098
Unrestricted	1,646	1,109
Total net position	\$ 40,420	35,824

Net position of Grundy County’s governmental activities increased 12.8% (approximately \$35.8 million compared to approximately \$40.4 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$3,829,000, or approximately 13.4%, from the prior year.

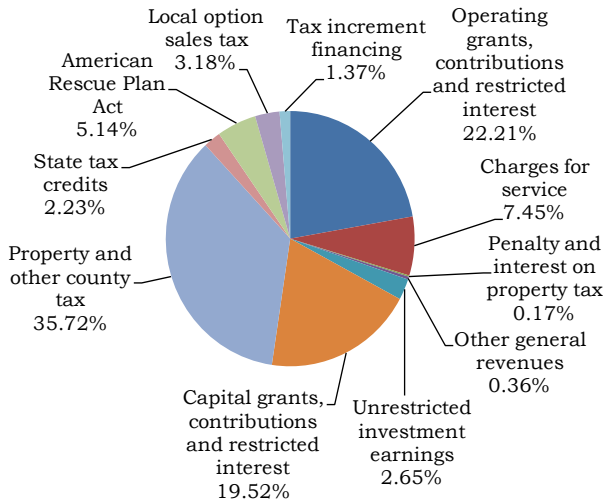
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$230,000, or 3.8%.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$1,109,000 at June 30, 2023 to approximately \$1,646,000 at the end of this year, an increase of 48.4%. This increase is due in part to a decrease in pension related deferred inflows and an increase in pension related deferred outflows.

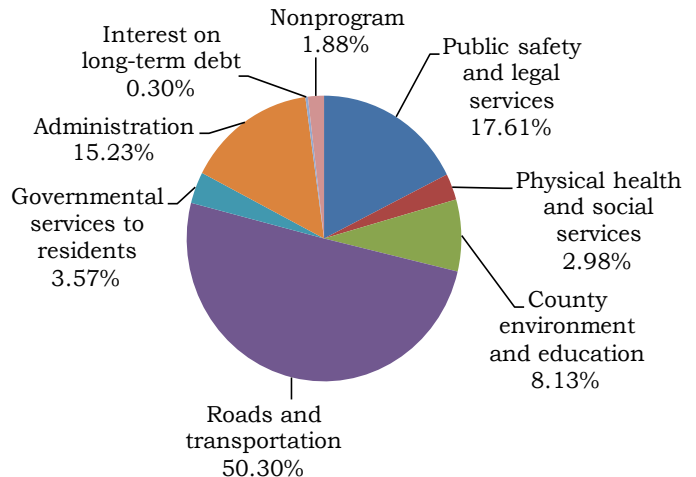
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2024	2023
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,533	1,535
Operating grants, contributions and restricted interest	4,572	4,467
Capital grants, contributions and restricted interest	4,017	1,133
<b>General revenues:</b>		
Property and other county tax	7,353	7,097
Tax increment financing	281	183
Penalty and interest on property tax	36	35
State tax credits	459	473
Local option sales tax	654	648
American Rescue Plan Act	1,057	767
Unrestricted investment earnings	545	318
Other general revenues	75	22
<b>Total revenues</b>	<b>20,582</b>	<b>16,678</b>
<b>Program expenses:</b>		
Public safety and legal services	2,815	2,309
Physical health and social services	477	499
County environment and education	1,300	1,134
Roads and transportation	8,039	7,688
Governmental services to residents	571	495
Administration	2,435	2,389
Nonprogram	301	244
Interest on long-term debt	48	111
<b>Total expenses</b>	<b>15,986</b>	<b>14,869</b>
Change in net position	4,596	1,809
Net position beginning of year	35,824	34,015
Net position end of year	\$ 40,420	35,824

**Revenues by Source**



**Expenses by Function**



Grundy County’s property tax rates have changed compared to prior years. For fiscal year 2024, the rural levy rate was \$2.70324 per \$1,000 of taxable valuation, a decrease of \$0.45117 per \$1,000 of taxable valuation from the fiscal year 2023 rural levy rate. The countywide levy was \$4.81774 per \$1,000 of taxable valuation in fiscal year 2024, an increase of \$0.31679 per \$1,000 of taxable valuation compared to fiscal year 2023 due to the increase of health insurance renewal costs and increases in fuel and utility costs. Taxable valuation by levy, the actual levy rate per \$1,000 of taxable valuation and total dollars levied are as follows:

	Taxes Levied FY 2024	Taxes Levied FY 2023
Countywide taxable valuation	\$ 1,121,563,567	\$ 1,097,636,481
Countywide levy rate without debt service	4.32336	3.99870
Dollars levied without debt service	4,848,923	4,389,119
County taxable debt service valuation	\$ 1,148,903,594	\$ 1,127,080,255
Debt service levy rate	0.49438	0.50225
Dollars levied for debt service	567,995	566,076
Total countywide rate	4.81774	4.50095
Total dollars levied countywide	5,416,918	4,955,195
Rural taxable valuation	\$ 796,110,409	\$ 776,993,939
Rural tax levy rate	2.70324	3.15441
Dollars levied rural area only	2,152,078	2,450,957
Total dollars levied	7,568,996	7,406,152

Local option sales tax revenue totaled \$654,339. Grundy County uses 100% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund.

The County’s capital grants, contributions and restricted interest increased approximately \$2,884,000 from fiscal year 2023 due to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Grundy County completed the year, its governmental funds reported a combined fund balance of \$9,209,381, a decrease of \$165,088 from last year’s total of \$9,374,469. 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 \$246,240 over the prior year to \$3,569,088. Total revenues increased 14.4%, or \$972,463, to \$7,722,205. Intergovernmental revenues increased \$228,485 primarily due to the receipt of additional federal grants for ARPA. Also, property and other county tax revenues increased \$517,883 due to increased tax levies. Total expenditures increased 17.9%, or \$1,164,300, due to salary increases and the County used the ARPA funds for equipment, various improvements and capital projects, such as the Sheriff’s Office addition.
- The Special Revenue, Rural Services Fund balance decreased \$409,234 from the prior year to \$770,023. Revenues decreased \$288,883, or 9.1%, compared to fiscal year 2023 due to decreased tax levies. Expenditures increased 10.2%, or \$82,423 due to increases in salaries and benefits for Sheriff’s Department employees.

- The Special Revenue, Secondary Roads Fund expenditures decreased 20.3%, or \$1,879,394, compared to fiscal year 2023. Revenues decreased 7.0%, or \$355,433, due to a decrease in reimbursements for BROS projects. The Secondary Roads Fund ending fund balance decreased from \$3,620,924 to \$3,563,240.
- The Special Revenue, Landfill Closure Costs Fund balance decreased \$8,313 from the prior year to \$478,1444. Closure/postclosure care costs of \$45,357 were expended from this fund during fiscal year 2024.
- The Capital Projects fund balance decreased \$521,089 from the prior year to \$0 as the County transferred funds to Debt Service for the Grundy Road Project and Annex Project to be used for future debt payments.
- The Debt Service Fund balance increased \$535,109 from the prior year to \$561,336. The remaining portion of the Capital Projects fund balance was transferred to the Debt Service Fund in fiscal year 2024 to be used for future debt payments.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Grundy County amended its budget two times. The first amendment was made in January 2024 and resulted in an increase in budgeted receipts of \$31,753. The budget for expenditures increased \$753,022, due to increased expenditures from ARPA Funds, carryover from unused funds from the previous fiscal year, and changes in employee benefits. The second amendment was made in May 2024 and resulted in an increase in budgeted receipts of \$64,000 and budgeted expenditures of \$138,142 for software upgrades, changes in employee salaries and benefits, and authority to spend revenues from a sold vehicle.

The County's actual receipts were \$719,249 more than budgeted, a variance of 4.9%. The most significant variance resulted from more interest on investments received due to an increase in interest rates after the fiscal year 2024 budget was approved.

Total disbursements were \$2,814,670 less than the amended budget, a variance of 14.6%. Actual disbursements for the administration function were \$705,475 less than budgeted due to several anticipated retirements that did not occur during fiscal year 2024. Actual disbursements for the roads and transportation function were \$602,011 less than budgeted due to several projects coming in under budget. Actual disbursements for the capital projects function were \$821,910 less than budgeted due to some projects being delayed until fiscal year 2025.



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2024, Grundy County had \$36,187,986 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 \$4,054,042, or 12.6%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2024	2023
Land	\$ 1,650,676	1,650,676
Construction in process, road network	4,561,493	4,110,514
Buildings	3,014,758	3,125,526
Improvements other than buildings	809,259	831,838
Equipment and vehicles	3,259,975	2,632,625
Right-to-use subscription asset	-	101,660
Intangibles	-	2,336
Infrastructure, road network	22,891,825	19,678,769
Total	<u>\$ 36,187,986</u>	<u>32,133,944</u>

This year's major additions include:

Road infrastructure	\$ 4,616,304
Route D67 HMA pavement widening project - construction in progress	2,281,968
Route D67 HMA pavement resurfacing project - construction in progress	1,455,737
Sheriff's office addition - construction in progress	823,788
Freightliner trucks	<u>485,733</u>
Total	<u>\$ 9,663,530</u>

The County had depreciation/amortization expense of \$2,184,779 in fiscal year 2024 and total accumulated depreciation/amortization of \$26,708,908 at June 30, 2024.

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

**Long-Term Debt**

At June 30, 2024, Grundy County had \$3,742,400 of general obligation urban renewal bonds and other debt outstanding, compared to \$4,037,411 at June 30, 2023, as shown below:

	Outstanding Debt of Governmental Activities at Year End	
	June 30,	
	2024	2023
General obligation notes/bonds	\$ 3,410,000	3,935,000
Equipment purchase agreement	332,400	-
Subscription liability	-	102,411
	<u>\$ 3,742,400</u>	<u>4,037,411</u>

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 \$83.6 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 2025 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County remained steady compared to a year ago at 2.8%. This compares with the State’s unemployment rate of 2.8% and the national rate of 4.1%.

These indicators were taken into account when adopting the budget for fiscal year 2025. Fiscal year 2025 budgeted disbursements of \$26,361,588 increased 36.5% over the fiscal year 2024 final amended budget of \$19,313,024. Property taxes are expected to increase approximately 21.5%. Budgeted disbursements are expected to increase \$7,048,564 from the fiscal year 2024 final budgeted amounts due primarily to increases in capital projects expenditures.

If these estimates are realized, the County’s ending cash balance is expected to decrease \$2,799,845 by the close of fiscal year 2025 from the fiscal year 2024 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**

**Exhibit A**

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Grundy County  
Statement of Net Position  
June 30, 2024

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 7,968,693
Cash held by health plan trustee	44,134
Receivables:	
Property tax:	
Delinquent	752
Succeeding year	8,900,000
Succeeding year tax increment financing	316,000
Interest and penalty on property tax	940
Accounts	1,634
Opioid settlement	342,119
Accrued interest	12,082
Due from other governments	425,982
Lease receivable	23,622
Inventories	1,021,137
Prepaid insurance	534,370
Capital assets, not being depreciated/amortized	6,212,169
Capital assets, net of accumulated depreciation/amortization	<u>29,975,817</u>
<b>Total assets</b>	<u>55,779,451</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>1,144,509</u>

Grundy County  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	297,034
Accrued interest payable	3,475
Salaries and benefits payable	122,196
Due to other governments	17,686
Unearned revenues	317,601
Long-term liabilities:	
Portion due or payable within one year:	
General obligation urban renewal bonds	530,000
Equipment purchase agreement	83,100
Compensated absences	199,164
Portion due or payable after one year:	
General obligation urban renewal bonds	2,880,000
Estimated liability for landfill closure and postclosure care	409,500
Estimated liability for convenience center closure care	12,460
Equipment purchase agreement	249,300
Compensated absences	167,172
Net pension liability	1,584,810
Total OPEB liability	229,877
<b>Total liabilities</b>	<b>7,103,375</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	8,900,000
Unavailable tax increment financing	316,000
Pension related deferred inflows	161,321
Lease related	23,622
<b>Total deferred inflows of resources</b>	<b>9,400,943</b>
<b>Net Position</b>	
Net investment in capital assets	32,445,586
Restricted for:	
Supplemental levy purposes	704,601
Rural services purposes	764,029
Secondary roads purposes	3,400,837
Opioid abatements	116,933
Landfill closure and postclosure care	68,644
Convenience center closure care	8,627
Conservation purposes	235,526
Debt service	557,911
Other purposes	470,676
Unrestricted	1,646,272
<b>Total net position</b>	<b>\$ 40,419,642</b>

See notes to financial statements.

**Grundy County**

Grundy County  
Statement of Activities  
Year ended June 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,815,161	494,731	32,908	-	(2,287,522)
Physical health and social services	476,897	9,633	307,866	-	(159,398)
County environment and education	1,300,002	116,535	48,127	1,150	(1,134,190)
Roads and transportation	8,038,912	273,255	4,182,456	4,016,078	432,877
Governmental services to residents	570,819	318,423	646	-	(251,750)
Administration	2,434,994	16,685	67	-	(2,418,242)
Non-program	301,498	303,158	117	-	1,777
Interest on long-term debt	47,862	-	-	-	(47,862)
<b>Total</b>	<b>\$ 15,986,145</b>	<b>1,532,420</b>	<b>4,572,187</b>	<b>4,017,228</b>	<b>(5,864,310)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					6,800,926
Debt service					551,805
Tax increment financing					281,046
Penalty and interest on property tax					35,550
State tax credits and replacements					459,197
Local option sales tax					654,339
American Rescue Plan Act					1,056,917
Unrestricted investment earnings					544,874
Miscellaneous					4,926
Gain on disposition of capital assets					69,955
<b>Total general revenues</b>					<b>10,459,535</b>
Change in net position					4,595,225
Net position beginning of year					35,824,417
Net position end of year					<b>\$ 40,419,642</b>

See notes to financial statements.



Grundy County

Balance Sheet  
Governmental Funds  
June 30, 2024

	General	Rural Services	Special Secondary Roads
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,771,833	430,846	2,459,943
Receivables:			
Property tax:			
Delinquent	440	262	-
Succeeding year	5,253,000	2,792,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	940	-	-
Accounts	784	-	850
Opioid settlement	-	-	-
Accrued interest	7,679	-	-
Due from other funds	-	-	9,365
Due from other governments	15,665	59,848	350,469
Lease receivable	-	-	23,622
Inventories	-	-	1,021,137
Prepaid insurance	243,956	290,414	-
<b>Total assets</b>	<b>\$ 9,294,297</b>	<b>3,573,370</b>	<b>3,865,386</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 132,789	4,665	157,470
Salaries and benefits payable	7,959	4,822	108,401
Due to other funds	7,707	1,598	-
Due to other governments	4,773	-	12,653
Unearned revenues	317,601	-	-
<b>Total liabilities</b>	<b>470,829</b>	<b>11,085</b>	<b>278,524</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,253,000	2,792,000	-
Succeeding year tax increment financing	-	-	-
Other	1,380	262	-
Lease related	-	-	23,622
<b>Total deferred inflows of resources</b>	<b>5,254,380</b>	<b>2,792,262</b>	<b>23,622</b>
Fund balances:			
Nonspendable:			
Inventories	-	-	1,021,137
Prepaid insurance	243,956	290,414	-
Restricted for:			
Supplemental levy purposes	460,561	-	-
Rural services purposes	-	479,609	-
Secondary roads purposes	-	-	2,542,103
Landfill closure and postclosure care	-	-	-
Convenience center closure care	-	-	-
Conservation land acquisition/capital improvements	235,526	-	-
Debt service	-	-	-
Opioid abatements	-	-	-
Other purposes	-	-	-
Unassigned	2,629,045	-	-
<b>Total fund balances</b>	<b>3,569,088</b>	<b>770,023</b>	<b>3,563,240</b>
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<b>\$ 9,294,297</b>	<b>3,573,370</b>	<b>3,865,386</b>

See notes to financial statements.

<u>Revenue</u>			
Landfill Closure Costs	Debt Service	Nonmajor	Total
475,185	561,336	269,550	7,968,693
-	50	-	752
-	855,000	-	8,900,000
-	-	316,000	316,000
-	-	-	940
-	-	-	1,634
-	-	342,119	342,119
4,403	-	-	12,082
-	-	-	9,365
-	-	-	425,982
-	-	-	23,622
-	-	-	1,021,137
-	-	-	534,370
<u>479,588</u>	<u>1,416,386</u>	<u>927,669</u>	<u>19,556,696</u>
110	-	2,000	297,034
1,014	-	-	122,196
60	-	-	9,365
260	-	-	17,686
-	-	-	317,601
<u>1,444</u>	<u>-</u>	<u>2,000</u>	<u>763,882</u>
-	855,000	-	8,900,000
-	-	316,000	316,000
-	50	342,119	343,811
-	-	-	23,622
-	<u>855,050</u>	<u>658,119</u>	<u>9,583,433</u>
-	-	-	1,021,137
-	-	-	534,370
-	-	-	460,561
-	-	-	479,609
-	-	-	2,542,103
478,144	-	-	478,144
-	-	21,087	21,087
-	-	-	235,526
-	561,336	-	561,336
-	-	116,933	116,933
-	-	129,530	129,530
-	-	-	2,629,045
<u>478,144</u>	<u>561,336</u>	<u>267,550</u>	<u>9,209,381</u>
<u>479,588</u>	<u>1,416,386</u>	<u>927,669</u>	<u>19,556,696</u>

**Grundy County**

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

June 30, 2024

**Total governmental fund balances (page 23)** \$ 9,209,381

***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 \$62,896,894 and the accumulated depreciation/amortization is \$26,708,908. 36,187,986

Other long-term assets are not available to pay current year expenditures, and therefore, are recognized as deferred inflows of resources in the governmental funds. 343,811

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. 44,134

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	\$ 1,144,509	
Deferred inflows of resources	<u>(161,321)</u>	983,188

Long-term liabilities, including general obligation urban renewal bonds payable, estimated liability for landfill closure and postclosure care, estimated liability for convenience center closure care, compensated absences payable, net pension liability, total OPEB liability, equipment purchase agreement payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (6,348,858)

**Net position of governmental activities (page 19)** \$ 40,419,642

See notes to financial statements.

Grundy County

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

Year ended June 30, 2024

	General	Rural Services	Special Secondary Roads
Revenues:			
Property and other county tax	\$ 4,708,420	2,092,256	-
Tax increment financing	-	-	-
Local option sales tax	-	654,339	-
Interest and penalty on property tax	35,440	-	-
Intergovernmental	1,925,535	114,073	4,570,797
Licenses and permits	7,750	2,700	36,432
Charges for service	420,404	34,233	-
Use of money and property	546,024	-	19,620
Miscellaneous	78,632	1,745	78,992
Total revenues	7,722,205	2,899,346	4,705,841
Expenditures:			
Operating:			
Public safety and legal services	2,939,005	270,709	-
Physical health and social services	478,683	-	-
County environment and education	603,012	350,884	-
Roads and transportation	-	-	6,719,991
Governmental services to residents	573,472	4,784	-
Administration	3,064,630	262,105	-
Debt service	-	-	-
Capital projects	-	-	654,995
Total expenditures	7,658,802	888,482	7,374,986
Excess (deficiency) of revenues over (under) expenditures	63,403	2,010,864	(2,669,145)
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	-	-	2,611,461
Transfers out	(191,363)	(2,420,098)	-
Equipment purchase agreement	374,200	-	-
Total other financing sources (uses)	182,837	(2,420,098)	2,611,461
Change in fund balances	246,240	(409,234)	(57,684)
Fund balances beginning of year	3,322,848	1,179,257	3,620,924
Fund balances end of year	\$ 3,569,088	770,023	3,563,240

See notes to financial statements.

Revenue				
Landfill Closure Costs	Capital Projects	Debt Service	Nonmajor	Total
-	-	551,805	-	7,352,481
-	-	-	281,046	281,046
-	-	-	-	654,339
-	-	-	-	35,440
-	-	35,615	10,820	6,656,840
-	-	-	-	46,882
-	-	-	3,045	457,682
23,711	-	-	779	590,134
-	-	-	62,019	221,388
23,711	-	587,420	357,709	16,296,232
-	-	-	607	3,210,321
-	-	-	42	478,725
45,357	-	-	289,123	1,288,376
-	-	-	-	6,719,991
-	-	-	3,304	581,560
-	-	-	-	3,326,735
-	-	573,400	-	573,400
-	-	-	14,750	669,745
45,357	-	573,400	307,826	16,848,853
(21,646)	-	14,020	49,883	(552,621)
13,333	-	-	-	13,333
-	-	521,089	-	3,132,550
-	(521,089)	-	-	(3,132,550)
-	-	-	-	374,200
13,333	(521,089)	521,089	-	387,533
(8,313)	(521,089)	535,109	49,883	(165,088)
486,457	521,089	26,227	217,667	9,374,469
478,144	-	561,336	267,550	9,209,381

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, 2024

**Change in fund balances - Total governmental funds (page 27)** \$ (165,088)

**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	\$ 2,402,918	
Capital assets contributed by the Iowa Department of Transportation	3,765,948	
Depreciation/amortization expense	<u>(2,184,779)</u>	3,984,087

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. 69,955

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	250	
Other	<u>145,735</u>	145,985

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issued	(374,200)	
Repaid	<u>669,211</u>	295,011

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. 472,448

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	35,300	
Compensated absences	(27,295)	
OPEB expense	(40,526)	
Pension expense	(184,628)	
Interest on long-term debt	<u>538</u>	(216,611)

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. 9,438

**Change in net position of governmental activities (page 21)** \$ 4,595,225

See notes to financial statements.

Grundy County  
Statement of Net Position  
Proprietary Fund  
June 30, 2024

	<u>Internal Service - Employee Group Health</u>
<b>Current Assets</b>	
Cash held by health plan trustee	\$ 44,134
<b>Current Liabilities</b>	
None	<u>-</u>
<b>Net Position</b>	
Restricted for employee health	<u>\$ 44,134</u>

See notes to financial statements.



## Grundy County

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

Year ended June 30, 2024

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,474,536
Reimbursements from employees		164,028
Reimbursements from others		<u>88,881</u>
Total operating revenues		1,727,445
Operating expenses:		
Partially self funded medical claims	\$ 208,673	
Medical claims	44,432	
Insurance premiums	1,410,854	
Affordable Care Act (ACA) fees	17,685	
Reinsurance fee	24,708	
Administrative fees	<u>11,772</u>	<u>1,718,124</u>
Operating income		9,321
Non-operating revenues:		
Interest income		<u>117</u>
Net income		9,438
Net position beginning of year		<u>34,696</u>
Net position end of year		<u>\$ 44,134</u>

See notes to financial statements.

Grundy County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2024

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,474,536
Cash received from employees and others	252,909
Cash paid to suppliers for services	(1,718,124)
Net cash used by operating activities	9,321
Cash flows from investing activities:	
Interest on investments	117
Net increase in cash and cash equivalents	9,438
Cash and cash equivalents beginning of year	34,696
Cash and cash equivalents end of year	\$ 44,134
<b>Reconciliation of operating income to net cash used by operating activities:</b>	
Operating income and net cash used by operating activities	\$ 9,321

See notes to financial statements.

Grundy County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2024

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,483,335
Other County officials	25,461
Receivables:	
Property tax:	
Delinquent	1,719
Succeeding year	22,100,000
Accounts	5,395
Due from other governments	<u>37,206</u>
<b>Total assets</b>	<u>23,653,116</u>

**Liabilities**

Accounts payable	1,126
Salaries and benefits payable	206
Due to other governments	745,721
Trusts payable	44,662
Compensated absences	<u>18,606</u>
<b>Total liabilities</b>	<u>810,321</u>

**Deferred Inflows of Resources**

Unavailable property tax revenue	<u>22,100,000</u>
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**Net position**

Restricted for individuals, organizations and other governments	<u>\$ 742,795</u>
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See notes to financial statements.

Grundy County  
 Statement of Changes in Fiduciary Net Position  
 Custodial Funds

Year Ended June 30, 2024

Additions:	
Property and other county tax	\$ 21,483,490
911 surcharge	191,140
State tax credits	1,426,361
Office fees and collections	427,048
Auto licenses, use tax and postage	6,638,229
Trusts	128,456
Miscellaneous	<u>517,045</u>
Total additions	<u>30,811,769</u>
Deductions:	
Agency remittances:	
To other funds	298,559
To other governments	30,558,130
Trusts paid out	<u>128,426</u>
Total deductions	<u>30,985,115</u>
Change in net position	(173,346)
Net position beginning of year	<u>916,141</u>
Net position end of year	<u>\$ 742,795</u>

See notes to financial statements.

Grundy County

Notes to Financial Statements

June 30, 2024

**(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 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 the investment in the Iowa Public Agency Investment Trust and 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 April 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in April 2023.

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.

Opioid Settlement Receivable – The County will receive payments from certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failure to monitor for, detect and prevent diversion of the drugs. 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 and recovery services.

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, 2024, 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 are tangible and intangible assets, which include property, furniture and equipment and infrastructure assets 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.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	25,000
Right-to-use leased assets	15,000
Right-to-use subscription assets	25,000
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
Right-to-use subscription assets	3 - 10
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 as revenue 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.

Subscription-Based Information Technology Arrangements (SBITA) – Grundy County has entered into a contract that conveys control of the right to use information technology software. The County has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The County recognized IT subscription liabilities with an initial, individual value of \$25,000, or more.

At the commencement of the IT subscription term, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how Grundy County determines the discount rate it uses to discount the expected payments to present value, term and payments.

Grundy County uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The County monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

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 a 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, 2024. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 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 represent 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 pension plan assets 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, 2024, disbursements did not exceed the amounts budgeted by function.

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

The County’s deposits in banks at June 30, 2024 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.

At June 30, 2024, the County had the following investments:

Investment	Fair Value	Maturity
Federal Home Loan Mortgage Corporation (FHLMC)	\$ 497,274	July 2026

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the FHLMC securities of \$497,274 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$3,289,053. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk – The County's FHLMC investments at June 30, 2024 are rated AAA by Moody's Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk and custodial credit risk – The County places no limit on the amount that may be invested in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Mortgage Corporation. The County's investments in the Federal Home Loan Mortgage Corporation are 5.22 % of the County's total investments.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 191,363
	Special Revenue:	
	Rural Services	<u>2,420,098</u>
		<u>2,611,461</u>
Debt Service	Capital Projects	<u>521,089</u>
		<u>\$ 3,132,550</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, 2024 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 1,650,676	-	-	1,650,676
Construction in progress	4,110,514	5,022,165	(4,571,186)	4,561,493
Total capital assets not being depreciated/amortized	5,761,190	5,022,165	(4,571,186)	6,212,169
Capital assets being depreciated/amortized:				
Buildings	5,485,846	-	-	5,485,846
Improvements other than buildings	974,374	9,490	-	983,864
Equipment and vehicles	10,079,958	1,269,165	(349,524)	10,999,599
Right-to-use subscription asset	127,075	-	(127,075)	-
Intangibles	107,200	-	-	107,200
Infrastructure, road network	34,491,912	4,616,304	-	39,108,216
Total capital assets being depreciated/amortized	51,266,365	5,894,959	(476,599)	56,684,725
Less accumulated depreciation/amortization for:				
Buildings	2,360,320	110,768	-	2,471,088
Improvements other than buildings	142,536	32,069	-	174,605
Equipment and vehicles	7,447,333	617,226	(324,935)	7,739,624
Right-to-use subscription asset	25,415	19,132	(44,547)	-
Intangibles	104,864	2,336	-	107,200
Infrastructure, road network	14,813,143	1,403,248	-	16,216,391
Total accumulated depreciation/amortization	24,893,611	2,184,779	(369,482)	26,708,908
Total capital assets being depreciated/amortized, net	26,372,754	3,710,180	(107,117)	29,975,817
Governmental activities capital assets, net	\$ 32,133,944	8,732,345	(4,678,303)	36,187,986

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 179,663
Physical health and social services		4,925
County environment and education		82,771
Roads and transportation		1,737,193
Governmental services to residents		4,063
Administration		176,164
Total depreciation/amortization expense - governmental activities		<u>\$ 2,184,779</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	Principal	Interest	Total
2025	1.00%	\$ 16,640	160	16,800
2026	1.00	6,982	18	7,000
Total		<u>\$ 23,622</u>	<u>178</u>	<u>23,800</u>



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

The detail of interfund receivables and payables at June 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 7,707
	Special Revenue: Rural Services	1,598
	Landfill Closure Costs	<u>60</u>
		<u>\$ 9,365</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, 2024 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 4,773
Special Revenue: Secondary Roads	Services	12,653
Landfill Closure Costs	Services	<u>260</u>
Total for governmental funds		<u>\$ 17,686</u>
Custodial:		
County Offices	Collections	\$ 22,670
Agriculture Extension Education		3,171
Schools		192,525
Community Colleges		19,654
Corporations		54,493
Townships		5,087
Auto License and Use Tax		445,225
All other		<u>2,896</u>
Total for custodial funds		<u>\$ 745,721</u>

**(8) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	General Obligation Urban Renewal Bonds	Estimated Liability for Landfill Closure and Postclosure Care	Estimated Liability for Convenience Center Closure Care	IT Subscription Liability	Equipment Purchase Agreement	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning of year	\$ 3,935,000	444,800	12,460	102,411	-	339,041	1,098,644	189,351	6,121,707
Increases	-	-	-	-	374,200	335,794	486,166	61,183	1,257,343
Decreases	525,000	35,300	-	102,411	41,800	308,499	-	20,657	1,033,667
Balance end of year	\$ 3,410,000	409,500	12,460	-	332,400	366,336	1,584,810	229,877	6,345,383
Due within one year	\$ 530,000	-	-	-	83,100	199,164	-	-	812,264

**General Obligation Urban Renewal 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 2.00% per annum. During the year ended June 30, 2024, the County paid principal of \$120,000 and interest of \$9,900 on the bonds.

On March 30, 2021, the County issued \$4,230,000 of general obligation 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, 2024, the County paid principal of \$405,000 and interest of \$38,250 on the bonds.

A summary of the County's June 30, 2024 general obligation indebtedness is as follows:

Year Ending June 30,	Urban Renewal Issued Aug 23, 2016			Grundy Road Issued Mar 30, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.00%	\$ 120,000	7,500	1.00%	\$ 410,000	34,200
2026	2.00	125,000	5,100	1.00	415,000	30,100
2027	2.00	130,000	2,600	1.00	425,000	25,950
2028	-	-	-	1.00	435,000	21,700
2029	-	-	-	1.15	440,000	17,350
2030-2031	-	-	-	1.30-1.40	910,000	18,730
Total		\$ 375,000	15,200		\$ 3,035,000	148,030

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 530,000	41,700	571,700
2026	540,000	35,200	575,200
2027	555,000	28,550	583,550
2028	435,000	21,700	456,700
2029	440,000	17,350	457,350
2030-2031	910,000	18,730	928,730
Total	\$ 3,410,000	163,230	3,573,230

During the year ended June 30, 2024, \$525,000 of general obligation bonds were retired.

### IT Subscription Liability

On February 8, 2021, the County entered into an IT subscription license and services information technology agreement with Pictometry International Corporation for geographic information system software. An initial IT subscription liability was recorded in the amount of \$153,645. The agreement requires annual payments of \$26,570 over 6 years with an initial payment made May 9, 2022 for \$26,570, with an interest rate of 1.50%. The agreement will be paid equally by the County, County Assessor and E911. During the year ended June 30, 2024, principal and interest paid were \$25,034 and \$1,536, respectively. In April 2024, the County terminated this IT subscription agreement. A new IT subscription agreement was signed in February 2024 and will go into effect July 1, 2024.

## **(9) Pension Plan**

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2024, 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 8.51% of covered payroll, for a total rate of 17.02%. 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, 2024 totaled \$472,448.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the County reported a liability of \$1,584,810 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the County's proportion was 0.035111%, which was an increase of 0.006032% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$184,628. At June 30, 2024, 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	\$ 355,342	7,540
Changes of assumptions	-	54,331
Net difference between projected and actual earnings on IPERS' investments	276,848	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	39,871	99,450
County contributions subsequent to the measurement date	472,448	-
Total	<u>\$ 1,144,509</u>	<u>161,321</u>

\$472,448 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. 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
2025	\$ (55,591)
2026	(191,297)
2027	616,430
2028	118,762
2029	22,436
Total	<u>\$ 510,740</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<u>100.0%</u>	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability (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)	\$ 4,509,392	1,584,810	(867,009)

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

Payables to IPERS – At June 30, 2024, the County reported payables to IPERS of \$44,608 for legally required County contributions and \$32,660 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(10) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 803 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement 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, 2024 were \$481,339.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, 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 \$500,000 each occurrence, each location. Property risks 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.

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, 2024, no liability has been recorded in the County's financial statements. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the deductible of \$5,000/\$10,000 per single/family plan with a maximum out of pocket expense of \$7,350/\$14,700 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, 2024 was \$1,474,536.



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

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

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

The total costs for the County Landfill have been estimated at \$409,500 as of June 30, 2024 and the portion of the liability that has been recognized is \$409,500. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a convenience center 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, 2024. The County has accumulated resources to fund these costs and, at June 30, 2024, \$478,144 is held for these purposes. These resources are reported in the Special Revenue, Landfill Closure Costs Fund.

To comply with state regulations, the County is required to complete a closure plan detailing how the convenience center will comply with proper disposal of all solid waste and litter at the site, cleaning the convenience center building, including the rinsing of all surfaces which have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles which will remain on site, including the rinsing of all surfaces which have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the County is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the convenience center.

The total closure care costs for the County as of June 30, 2024 have been estimated to be \$12,460. The County has accumulated resources to fund these costs and at June 30, 2024, \$21,087 is held for these purposes. These resources are reported in the Special Revenue, Convenience Center Closure Fund and the Special Revenue, Household Hazardous Materials Fund.

**(13) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical and prescription drug 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 and prescription drug 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>75</u>
Total	<u><u>77</u></u>

Total OPEB Liability – The County’s total OPEB liability of \$229,877 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2024 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, 2024)	3.00% per annum.
Rates of salary increase	3.00% per annum, including
(effective June 30, 2024)	inflation.
Discount rate	3.93% compounded annually,
(effective June 30, 2024)	including inflation.
Healthcare cost trend rate	
(effective June 30, 2024)	5.00% for all years.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.93% 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	\$ 189,351
Changes for the year:	
Service cost	11,575
Interest	6,826
Differences between expected and actual experiences	42,782
Changes in assumptions	(4,428)
Benefit payments	<u>(16,229)</u>
Net changes	<u>40,526</u>
Total OPEB liability end of year	<u>\$ 229,877</u>

Changes of assumptions reflect a change in the discount rate from 3.54% in fiscal year 2023 to 3.93% in fiscal year 2024.

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 (2.93%) or 1% higher (4.93%) than the current discount rate.

	<u>1% Decrease (2.93%)</u>	<u>Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB liability	\$ 241,816	229,877	217,486

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.

	<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Total OPEB liability	\$ 210,600	229,877	252,549

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the County recognized OPEB expense of \$40,526. 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.

**(14) Developer Agreements**

In October 2018, the County entered into a developer agreement with Mid-Iowa Cooperative. The County agreed to rebate 80% of the incremental property tax paid by the developer, up to a total amount not to exceed \$1,629,330, 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, 2024, \$185,254 was rebated to the developer.

In November 2022, the County entered into a developer agreement with Snittjer South LLC d/b/a Wolf Creek Grain Handling. The County agreed to rebate 80% of the incremental property tax paid by the developer, up to a total amount not to exceed \$1,700,000, in exchange for the costs of construction of new grain storage facilities and a related office building in the Snittjer South 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, 2024 and June 1, 2033 (annual payments for ten years) or until termination of the agreement, whichever occurs first. During the year ended June 30, 2024, \$95,792 was rebated to the developer.

**(15) 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, 2024, \$94,401 of property tax was diverted from the County under the County’s urban renewal and economic development project agreement.

**Tax Abatements of Other Entities**

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2024 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	\$ 31,909

**Grundy County**

**Required Supplementary Information**

Grundy County

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

Required Supplementary Information

Year ended June 30, 2024

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 8,282,421	-	8,282,421
Interest and penalty on property tax	35,440	-	35,440
Intergovernmental	5,591,490	-	5,591,490
Licenses and permits	43,898	-	43,898
Charges for service	456,902	-	456,902
Use of money and property	593,865	53	593,812
Miscellaneous	366,668	-	366,668
Total receipts	<u>15,370,684</u>	<u>53</u>	<u>15,370,631</u>
<b>Disbursements:</b>			
Public safety and legal services	2,839,869	-	2,839,869
Physical health and social services	478,842	-	478,842
County environment and education	1,283,656	8,077	1,275,579
Roads and transportation	6,732,323	-	6,732,323
Governmental services to residents	581,773	-	581,773
Administration	3,348,823	-	3,348,823
Debt service	573,400	-	573,400
Capital projects	667,745	-	667,745
Total disbursements	<u>16,506,431</u>	<u>8,077</u>	<u>16,498,354</u>
Deficiency of receipts under disbursements	(1,135,747)	(8,024)	(1,127,723)
Other financing sources, net	15,309	-	15,309
Change in balances	(1,120,438)	(8,024)	(1,112,414)
Balance beginning of year	9,089,131	67,843	9,021,288
Balance end of year	<u>\$ 7,968,693</u>	<u>59,819</u>	<u>7,908,874</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to Net Variance
Original	Final	
8,317,003	8,317,003	(34,582)
9,500	9,500	25,940
5,463,787	5,463,787	127,703
86,900	86,900	(43,002)
398,997	398,997	57,905
118,600	118,600	475,212
160,842	256,595	110,073
<u>14,555,629</u>	<u>14,651,382</u>	<u>719,249</u>
3,011,521	3,153,391	313,522
588,076	588,076	109,234
1,463,383	1,466,664	191,085
7,334,334	7,334,334	602,011
627,256	652,456	70,683
3,333,485	4,054,298	705,475
574,150	574,150	750
1,489,655	1,489,655	821,910
<u>18,421,860</u>	<u>19,313,024</u>	<u>2,814,670</u>
(3,866,231)	(4,661,642)	3,533,919
-	-	15,309
(3,866,231)	(4,661,642)	3,549,228
7,917,687	7,917,687	1,103,601
<u>4,051,456</u>	<u>3,256,045</u>	<u>4,652,829</u>



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Grundy County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2024

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 15,370,684	925,548	16,296,232
Expenditures	16,506,431	342,422	16,848,853
Net	(1,135,747)	583,126	(552,621)
Other financing sources, net	15,309	372,224	387,533
Beginning fund balances	9,089,131	285,338	9,374,469
Ending fund balances	<u>\$ 7,968,693</u>	<u>1,240,688</u>	<u>9,209,381</u>

See accompanying independent auditor's report.

Grundy County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2024

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 nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, 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 \$891,164. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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, 2024, disbursements did not exceed the amounts budgeted.

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Grundy County

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

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

Required Supplementary Information

	2024	2023	2022	2021
County's proportion of the net pension liability (asset)	0.0351111%	0.029079%	0.326073% **	0.041700%
County's proportionate share of the net pension liability (asset)	\$ 1,585	1,099	(1,126)	2,929
County's covered payroll	\$ 4,722	4,362	4,360	4,247
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.57%	25.19%	-25.83%	68.97%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%	82.90%

\* 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.

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2020	2019	2018	2017	2016	2015
0.040951%	0.039974%	0.043434%	0.043761%	0.041320%	0.039736%
2,371	2,530	2,893	2,754	2,041	1,576
4,269	4,005	3,917	3,824	3,731	3,670
55.54%	63.17%	73.86%	72.02%	54.70%	42.94%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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Grundy County

Schedule of County Contributions

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

Required Supplementary Information

	2024	2023	2022	2021
Statutorily required contribution	\$ 472	439	409	411
Contributions in relation to the statutorily required contribution	(472)	(439)	(409)	(411)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 5,114	4,722	4,362	4,360
Contributions as a percentage of covered payroll	9.23%	9.30%	9.38%	9.43%

See accompanying independent auditor's report.

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2020	2019	2018	2017	2016	2015
403	408	364	357	351	343
(403)	(408)	(364)	(357)	(351)	(343)
-	-	-	-	-	-
4,247	4,269	4,005	3,917	3,824	3,731
9.49%	9.56%	9.09%	9.11%	9.18%	9.19%

**Grundy County**

Grundy County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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%.



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Grundy County

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

For the Last Seven Years  
Required Supplementary Information

	2024	2023	2022	2021
Service cost	\$ 11,575	11,238	9,160	8,893
Interest cost	6,826	6,715	3,690	3,879
Difference between expected and actual experiences	42,782	-	37,516	-
Changes in assumptions	(4,428)	-	(11,910)	-
Benefit payments	(16,229)	(14,105)	(21,559)	(21,592)
Net change in total OPEB liability	40,526	3,848	16,897	(8,820)
Total OPEB liability beginning of year	189,351	185,503	168,606	177,426
Total OPEB liability end of year	\$ 229,877	189,351	185,503	168,606
Covered-employee payroll	\$ 4,991,281	4,122,290	4,002,223	3,831,937
Total OPEB liability as a percentage of covered-employee payroll	4.6%	4.6%	4.6%	4.4%

See accompanying independent auditor's report.

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2020	2019	2018
4,635	4,500	1,927
5,493	6,046	3,434
29,550	-	78,187
13,139	-	13,443
(25,455)	(24,425)	(14,858)
27,362	(13,879)	82,133
150,064	163,943	81,810
177,426	150,064	163,943
3,720,327	3,777,715	3,667,685
4.8%	4.0%	4.5%

Grundy County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2024

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, 2024	3.93%
Year ended June 30, 2023	3.54%
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%

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

## **Supplementary Information**

Grundy County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2024

	County Recorder's Records Management	Resource Enhancement and Protection	State Drug Forfeiture	Special Federal Drug Forfeiture
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 13,841	52,221	3,420	2,223
Receivables:				
Property tax:				
Succeeding year tax increment financing	-	-	-	-
Opioid settlement	-	-	-	-
<b>Total assets</b>	<b>\$ 13,841</b>	<b>52,221</b>	<b>3,420</b>	<b>2,223</b>
<b>Liabilities, Deferred Inflows of Resources</b>				
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts Payable	\$ -	2,000	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Opioid abatements	-	-	-	-
Convenience center closure care	-	-	-	-
Other purposes	13,841	50,221	3,420	2,223
Total fund balances	13,841	50,221	3,420	2,223
<b>Total liabilities, deferred inflows of recourses and fund balances</b>	<b>\$ 13,841</b>	<b>52,221</b>	<b>3,420</b>	<b>2,223</b>

See accompanying independent auditor's report.

Revenue								
Sheriff's Grant	Drainage Districts	Urban Renewal Tax Increment Financing	Convenience Center Closure	Household Hazardous Materials	Opioid Abatement Fund	Grundy County Heritage Foundation	Total	
6	21,255	-	11,087	10,000	116,933	38,564	269,550	
-	-	316,000	-	-	-	-	316,000	
-	-	-	-	-	342,119	-	342,119	
6	21,255	316,000	11,087	10,000	459,052	38,564	927,669	
-	-	-	-	-	-	-	2,000	
-	-	316,000	-	-	-	-	316,000	
-	-	-	-	-	342,119	-	342,119	
-	-	316,000	-	-	342,119	-	658,119	
-	-	-	-	-	116,933	-	116,933	
-	-	-	11,087	10,000	-	-	21,087	
6	21,255	-	-	-	-	38,564	129,530	
6	21,255	-	11,087	10,000	116,933	38,564	267,550	
6	21,255	316,000	11,087	10,000	459,052	38,564	927,669	

Grundy County

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

Year ended June 30, 2024

	Special			
	County			
	Recorder's	Resource	State	Federal
	Records	Enhancement	Drug	Drug
	Management	and Protection	Forfeiture	Forfeiture
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	10,820	-	-
Charges for service	3,045	-	-	-
Use of money and property	73	253	-	-
Miscellaneous	-	-	-	-
Total revenues	3,118	11,073	-	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	607	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	3,304	-	-	-
Capital projects	-	14,750	-	-
Total expenditures	3,304	14,750	607	-
Change in fund balances	(186)	(3,677)	(607)	-
Fund balances beginning of year	14,027	53,898	4,027	2,223
Fund balances end of year	\$ 13,841	50,221	3,420	2,223

See accompanying independent auditor's report.

Revenue							
Sheriff's Grant	Drainage Districts	Urban Renewal Tax Increment Financing	Convenience Center Closure	Household Hazardous Materials	Opioid Abatement Fund	Grundy County Heritage Foundation	Total
-	-	281,046	-	-	-	-	281,046
-	-	-	-	-	-	-	10,820
-	-	-	-	-	-	-	3,045
-	-	-	-	-	400	53	779
-	-	-	-	-	62,019	-	62,019
-	-	281,046	-	-	62,419	53	357,709
-	-	-	-	-	-	-	607
-	-	-	-	-	42	-	42
-	-	281,046	-	-	-	8,077	289,123
-	-	-	-	-	-	-	3,304
-	-	-	-	-	-	-	14,750
-	-	281,046	-	-	42	8,077	307,826
-	-	-	-	-	62,377	(8,024)	49,883
6	21,255	-	11,087	10,000	54,556	46,588	217,667
6	21,255	-	11,087	10,000	116,933	38,564	267,550



Grundy County

Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	3,171	233,132	192,525
Other County officials	25,461	-	-	-
Receivables:				
Property tax:				
Delinquent	-	22	19	1,428
Succeeding year	-	249,000	295,000	14,796,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>25,461</b>	<b>252,193</b>	<b>528,151</b>	<b>14,989,953</b>
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Salaries and benefits	-	-	206	-
Due to other governments	22,670	3,171	-	192,525
Trusts payable	2,791	-	-	-
Compensated absences	-	-	18,606	-
<b>Total liabilities</b>	<b>25,461</b>	<b>3,171</b>	<b>18,812</b>	<b>192,525</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	249,000	295,000	14,796,000
<b>Net Position</b>				
Restricted for individuals, organizations and other governments	\$ -	22	214,339	1,428

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
19,654	54,493	5,087	445,225	530,048	1,483,335
-	-	-	-	-	25,461
125	66	-	-	59	1,719
1,585,000	4,735,000	370,000	-	70,000	22,100,000
-	-	-	-	5,395	5,395
-	-	-	-	37,206	37,206
1,604,779	4,789,559	375,087	445,225	642,708	23,653,116
-	-	-	-	1,126	1,126
-	-	-	-	-	206
19,654	54,493	5,087	445,225	2,896	745,721
-	-	-	-	41,871	44,662
-	-	-	-	-	18,606
19,654	54,493	5,087	445,225	45,893	810,321
1,585,000	4,735,000	370,000	-	70,000	22,100,000
125	66	-	-	526,815	742,795

Grundy County

Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Additions:</b>				
Property and other county tax	\$ -	238,173	206,471	14,319,659
911 surcharges	-	-	-	-
State tax credits	-	16,097	15,108	846,120
Office fees and collections	424,382	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	128,456	-	-	-
Miscellaneous	-	-	42	-
<b>Total additions</b>	<b>552,838</b>	<b>254,270</b>	<b>221,621</b>	<b>15,165,779</b>
<b>Deductions:</b>				
Agency remittances:				
To other funds	130,320	-	-	-
To other governments	294,092	254,265	282,639	15,165,434
Trusts paid out	128,426	-	-	-
<b>Total deductions</b>	<b>552,838</b>	<b>254,265</b>	<b>282,639</b>	<b>15,165,434</b>
Changes in net position	-	5	(61,018)	345
Net position beginning of year	-	17	275,357	1,083
Net position end of year	\$ -	22	214,339	1,428

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,541,545	4,746,134	362,415	-	69,093	21,483,490
-	-	-	-	191,140	191,140
86,407	438,968	19,833	-	3,828	1,426,361
-	-	-	-	2,666	427,048
-	-	-	6,638,229	-	6,638,229
-	-	-	-	-	128,456
-	-	-	-	517,003	517,045
1,627,952	5,185,102	382,248	6,638,229	783,730	30,811,769
-	-	-	168,239	-	298,559
1,627,926	5,185,475	382,248	6,469,990	896,061	30,558,130
-	-	-	-	-	128,426
1,627,926	5,185,475	382,248	6,638,229	896,061	30,985,115
26	(373)	-	-	(112,331)	(173,346)
99	439	-	-	639,146	916,141
125	66	-	-	526,815	742,795

Grundy County

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

For the Last Ten Years

	2024	2023	2022	2021
Revenues:				
Property and other county tax	\$ 7,352,481	7,097,983	7,052,680	6,322,302
Tax increment financing	281,046	183,514	180,012	179,694
Local option sales tax	654,339	648,072	714,298	564,395
Interest and penalty on property tax	35,440	34,577	35,229	46,545
Intergovernmental	6,656,840	6,679,656	6,284,090	6,240,314
Licenses and permits	46,882	26,297	20,660	22,615
Charges for service	457,682	446,179	475,142	470,088
Use of money and property	590,134	349,691	85,995	104,711
Miscellaneous	221,388	429,492	271,729	298,979
Total	<u>\$ 16,296,232</u>	<u>15,895,461</u>	<u>15,119,835</u>	<u>14,249,643</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,210,321	2,493,371	2,080,173	2,233,190
Physical health and social services	478,725	521,275	498,858	474,631
Mental health	-	-	402,732	370,364
County environment and education	1,288,376	1,190,224	1,148,335	1,167,877
Roads and transportation	6,719,991	6,942,277	6,217,407	5,607,642
Governmental services to residents	581,560	523,237	489,258	483,101
Administration	3,326,735	2,763,967	2,178,185	1,797,597
Debt service	573,400	3,206,566	10,257,647	1,832,377
Capital projects	669,745	2,440,768	2,870,732	798,073
Total	<u>\$ 16,848,853</u>	<u>20,081,685</u>	<u>26,143,327</u>	<u>14,764,852</u>

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
6,055,353	5,975,453	5,854,229	5,631,307	5,631,363	5,603,025
-	2,642	3,933	40,423	80,967	90,002
519,363	509,716	405,204	453,760	405,536	450,511
16,512	24,557	25,458	27,621	30,446	34,638
5,429,771	5,886,407	5,766,060	6,381,635	7,639,200	5,013,091
24,040	57,578	22,975	16,610	16,530	19,083
413,936	419,458	450,731	380,849	385,822	367,757
197,068	184,746	103,262	66,580	58,088	46,924
250,139	155,267	204,785	238,942	218,050	128,039
<u>12,906,182</u>	<u>13,215,824</u>	<u>12,836,637</u>	<u>13,237,727</u>	<u>14,466,002</u>	<u>11,753,070</u>
1,985,115	1,991,150	2,289,744	1,809,518	1,834,947	1,800,880
473,274	475,916	478,542	497,265	470,455	478,182
564,123	699,954	983,355	689,512	700,423	773,570
912,197	907,142	891,263	892,057	922,247	901,746
6,466,824	5,568,791	5,005,516	4,900,439	5,584,893	4,354,335
511,470	429,548	433,893	391,833	391,059	385,248
1,713,123	1,736,985	1,681,185	1,619,851	1,666,974	1,631,931
1,831,078	1,829,678	1,825,378	1,711,314	1,368,265	1,256,668
337,435	579,544	1,078,727	2,325,245	748,440	122,182
<u>14,794,639</u>	<u>14,218,708</u>	<u>14,667,603</u>	<u>14,837,034</u>	<u>13,687,703</u>	<u>11,704,742</u>



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

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

To the Officials of Grundy County:

We have audited, in accordance with 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, 2024, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 20, 2025.

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.

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

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-001 and 2024-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-003 to be a significant deficiency.

## 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 noncompliance 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, 2024 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 Grundys, 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 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

February 20, 2025



Grundy County

Schedule of Findings

Year ended June 30, 2024

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2024-001 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:

	Applicable Offices
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, 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 and Sheriff
(4) The person who signs checks is not independent of the person preparing the checks, approving disbursements and recording cash disbursements.	Sheriff
(5) Recording and reconciling capital assets is performed by the same employee.	Auditor

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.

Grundy County

Schedule of Findings

Year ended June 30, 2024

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.

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 – Receipts are turned in by the patrolling officer and put into the safe. Secretary gets the deposit ready. Director reviews the deposit. Our board chair reviews deposits at every board meeting. Deposits are taken to the Treasurer's office by the Director. As far as mail, the Secretary and Director review the mail, sorting out the bills. All bills are reviewed by the Conservation Board monthly.

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.

Auditor – We will continue to update procedures to document approval of journal entries and to ensure capital asset functions are properly segregated through additional independent reviews and departmental confirmations.

Conclusion – Responses acknowledged. County officials should continue to review procedures of their office to obtain the maximum internal control possible under the circumstances.

Grundy County

Schedule of Findings

Year ended June 30, 2024

2024-002 Financial Reporting

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

Condition – Material amounts of payables and capital asset additions were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

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

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

Recommendation – The County should establish procedures to ensure all payables and capital asset additions are properly identified and reported in the County's financial statements.

Response – We will review and update procedures to ensure capital assets are accurately reported in the County's financial statements, which will include additional departmental reviews.

Conclusion – Response accepted.

2024-003 Sheriff's Office

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to book balances and maintaining appropriate accounting records and financial reports which provide for proper financial reporting.

Condition – Although monthly reconciliations of book to bank balances were prepared, the reconciliations were not performed correctly. At June 30, 2024, a variance of \$2,791 existed and was not resolved. Upon further review, it was discovered the receipts and disbursements report used to obtain the book balance was missing transactions and not accurate. After all transactions were added to this report, the bank reconciliation variance was resolved. In addition, bank reconciliations are not reviewed by an independent person.

Cause – Policies have not been established and procedures have not been implemented to require an independent review of bank reconciliations and investigate variances found during the reconciling process.

Grundy County

Schedule of Findings

Year ended June 30, 2024

Effect – Since reconciliations of book to bank balances were not performed correctly or reviewed by an independent person, misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the reconciliation of book to bank balances should be reviewed by an independent person and variances should be investigated timely. This review should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will have an independent person review and sign bank reconciliations and ensure variances on the bank reconciliation are investigated and resolved.

Conclusion – Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

Grundy County

Schedule of Findings

Year ended June 30, 2024

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

- 2024-A Certified Budget – Disbursements during the year ended June 30, 2024 did not exceed the amounts budgeted.
- 2024-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.
- 2024-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2024-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.	Completion of Wolf Creek Campground electrical project	\$ 9,490
Heidi Nederhoff, County Supervisor, Owner of The Hometown newspaper	Advertisements	205

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with Busemen Electric may represent a conflict of interest since the total transactions exceeded \$6,000 during the fiscal year and the services were not competitively bid.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with The Hometown do not appear to represent a conflict of interest since total transactions did not exceed \$6,000 during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The Wolf Creek project was competitively bid. We will make sure to continue to review vendors moving forward.

Conclusion – Response acknowledged. The initial bidding did not follow competitive bidding procedures identified in Chapter 26 of the Code of Iowa. Therefore, the conflict of interest exemption identified in Chapter 331.342(2)(c) was not met.

- 2024-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.

Grundy County

Schedule of Findings

Year ended June 30, 2024

- 2024-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.
- 2024-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2024-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 2024-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).
- 2024-J Financial Assurance – The County has demonstrated financial assurance for closure and postclosure care by establishing local government dedicated funds as provided by Chapter 567-113.14(6) of the Iowa Administrative Code. Total estimated costs for landfill closure and postclosure care are \$409,500 and total estimated costs for convenience center closure care are \$12,460. The balances restricted for landfill closure and postclosure care and convenience center closure care at June 30, 2024 are \$478,144 and \$21,087, respectively. Therefore, the closure and postclosure care costs are fully funded at June 30, 2024.
- 2024-K Tax Increment Financing (TIF) – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. Also, Grundy County properly completed the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF.
- 2024-L Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Grundy County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy  
Jennifer L. Wall, CPA, Director  
Tristan J. Swiggum, Senior Auditor  
Patrick A. Stewart, Staff Auditor  
Matthew F. Perry, Assistant Auditor