



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

FOR RELEASE

February 19, 2019

Contact: Marlys Gaston
515/281-5834

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

The County had local tax revenue of \$73,527,046 for the year ended June 30, 2018, which included \$6,312,911 in tax credits from the state. The County forwarded \$56,097,535 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$17,429,511 of the local tax revenue to finance County operations, a less than one percent decrease from the prior year. Other revenues included charges for service of \$3,884,784, operating grants, contributions and restricted interest of \$7,028,274, capital grants, contributions and restricted interest of \$143,138, tax increment financing of \$87,444, local option sales tax of \$1,868,551, unrestricted investment earnings of \$302,623 and other general revenues of \$194,465.

Expenses for County operations for the year ended June 30, 2018 totaled \$27,050,492, a 5.4% decrease from the prior year. Expenses included \$10,919,725 for public safety and legal services, \$7,059,888 for roads and transportation and \$3,165,552 for administration.

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

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MUSCATINE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2018

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Muscatine County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Matt Bonebrake	Board of Supervisors	Jan 2019
Robert Howard	Board of Supervisors	Jan 2019
Jeff Sorensen	Board of Supervisors	Jan 2019
Nathan Mather	Board of Supervisors	Jan 2021
Scott Sauer	Board of Supervisors	Jan 2021
Leslie Soule	County Auditor	Jan 2021
Amy Zybarth	County Treasurer	Jan 2019
Sarah Hearst	County Recorder	Jan 2019
C.J. Ryan	County Sheriff	Jan 2021
Alan Ostergren	County Attorney	Jan 2019
Dale McCrea	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Muscatine County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County as of June 30, 2018, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 17 to the financial statements, Muscatine County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 54 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Muscatine 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, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2019 on our consideration of Muscatine 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 on 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 Muscatine County's internal control over financial reporting and compliance.



ROB SAND
Auditor of State

February 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Muscatine 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, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$491,322 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Revenue of the County's governmental activities increased 1%, or approximately 293,000, from fiscal year 2017 to fiscal year 2018. Property tax decreased approximately \$83,000, charges for services increased approximately \$819,000, operating grants, contributions and restricted interest decreased approximately \$568,000 and capital grants, contributions and restricted interest decreased approximately \$15,000.
- Expenses of the County's governmental activities decreased 5.4%, or approximately \$1.5 million, from fiscal year 2017 to fiscal year 2018. Mental health function expenses decreased approximately \$776,000, administration function expenses decreased approximately \$997,000, roads and transportation function expenses decreased approximately \$477,000, public safety and legal services function expenses increased approximately \$919,000 and the interest on long-term debt function expenses decreased approximately \$152,000.
- Muscatine County's net position at June 30, 2018 increased 6%, or approximately \$3.9 million, over the restated June 30, 2017 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 Muscatine 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 Muscatine 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 Muscatine County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) Proprietary funds account for the County's Internal Service Funds for health insurance and County insurance. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Muscatine County's combined net position increased from approximately \$64.8 million to approximately \$68.2 million. The analysis that follows focuses on the changes in the net position of governmental activities.

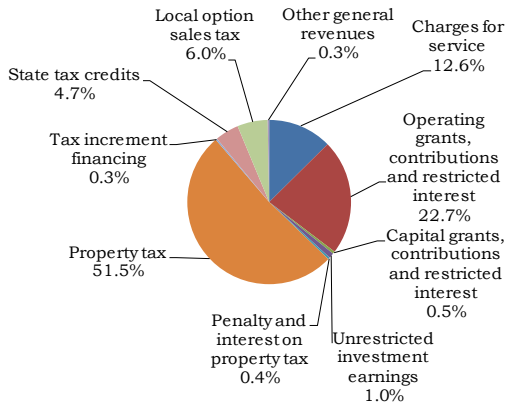
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30, 2016	
	2018	2017 (Not Restated)
Current and other assets	\$ 38,398	36,528
Capital assets	65,534	65,357
Total assets	103,932	101,885
Deferred outflows of resources	2,576	2,268
Long-term liabilities	20,641	21,464
Other liabilities	1,627	1,406
Total liabilities	22,268	22,870
Deferred inflows of resources	16,046	16,486
Net position:		
Net investment in capital assets	55,010	52,618
Restricted	8,701	7,589
Unrestricted	4,483	4,590
Total net position	\$ 68,194	64,797

Prior to restatement, net position of Muscatine County's governmental activities increased 5.2% (approximately \$68.2 million compared to approximately \$64.8 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. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$107,000 from the prior year, a decrease of 2.3%.

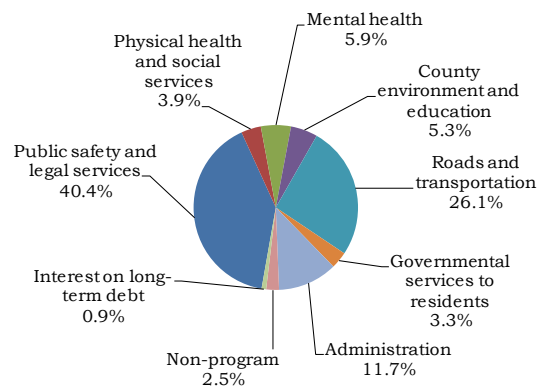
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2018	2017 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 3,885	3,066
Operating grants, contributions and restricted interest	7,028	7,596
Capital grants, contributions and restricted interest	143	158
General revenues:		
Property tax	15,987	16,070
Tax increment financing	87	88
Penalty and interest on property tax	110	81
State tax credits	1,442	1,472
Local option sales tax	1,869	1,835
Unrestricted investment earnings	303	187
Other general revenues	85	93
Total revenues	30,939	30,646
Program expenses:		
Public safety and legal services	10,920	10,001
Physical health and social services	1,056	1,143
Mental health	1,589	2,365
County environment and education	1,433	1,388
Roads and transportation	7,060	7,537
Governmental services to residents	905	816
Administration	3,166	4,163
Non-program	671	773
Interest on long-term debt	251	403
Total expenses	27,051	28,589
Change in net position	3,888	2,057
Net position beginning of year, as restated	64,306	62,740
Net position end of year	\$ 68,194	64,797

Revenues by Source



Expenses by Program



Muscatine County's governmental activities net position increased approximately \$3.9 million during the year. Revenues for governmental activities increased approximately \$293,000 over the prior year, with charges for services up from the prior year approximately \$819,000, or 26.7% and operating grants, contributions and restricted interest down from the prior year approximately \$568,000, or 7.5%. The large increase in charges for services was primarily due to an increase in the number of prisoners at the jail which drove up care of prisoners and commissary revenue. The large decrease in operating grants, contributions and restricted interest was due in part to the County ending case management services in October 2017 which led to a reduction in Medicaid revenue.

Muscatine County's general basic, general supplemental, and rural services basic levies were unchanged, the general supplemental levy increased \$.1959 per \$1,000 of taxable valuation, the mental health levy decreased \$.3888 per \$1,000 of taxable valuation and the debt service levy decreased \$.11387 per \$1,000 of taxable valuation. The rural taxable property valuation increased \$20,508,122 and the countywide taxable property valuation increased \$44,156,595.

INDIVIDUAL MAJOR FUND ANALYSIS

As Muscatine County completed the year, its governmental funds reported a combined fund balance of approximately \$20.1 million, an increase of approximately \$2.7 million above last year's total of approximately \$17.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,120,000 and expenditures increased approximately \$296,000. Revenue increased primarily due to an increase in property tax revenue, jail commissary revenues and higher investment interest rates. The fund balance at the end of the fiscal year was approximately \$9.9 million, an increase of approximately \$1 million over the prior year.
- Muscatine County has continued to look for ways to effectively manage the cost of mental health services in the Special Revenue, Mental Health Fund. In fiscal year 2018, revenues decreased approximately \$711,000 and expenditures decreased approximately \$478,000. Revenue decreased primarily due to a decrease in property tax revenue. Expenditures primarily decreased due to a reduction in payments to the region. The fund balance at the end of the fiscal year was approximately \$1.1 million, a decrease of approximately \$88,000 from the prior year.
- The Special Revenue, Rural Services Fund ending fund balance decreased approximately \$162,000 from the prior year to approximately \$783,000. There were no significant changes in revenues or expenditures.
- The Special Revenue, Secondary Roads Fund ending fund balance increased approximately \$542,000 over the prior year to approximately \$3.2 million. Revenue increased approximately \$516,000 and expenditures decreased approximately \$594,000. Revenues increased primarily due to increased flood prevention funding and expenditures decreased primarily due to a decrease in equipment purchases.
- The Debt Service Fund ending fund balance increased approximately \$829,000 over the prior year to approximately \$3 million. The increase is primarily due to a transfer from the General Fund assigned for future debt payments. Payments from the Debt Service Fund include principal and interest payments for the remodeling of the County administration building, County jail expansion/remodel, Courthouse HVAC replacement, courthouse window replacement, communication system and County building improvements.
- The Capital Projects Fund ending fund balance increased approximately \$550,000 over the prior year to approximately \$1.9 million. This increase was primarily due to a \$1,250,000 transfer from the General Fund made to fund conservation and courtroom projects.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds except Internal Service and Agency Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis.

Over the course of the year, Muscatine County amended the operating budget two times. The amendments were made in February 2018 and June 2018.

The first amendment increased budgeted receipts and decreased budgeted disbursements primarily for mental health. The second amendment increased budgeted receipts for grant receipts and increased budgeted disbursements for public safety and government services.

The County's receipts were approximately \$513,000 more than budgeted, a variance of 1.7%. Total disbursements were approximately \$3.1 million less than the amended budget. Disbursements for the capital projects function were approximately \$1 million less than budgeted due to projects not started in fiscal year 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, Muscatine County had approximately \$107 million invested in a broad range of capital assets, including public safety equipment, buildings, land, park facilities, roads and bridges. With total accumulated depreciation of approximately \$41.9 million, Muscatine County's capital assets have a net book value of approximately \$65.5 million, virtually unchanged from the previous year. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At the end of fiscal year 2018, Muscatine County had \$12,445,000 of long term debt outstanding, compared to \$14,110,000 at the end of fiscal year 2017.

Muscatine County's outstanding debt decreased as a result of scheduled principal repayments made in the current year. Muscatine County's general obligation bond rating continues to be the A1 rating assigned by Moody's Investors Service, a national rating agency. 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. Muscatine County's outstanding general obligation debt of \$14,997,892, including development agreements of \$2,552,892, is significantly below its constitutional debt limit of approximately \$164 million. Additional information about the County's long-term debt is presented in Note 7 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Muscatine County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget and tax rates and the fees charged for various County activities. The amount available for appropriation in the fiscal year 2019 operating budget is approximately \$45.8 million, a decrease of approximately 2.9% from the final fiscal year 2018 budget. Muscatine County's other operating fund balances are expected to decrease approximately \$3.7 million to approximately \$12.4 million by the close of fiscal year 2019.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Muscatine 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 Sherry Seright at the Muscatine County Administration Office, 414 E 3rd Street, Suite 101, Muscatine, Iowa, 52761.

Basic Financial Statements

Muscatine County
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 21,253,172
Receivables:	
Property tax:	
Delinquent	63,236
Succeeding year	15,305,000
Succeeding year tax increment financing	85,000
Interest and penalty on property tax	129,082
Accounts	108,545
Accrued interest	42,664
Due from other governments	1,034,337
Inventories	244,626
Prepaid expenses	132,936
Capital assets, net of accumulated depreciation/amortization	65,534,126
Total assets	103,932,724
Deferred Outflows of Resources	
Pension related deferred outflows	2,545,405
OPEB related deferred outflows	30,337
Total deferred outflows of resources	2,575,742
Liabilities	
Accounts payable	1,240,114
Accrued interest payable	18,094
Salaries and benefits payable	317,588
Due to other governments	51,485
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	1,665,000
Compensated absences	652,794
Portion due or payable after one year:	
General obligation bonds/notes	10,780,000
Compensated absences	710,016
Net pension liability	6,124,722
Total OPEB liability	708,417
Total liabilities	22,268,230
Deferred Inflows of Resources	
Unavailable property tax revenue	15,467,000
Unavailable tax increment financing revenue	85,000
Pension related deferred inflows	426,234
OPEB related deferred inflows	67,798
Total deferred inflows of resources	16,046,032
Net Position	
Net investment in capital assets	55,010,459
Restricted for:	
Supplemental levy purposes	2,707,804
Mental health purposes	1,011,495
Rural services purposes	772,977
Secondary roads purposes	2,926,631
Conservation land acquisition	146,402
Debt service	899,716
Other purposes	236,202
Unrestricted	4,482,518
Total net position	\$ 68,194,204

See notes to financial statements.

Muscatine County
Statement of Activities
Year ended June 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 10,919,725	2,282,393	1,901,031	-	(6,736,301)
Physical health and social services	1,055,965	101,901	299,547	-	(654,517)
Mental health	1,589,138	67,974	66,853	-	(1,454,311)
County environment and education	1,433,134	54,958	40,390	-	(1,337,786)
Roads and transportation	7,059,888	14,676	3,600,697	143,138	(3,301,377)
Governmental services to residents	904,858	673,766	52,274	-	(178,818)
Administration	3,165,552	58,473	180,137	-	(2,926,942)
Non-program	670,876	630,643	-	-	(40,233)
Interest on long-term debt	251,356	-	887,345	-	635,989
Total	\$ 27,050,492	3,884,784	7,028,274	143,138	(15,994,296)
General Revenues:					
Property and other county tax levied for:					
General purposes					14,740,541
Debt service					1,246,775
Tax increment financing					87,444
Penalty and interest on property tax					109,846
State tax credits					1,442,195
Local option sales tax					1,868,551
Unrestricted investment earnings					302,623
Gain on disposition of capital assets					51,786
Miscellaneous					32,833
Total general revenues					19,882,594
Change in net position					3,888,298
Net position beginning of year, as restated					64,305,906
Net position end of year					\$ 68,194,204

See notes to financial statements.

Muscatine County
Balance Sheet
Governmental Funds

June 30, 2018

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 10,106,152	1,136,868	811,248	3,025,929
Receivables:				
Property tax:				
Delinquent	44,594	4,883	9,151	-
Succeeding year	12,019,000	-	2,089,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	129,082	-	-	-
Accounts	106,047	2,309	-	139
Accrued interest	42,664	-	-	-
Due from other funds	-	-	-	7,753
Due from other governments	135,762	5,888	-	437,516
Inventories	-	-	-	244,626
Prepaid expenditures	132,936	-	-	-
Total assets	\$ 22,716,237	1,149,948	2,909,399	3,715,963
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 206,173	66,990	1,823	431,913
Salaries and benefits payable	249,868	6,835	3,935	56,710
Due to other funds	7,711	42	-	-
Due to other governments	31,172	6,310	292	13,711
Total liabilities	494,924	80,177	6,050	502,334
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	12,145,000	-	2,111,000	-
Succeeding year tax increment financing	-	-	-	-
Other	196,049	4,883	9,151	-
Total deferred inflows of resources	12,341,049	4,883	2,120,151	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	244,626
Prepaid expenditures	132,936	-	-	-
Restricted for:				
Supplemental levy purposes	2,689,980	-	-	-
Mental health purposes	-	1,064,888	-	-
Rural services purposes	-	-	783,198	-
Secondary roads purposes	-	-	-	2,969,003
Conservation land acquisition	146,402	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned:				
Building maintenance	675,000	-	-	-
Debt service	-	-	-	-
Unassigned	6,235,946	-	-	-
Total fund balances	9,880,264	1,064,888	783,198	3,213,629
Total liabilities, deferred inflows of resources and fund balances	\$ 22,716,237	1,149,948	2,909,399	3,715,963

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
2,592,031	2,027,638	237,546	19,937,412
4,608	-	-	63,236
1,197,000	-	-	15,305,000
-	-	85,000	85,000
-	-	-	129,082
-	-	-	108,495
-	-	-	42,664
-	-	-	7,753
455,171	-	-	1,034,337
-	-	-	244,626
-	-	-	132,936
<u>4,248,810</u>	<u>2,027,638</u>	<u>322,546</u>	<u>37,090,541</u>
-	106,305	1,104	814,308
-	-	240	317,588
-	-	-	7,753
-	-	-	51,485
-	<u>106,305</u>	<u>1,344</u>	<u>1,191,134</u>
1,211,000	-	-	15,467,000
-	-	85,000	85,000
<u>4,608</u>	-	-	<u>214,691</u>
<u>1,215,608</u>	-	<u>85,000</u>	<u>15,766,691</u>
-	-	-	244,626
-	-	-	132,936
-	-	-	2,689,980
-	-	-	1,064,888
-	-	-	783,198
-	-	-	2,969,003
-	-	-	146,402
913,202	-	-	913,202
-	1,921,333	-	1,921,333
-	-	236,202	236,202
-	-	-	675,000
2,120,000	-	-	2,120,000
-	-	-	6,235,946
<u>3,033,202</u>	<u>1,921,333</u>	<u>236,202</u>	<u>20,132,716</u>
<u>4,248,810</u>	<u>2,027,638</u>	<u>322,546</u>	<u>37,090,541</u>

Muscatine County

Muscatine County

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

June 30, 2018

Total governmental fund balances (page 19) \$ 20,132,716

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 capital assets is \$107,482,615 and the accumulated depreciation/amortization is \$41,948,489. 65,534,126

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. 214,691

The Internal Service Funds are used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan and County insurance to individual funds. The assets and liabilities of the Internal Service Funds are included with governmental activities in the Statement of Net Position. 890,004

Pension and OPEB 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	\$ 2,575,742	
Deferred inflows of resources	<u>(494,032)</u>	2,081,710

Long-term liabilities, including bonds/notes payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (20,659,043)

Net position of governmental activities (page 16) \$ 68,194,204

See notes to financial statements.

Muscatine County

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

Year ended June 30, 2018

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 11,417,257	1,250,365	2,062,291	-
Local option sales tax	-	-	-	1,868,551
Tax increment financing	-	-	-	-
Interest and penalty on property tax	123,955	-	-	-
Intergovernmental	4,406,246	144,972	149,894	4,190,460
Licenses and permits	100	-	91,862	14,484
Charges for service	1,156,315	67,974	1,800	192
Use of money and property	1,097,972	-	-	-
Miscellaneous	282,960	2,480	400	20,158
Total revenues	18,484,805	1,465,791	2,306,247	6,093,845
Expenditures:				
Operating:				
Public safety and legal services	10,049,577	-	-	-
Physical health and social services	1,000,169	-	85,268	-
Mental health	102,406	1,438,274	-	-
County environment and education	770,788	-	390,213	-
Roads and transportation	-	-	-	6,019,011
Governmental services to residents	853,632	-	1,880	-
Administration	2,836,858	-	-	-
Debt service	-	-	-	-
Capital projects	22,245	-	-	1,784,056
Total expenditures	15,635,675	1,438,274	477,361	7,803,067
Excess (deficiency) of revenues over (under) expenditures	2,849,130	27,517	1,828,886	(1,709,222)
Other financing sources (uses):				
Sale of capital assets	40,650	-	-	1,511
Transfers in	156,049	-	-	2,250,000
Transfers out	(2,050,000)	(115,269)	(1,990,780)	-
Total other financing sources (uses)	(1,853,301)	(115,269)	(1,990,780)	2,251,511
Change in fund balances	995,829	(87,752)	(161,894)	542,289
Fund balances beginning of year	8,884,435	1,152,640	945,092	2,671,340
Fund balances end of year	\$ 9,880,264	1,064,888	783,198	3,213,629

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,246,167	-	-	15,976,080
-	-	-	1,868,551
-	-	87,444	87,444
-	-	-	123,955
1,001,285	-	24,105	9,916,962
-	-	-	106,446
-	-	6,584	1,232,865
-	-	1,426	1,099,398
-	-	-	305,998
2,247,452	-	119,559	30,717,699
-	-	3,731	10,053,308
-	-	-	1,085,437
-	-	-	1,540,680
-	-	102,241	1,263,242
-	-	-	6,019,011
-	-	6,268	861,780
-	-	-	2,836,858
1,918,335	-	-	1,918,335
-	700,025	-	2,506,326
1,918,335	700,025	112,240	28,084,977
329,117	(700,025)	7,319	2,632,722
-	-	-	42,161
500,000	1,250,000	-	4,156,049
-	-	-	(4,156,049)
500,000	1,250,000	-	42,161
829,117	549,975	7,319	2,674,883
2,204,085	1,371,358	228,883	17,457,833
3,033,202	1,921,333	236,202	20,132,716

Muscatine County

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2018

Change in fund balances - Total governmental funds (page 23) \$ 2,674,883

**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 exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 3,766,171	
Depreciation/amortization expense	<u>(3,599,621)</u>	166,550

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. 11,136

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	11,236	
Other	<u>(476,792)</u>	(465,556)

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. 1,665,000

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 903,845

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:

Compensated absences	10,862	
Pension expense	(980,581)	
OPEB expense	7,334	
Interest on long-term debt	<u>1,979</u>	(960,406)

The Internal Service Funds are used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan and County insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. (107,154)

Change in net position of governmental activities (page 17) \$ 3,888,298

See notes to financial statements.

Muscatine County
Statement of Net Position
Proprietary Funds

June 30, 2018

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 1,315,760
Receivables:	
Accounts	<u>50</u>
Total assets	1,315,810
Current Liabilities	
Accounts payable	<u>425,806</u>
Net Position	
Unrestricted	<u>\$ 890,004</u>

See notes to financial statements.

Exhibit H

Muscatine County

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

Year ended June 30, 2018

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,291,306
Reimbursements from employees and others		<u>469,190</u>
Total operating revenues		2,760,496
Operating expenses:		
Health claims and administrative services	\$ 2,551,431	
Loss contingencies and deductibles	<u>326,726</u>	<u>2,878,157</u>
Operating loss		(117,661)
Non-operating revenues:		
Interest income		<u>10,507</u>
Net loss		(107,154)
Net position beginning of year		<u>997,158</u>
Net position end of year		<u>\$ 890,004</u>

See notes to financial statements.

Muscatine County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2018

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds	\$ 2,291,306
Cash received from employees and others	471,134
Cash paid to suppliers for services	<u>(2,815,321)</u>
Net cash used by operating activities	(52,881)
Cash flows from investing activities:	
Interest on investments	<u>10,979</u>
Net decrease in cash and cash equivalents	(41,902)
Cash and cash equivalents beginning of year	<u>1,357,662</u>
Cash and cash equivalents end of year	<u>\$ 1,315,760</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (117,661)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts receivable	1,944
Increase in accounts payable	<u>62,836</u>
Net cash used by operating activities	<u>\$ (52,881)</u>

See notes to financial statements.

Muscatine County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,715,781
Other County officials	1,732,513
Receivables:	
Property tax:	
Delinquent	174,984
Succeeding year	50,273,000
Accounts	14,373
Assessments	123,102
Due from other governments	<u>194,676</u>
Total assets	<u>56,228,429</u>
Liabilities	
Accounts payable	50,911
Accrued interest payable	3,304
Salaries and benefits payable	33,558
Due to other governments	53,886,275
Trusts payable	2,015,391
Notes payable	120,110
Compensated absences	<u>118,880</u>
Total liabilities	<u>56,228,429</u>
Net position	<u><u>\$ -</u></u>

See notes to financial statements.

Muscatine County

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

Muscatine 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, Muscatine 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 burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County 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: Muscatine County Assessor's Conference Board, Muscatine County Emergency Management Commission, Great River Bend Area Agency on Aging, Muscatine County Joint 911 Service Board and Muscatine County Empowerment Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Bi-State Regional Planning Commission, Muscatine County Solid Waste Management Agency, Muscatine Area Geographic Information Consortium, Muscatine County Joint Communications Commission, Iowa Precinct Atlas Consortium, Muscatine County Drug Task Force, Eastern Iowa MHDS Region and Job Training Partnership Act Quality Jobs Program.

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. 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. Enabling legislation did not result in any restricted net position.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The 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.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds 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, Including Tax Increment Financing – Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is 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 it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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.

Assessments Receivable – Assessments receivable represent amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2018, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at 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. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Infrastructure	10 - 65
Buildings and improvements	20 - 50
Intangibles	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

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 and OPEB expense and contributions by the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in the 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, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the 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, Mental Health, 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 receivable and tax increment financing receivable that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2018 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$3,508,322 pursuant to Rule 2a-7 under the Investment Company Act of 1940. 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.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 7,711
	Special Revenue:	
	Mental Health	42
Total		<u>\$ 7,753</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Rural Services	\$ 40,780
	Mental Health	115,269
		<u>156,049</u>
Special Revenue:	General	300,000
Secondary Roads	Special Revenue:	
	Rural Services	1,950,000
		<u>2,250,000</u>
Capital Projects	General	<u>1,250,000</u>
Debt Service	General	500,000
Total		<u>\$ 4,156,049</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,272,487	70,138	-	2,342,625
Intangibles, road network	1,195,713	-	-	1,195,713
Construction in progress	684,951	655,535	(1,134,353)	206,133
Construction in progress, road network	105,128	1,776,787	(1,881,915)	-
Total capital assets not being depreciated/amortized	<u>4,258,279</u>	<u>2,502,460</u>	<u>(3,016,268)</u>	<u>3,744,471</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	32,145,721	456,842	-	32,602,563
Equipment and vehicles	13,109,799	1,453,411	(480,042)	14,083,168
Intangibles	372,167	-	-	372,167
Infrastructure, road network	52,864,406	1,881,915	-	54,746,321
Infrastructure, other	1,256,414	677,511	-	1,933,925
Total capital assets being depreciated/amortized	<u>99,748,507</u>	<u>4,469,679</u>	<u>(480,042)</u>	<u>103,738,144</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	11,077,739	732,481	-	11,810,220
Equipment and vehicles	4,641,312	1,444,280	(301,478)	5,784,114
Intangibles	337,798	8,592	-	346,390
Infrastructure, road network	22,103,923	1,331,390	-	23,435,313
Infrastructure, other	489,574	82,878	-	572,452
Total accumulated depreciation/amortization	<u>38,650,346</u>	<u>3,599,621</u>	<u>(301,478)</u>	<u>41,948,489</u>
Total capital assets being depreciated/amortized, net	<u>61,098,161</u>	<u>870,058</u>	<u>(178,564)</u>	<u>61,789,655</u>
Governmental activities capital assets, net	<u>\$ 65,356,440</u>	<u>3,372,518</u>	<u>(3,194,832)</u>	<u>65,534,126</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 1,086,132
Physical health and social services	20,814
Mental health	69,021
County environment and education	198,620
Roads and transportation	1,966,753
Governmental services to residents	28,112
Administration	<u>230,169</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 3,599,621</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2018 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 31,172</u>
Special Revenue:		
Mental Health	Services	6,310
Rural Services	Services	292
Secondary Roads	Services	<u>13,711</u>
		<u>20,313</u>
Total for governmental funds		<u>\$ 51,485</u>
Agency:		
County Assessor	Collections	\$ 912,206
Schools		27,965,828
Community Colleges		1,955,446
Corporations		19,593,502
Townships		473,123
Auto License and Use Tax		1,066,525
Drainage Districts		567,022
All other		<u>1,352,623</u>
Total for agency funds		<u>\$ 53,886,275</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	General Obligation County Building Improvement Note	General Obligation County Refunding Bonds	General Obligation Urban Renewal Refunding Bonds	Compen- sated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 1,875,000	5,545,000	6,690,000	1,373,672	5,718,124	753,212	21,955,008
Increases	-	-	-	820,578	406,598	100,379	1,327,555
Decreases	375,000	810,000	480,000	831,440	-	145,174	2,641,614
Balance end of year	<u>\$ 1,500,000</u>	<u>4,735,000</u>	<u>6,210,000</u>	<u>1,362,810</u>	<u>6,124,722</u>	<u>708,417</u>	<u>20,640,949</u>
Due within one year	<u>\$ 375,000</u>	<u>805,000</u>	<u>485,000</u>	<u>652,794</u>	<u>-</u>	<u>-</u>	<u>2,317,794</u>

Notes Payable

A summary of the County's June 30, 2018 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rate	County Building Improvement Note		
		Principal	Interest	Total
2019	1.50%	\$ 375,000	22,500	397,500
2020	1.50	375,000	16,875	391,875
2021	1.50	375,000	11,250	386,250
2022	1.50	375,000	5,625	380,625
2023	1.50	-	-	-
Total		<u>\$ 1,500,000</u>	<u>56,250</u>	<u>1,556,250</u>

The County retired \$375,000 of general obligation notes during the year.

General Obligation Bonds

A summary of the County's June 30, 2018 general obligation bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016A)		
		Principal	Interest	Total
2019	1.50%	\$ 805,000	77,487	882,487
2020	1.50	805,000	65,413	870,413
2021	1.50	800,000	53,337	853,337
2022	1.50	690,000	41,337	731,337
2023	1.50	685,000	30,988	715,988
2024-2028	1.75-2.00	950,000	27,000	977,000
Total		<u>\$ 4,735,000</u>	<u>295,562</u>	<u>5,030,562</u>

The County retired \$810,000 of general obligation bonds during the year.

General Obligation Urban Renewal Bonds

A summary of the County's June 30, 2018 general obligation urban renewal bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016B)		
		Principal	Interest	Total
2019	1.50%	\$ 485,000	128,372	613,372
2020	1.50	500,000	121,098	621,098
2021	2.00	510,000	111,097	621,097
2022	2.00	530,000	100,898	630,898
2023	2.00	545,000	90,297	635,297
2024-2028	2.00-2.25	2,985,000	277,370	3,262,370
2029-2033	2.30	655,000	15,065	670,065
Total		<u>\$ 6,210,000</u>	<u>844,197</u>	<u>7,054,197</u>

The County retired \$480,000 of general obligation urban renewal bonds during the year.

(8) Pension Plan

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

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. 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 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.38% of covered payroll, for a total rate of 18.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County’s contributions to IPERS for the year ended June 30, 2018 totaled \$903,845.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of \$6,124,722 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the County’s collective proportion was 0.091945%, which was an increase of 0.001085% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$980,581. At June 30, 2018, 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	\$ 91,423	108,029
Changes of assumptions	1,496,218	17,680
Net difference between projected and actual earnings on IPERS' investments	-	99,292
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	53,919	201,233
County contributions subsequent to the measurement date	903,845	-
Total	<u>\$ 2,545,405</u>	<u>426,234</u>

\$903,845 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. 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
2019	\$ 58,659
2020	617,640
2021	392,063
2022	38,236
2023	108,728
Total	<u>\$ 1,215,326</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 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, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 arithmetic 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	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 11,949,894	6,124,722	1,236,508

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

Payables to IPERS – At June 30, 2018, the County reported payables to IPERS of \$69,682 for legally required employer contributions and \$50,048 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	183
Total	189

Total OPEB Liability – The County’s total OPEB liability of \$708,417 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 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, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% 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 SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 753,212
Changes for the year:	
Service cost	35,301
Interest	27,157
Differences between expected and actual experiences	(84,748)
Changes in assumptions	37,921
Benefit payments	<u>(60,426)</u>
Net changes	<u>(44,795)</u>
Total OPEB liability end of year	<u>\$ 708,417</u>

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

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 (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 768,147	708,417	652,837

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 (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB liability	\$ 628,066	708,417	804,173

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of \$53,092. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	67,798
Changes in assumptions	30,337	-
Total	\$ 30,337	67,798

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ (9,366)
2020	(9,366)
2021	(9,366)
2022	(9,363)
	\$ (37,461)

(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 775 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2018 were \$234,504.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, 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 \$5,000,000 and \$250,000, 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, Health Insurance Trust Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$75,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Health Insurance Trust Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Health Insurance Trust Fund. The County's contribution for the year ended June 30, 2018 was \$2,271,306.

Amounts payable from the Internal Service, Health Insurance Trust Fund at June 30, 2018 total \$378,493, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$844,065 at June 30, 2018 and is reported as a designation of the Internal Service, Health Insurance Trust Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 362,034
Incurred claims (including claims incurred but not reported at June 30, 2018)	2,551,431
Payment on claims during the fiscal year	<u>(2,534,972)</u>
Unpaid claims end of year	<u>\$ 378,493</u>

(12) Development Agreements

In November 2010, the County entered into a development agreement with SSAB Iowa, Inc. Under the agreement, SSAB agreed to construct a research and development center and the County agreed to provide a combination of property tax abatement and tax increment rebates. The total to be paid by the County under the agreement is not to exceed \$2,650,000. During the year \$67,437 was rebated and as of June 30, 2018, a total of \$264,651 had been rebated under the agreement, leaving an outstanding balance at June 30, 2018 of \$2,385,349.

In July 2013, the County entered into a development agreement with Van Meter, Inc. Under the agreement, Van Meter, Inc. agreed to construct a warehouse and the County agreed to provide economic development tax increment payments to the developer, not to exceed \$250,000. During the year \$26,563 was rebated and as of June 30, 2018, a total of \$82,457 had been rebated under the agreement, leaving an outstanding balance at June 30, 2018 of \$167,543.

The agreements are not general obligations of the County. However, the agreements are subject to the constitutional debt limitation of the County.

(13) 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, 2018, \$38,718 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Muscatine	Urban renewal and economic development projects	\$ 234,399
	Other tax abatement program	18,022
City of Wilton	Urban renewal and economic development projects	\$ 22,550

(14) Jointly Governed Organizations

The County participates in the Muscatine County Joint Communications Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2018:

Additions:		
Contributions from Muscatine County		\$ 1,009,812
Miscellaneous		<u>225</u>
Total additions		1,010,037
Deductions:		
Salaries	\$ 568,258	
Benefits	209,715	
Office supplies	3,572	
Legal representation	650	
Postage and publications	2,010	
Travel	643	
Capital projects	44,437	
Training	3,831	
Equipment replacement	55,670	
Maintenance and rentals	95,820	
Insurance	21,634	
Miscellaneous	<u>804</u>	<u>1,007,044</u>
Net		2,993
Balance beginning of year		<u>512,067</u>
Balance end of year		<u>\$ 515,060</u>

The County participates in the Muscatine County Drug Task Force, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are maintained by the County Attorney and included in the County's financial statements as part of the Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2018:

Additions:		
Grant reimbursements		\$ 42,195
Reimbursements from special investigations		18,560
Restitution		14,739
Forfeiture		62,780
Miscellaneous		<u>224</u>
Total additions		138,498
Deductions:		
Reimbursements to governmental units	\$ 43,649	
Office supplies and equipment	3,990	
Utilities	7,095	
Medical	2,055	
Training	2,906	
Furniture and equipment	5,575	
Investigations	15,833	
Miscellaneous	<u>1,730</u>	<u>82,833</u>
Net		55,665
Balance beginning of year		<u>172,529</u>
Balance end of year		<u>\$ 228,194</u>

(15) Industrial Development Revenue Notes

In May 2013, the County issued \$6,000,000 of industrial development revenue notes under the provisions of Chapter 419 of the Code of Iowa on behalf of the Lutheran Homes Society. The notes and related interest are not a liability of the County but are payable solely and only from the revenues derived by the property constructed by the Lutheran Homes Society. The outstanding principal balance was \$5,624,004. as of June 30, 2018.

(16) Muscatine County Financial Information Included in the Eastern Iowa Mental Health Region

Eastern Iowa Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which includes the following member counties: Cedar County, Clinton County, Jackson County, Scott County and Muscatine County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Eastern Iowa Mental Health Region for the year ended June 30, 2018, as follows:

Revenues:		
Property and other county tax		\$ 1,250,365
Intergovernmental revenues:		
State tax credits	\$ 76,823	
Other intergovernmental revenues	<u>68,149</u>	144,972
Charges for service		67,974
Miscellaneous		<u>2,480</u>
Total revenues		<u>1,465,791</u>
Expenditures:		
Services to persons with:		
Mental illness	812,256	
Intellectual disabilities	408,779	
Other developmental disabilities	<u>65,501</u>	1,286,536
General administration:		
Direct administration	151,738	
Distribution to regional fiscal agent	<u>-</u>	<u>151,738</u>
Total expenditures		<u>1,438,274</u>
Excess of revenues over expenditures		27,517
Other financing uses:		
Transfers out		<u>(115,269)</u>
Change in fund balance		(87,752)
Fund balance beginning of the year		<u>1,152,640</u>
Fund balance end of the year		<u>\$ 1,064,888</u>

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2017, as previously reported	\$ 64,797,228
Net OPEB obligation measured under previous standards	261,890
Total OPEB liability at June 30, 2017	<u>(753,212)</u>
Net position July 1, 2017, as restated	<u>\$ 64,305,906</u>

Muscatine County

Required Supplementary Information

Muscatine 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, 2018

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property tax	\$ 15,594,884	15,227,850	15,696,592	(101,708)
Tax increment financing and other county tax	2,329,729	2,234,087	2,243,023	86,706
Interest and penalty on property tax	123,955	133,000	133,000	(9,045)
Intergovernmental	9,746,768	8,906,085	9,507,294	239,474
Licenses and permits	106,446	95,150	95,150	11,296
Charges for service	1,216,911	1,039,276	1,086,601	130,310
Use of money and property	1,053,172	585,528	970,528	82,644
Miscellaneous	310,908	237,391	237,391	73,517
Total receipts	30,482,773	28,458,367	29,969,579	513,194
Disbursements:				
Public safety and legal services	10,083,710	10,178,664	10,668,400	584,690
Physical health and social services	1,072,295	1,182,792	1,208,792	136,497
Mental health	1,562,476	2,245,068	1,908,386	345,910
County environment and education	1,170,594	1,364,247	1,364,747	194,153
Roads and transportation	5,940,901	6,449,000	6,449,000	508,099
Governmental services to residents	865,191	861,645	888,945	23,754
Administration	2,834,746	3,087,850	3,117,850	283,104
Debt service	2,012,335	2,063,436	2,018,436	6,101
Capital projects	2,423,140	3,690,000	3,490,000	1,066,860
Total disbursements	27,965,388	31,122,702	31,114,556	3,149,168
Excess (deficiency) of receipts over (under) disbursements	2,517,385	(2,664,335)	(1,144,977)	3,662,362
Other financing sources, net	42,161	537,000	37,000	5,161
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,559,546	(2,127,335)	(1,107,977)	3,667,523
Balance beginning of year	17,377,866	12,899,581	17,159,678	218,188
Balance end of year	\$ 19,937,412	10,772,246	16,051,701	3,885,711

See accompanying independent auditor's report.

Muscatine County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 30,482,773	234,926	30,717,699
Expenditures	27,965,388	119,589	28,084,977
Net	2,517,385	115,337	2,632,722
Other financing sources, net	42,161	-	42,161
Beginning fund balances	17,377,866	79,967	17,457,833
Ending fund balances	<u>\$ 19,937,412</u>	<u>195,304</u>	<u>20,132,716</u>

See accompanying independent auditor's report.

Muscatine County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2018

The 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 the Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, 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 decreased budgeted disbursements by \$8,146. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 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, 2018, disbursements did not exceed amounts budgeted.

Muscatine County

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

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

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.091945%	0.090860%	0.082257%	0.076187%
County's proportionate share of the net pension liability	\$ 6,125	5,718	4,064	3,022
County's covered payroll	\$ 9,497	9,110	8,939	8,908
County's proportionate share of the net pension liability as a percentage of its covered payroll	64.49%	62.77%	45.46%	33.92%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Muscatine County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 904	875	845	833
Contributions in relation to the statutorily required contribution	<u>(904)</u>	<u>(875)</u>	<u>(845)</u>	<u>(833)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 9,275	9,497	9,110	8,939
Contributions as a percentage of covered payroll	9.75%	9.21%	9.28%	9.32%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
830	854	829	666	614	564
(830)	(854)	(829)	(666)	(614)	(564)
-	-	-	-	-	-
8,908	9,282	9,468	8,513	8,480	8,164
9.32%	9.20%	8.76%	7.82%	7.24%	6.91%

Muscatine County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2018

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

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

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

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

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

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Muscatine County

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

For the Current Year
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 35,301
Interest cost	27,157
Difference between expected and actual experiences	(84,748)
Changes in assumptions	37,921
Benefit payments	<u>(60,426)</u>
Net change in total OPEB liability	<u>(44,795)</u>
Total OPEB liability beginning of year, as restated	<u>753,212</u>
Total OPEB liability end of year	<u>\$ 708,417</u>
Covered-employee payroll	\$ 9,775,040
Total OPEB liability as a percentage of covered-employee payroll	7.2%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Muscatine County

Supplementary Information

Muscatine County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2018

				Special
	County Recorder's Records Management	Resource Enhancement and Protection		County Sheriff's Forfeiture
Assets				
Cash, cash equivalents and pooled investments	\$ 24,074	130,258		78,313
Receivables:				
Succeeding year tax increment financing	-	-		-
Total assets	\$ 24,074	130,258		78,313
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-		1,104
Salaries payable	-	240		-
Total liabilities	-	240		1,104
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-		-
Fund balances:				
Restricted for other purposes	24,074	130,018		77,209
Total liabilities, deferred inflows of resources and fund balances	\$ 24,074	130,258		78,313

See accompanying independent auditor's report.

<u>Revenue</u>		
<u>County Attorney's Forfeiture</u>	<u>Tax Increment Financing</u>	<u>Total</u>
4,901	-	237,546
-	85,000	85,000
<u>4,901</u>	<u>85,000</u>	<u>322,546</u>
-	-	1,104
-	-	240
-	-	1,344
-	85,000	85,000
<u>4,901</u>	-	<u>236,202</u>
<u>4,901</u>	<u>85,000</u>	<u>322,546</u>

Muscatine County

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

Year ended June 30, 2018

	County Recorder's Records Management	Resource Enhancement and Protection	Special County Sheriff's Forfeiture
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	-	17,549	-
Charges for service	6,584	-	-
Use of money and property	205	1,206	-
Total revenues	6,789	18,755	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	1,231
County environment and education	-	8,241	-
Governmental services to residents	6,268	-	-
Total expenditures	6,268	8,241	1,231
Excess (deficiency) of revenues over (under) expenditures	521	10,514	(1,231)
Fund balances beginning of year	23,553	119,504	78,440
Fund balances end of year	\$ 24,074	130,018	77,209

See accompanying independent auditor's report.

Revenue

County Attorney's Forfeiture	Tax Increment Financing	Total
-	87,444	87,444
-	6,556	24,105
-	-	6,584
15	-	1,426
15	94,000	119,559
2,500	-	3,731
-	94,000	102,241
-	-	6,268
2,500	94,000	112,240
(2,485)	-	7,319
7,386	-	228,883
4,901	-	236,202

Schedule 3

Muscatine County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2018

	Health Insurance Trust	County Insurance Trust	Total
Assets			
Cash and cash equivalents	\$ 1,222,558	93,202	1,315,760
Receivables:			
Accounts	-	50	50
Total assets	1,222,558	93,252	1,315,810
Liabilities			
Accounts payable	378,493	47,313	425,806
Net Position			
Unrestricted	\$ 844,065	45,939	890,004

See accompanying independent auditor's report.

Muscatine County

Combining Schedule of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds

Year ended June 30, 2018

	Health Insurance Trust	County Insurance Trust	Total
Operating revenues:			
Reimbursements from operating funds	\$ 2,271,306	20,000	2,291,306
Reimbursements from others	179,555	289,635	469,190
Total operating revenues	<u>2,450,861</u>	<u>309,635</u>	<u>2,760,496</u>
Operating expenses:			
Health claims and administrative services	2,551,431	-	2,551,431
Loss contingencies and deductibles	-	326,726	326,726
Total operating expenses	<u>2,551,431</u>	<u>326,726</u>	<u>2,878,157</u>
Operating loss	(100,570)	(17,091)	(117,661)
Non-operating revenues:			
Interest income	10,507	-	10,507
Net loss	(90,063)	(17,091)	(107,154)
Net position beginning of year	934,128	63,030	997,158
Net position end of year	<u>\$ 844,065</u>	<u>45,939</u>	<u>890,004</u>

See accompanying independent auditor's report.

Muscatine County

Muscatine County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2018

	Health Insurance Trust	County Insurance Trust	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 2,271,306	20,000	2,291,306
Cash received from employees and others	179,582	291,552	471,134
Cash paid to suppliers for services	<u>(2,534,973)</u>	<u>(280,348)</u>	<u>(2,815,321)</u>
Net cash provided (used) by operating activities	(84,085)	31,204	(52,881)
Cash flows from investing activities:			
Interest on investments	10,979	-	10,979
Net increase (decrease) in cash and cash equivalents	(73,106)	31,204	(41,902)
Cash and cash equivalents beginning of year	1,295,664	61,998	1,357,662
Cash and cash equivalents end of year	<u>\$ 1,222,558</u>	<u>93,202</u>	<u>1,315,760</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (100,570)	(17,091)	(117,661)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Decrease in accounts receivable	26	1,918	1,944
Increase in accounts payable	<u>16,459</u>	<u>46,377</u>	<u>62,836</u>
Net cash provided (used) by operating activities	<u>\$ (84,085)</u>	<u>31,204</u>	<u>(52,881)</u>

See accompanying independent auditor's report.

Muscatine County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
Assets						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	1,555	332,557	161,454	11,090	141,592
Other County officials	1,504,319	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,036	2,268	108,566	7,356	52,808
Succeeding year	-	271,000	652,000	27,640,000	1,937,000	19,276,000
Accounts	4,348	-	-	-	-	-
Assessments	-	-	-	-	-	123,102
Due from other governments	-	-	-	55,808	-	-
Total assets	\$ 1,508,667	273,591	986,825	27,965,828	1,955,446	19,593,502
Liabilities						
Liabilities:						
Accounts payable	\$ -	-	957	-	-	-
Accrued interest payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	8,471	-	-	-
Due to other governments	34,471	273,591	912,206	27,965,828	1,955,446	19,593,502
Trusts payable	1,474,196	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Compensated absences	-	-	65,191	-	-	-
Total liabilities	\$ 1,508,667	273,591	986,825	27,965,828	1,955,446	19,593,502

See accompanying independent auditor's report.

Townships	Auto License and Use Tax	Drainage Districts	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
1,546	1,066,525	690,436	515,060	-	793,966	3,715,781
-	-	-	-	228,194	-	1,732,513
2,577	-	-	-	-	373	174,984
469,000	-	-	-	-	28,000	50,273,000
-	-	-	-	-	10,025	14,373
-	-	-	-	-	-	123,102
-	-	-	-	-	138,868	194,676
473,123	1,066,525	690,436	515,060	228,194	971,232	56,228,429
-	-	-	34,393	-	15,561	50,911
-	-	3,304	-	-	-	3,304
-	-	-	25,087	-	-	33,558
473,123	1,066,525	567,022	401,891	228,194	414,476	53,886,275
-	-	-	-	-	541,195	2,015,391
-	-	120,110	-	-	-	120,110
-	-	-	53,689	-	-	118,880
473,123	1,066,525	690,436	515,060	228,194	971,232	56,228,429

Muscatine County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
Balances beginning of year	\$ 869,107	269,465	934,961	27,831,472	1,931,187	18,573,259
Additions:						
Property and other county tax	-	270,641	660,931	27,702,488	1,935,780	19,343,682
911 surcharge	-	-	-	-	-	-
State tax credits	-	24,974	54,659	2,577,222	178,392	2,003,614
Office fees and collections	778,047	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	107,677
Trusts	5,178,006	-	-	-	-	-
Miscellaneous	3,042	-	557	55,807	-	-
Total additions	5,959,095	295,615	716,147	30,335,517	2,114,172	21,454,973
Deductions:						
Agency remittances:						
To other funds	426,154	-	-	-	-	-
To other governments	350,983	291,489	664,283	30,201,161	2,089,913	20,434,730
Trusts paid out	4,542,398	-	-	-	-	-
Total deductions	5,319,535	291,489	664,283	30,201,161	2,089,913	20,434,730
Balances end of year	\$ 1,508,667	273,591	986,825	27,965,828	1,955,446	19,593,502

See accompanying independent auditor's report.

Townships	Auto License and Use Tax	Drainage Districts	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
467,188	1,117,197	801,745	512,067	172,529	880,881	54,361,058
466,710	-	-	-	-	846,587	51,226,819
-	-	-	-	-	130,423	130,423
30,119	-	-	-	-	1,736	4,870,716
-	-	-	-	-	-	778,047
-	13,137,199	-	-	-	-	13,137,199
-	-	192,288	-	-	-	299,965
-	-	-	-	-	448,547	5,626,553
-	-	281,964	1,010,037	138,498	960,966	2,450,871
496,829	13,137,199	474,252	1,010,037	138,498	2,388,259	78,520,593
-	421,298	-	-	-	-	847,452
490,894	12,766,573	585,561	1,007,044	82,833	1,875,967	70,841,431
-	-	-	-	-	421,941	4,964,339
490,894	13,187,871	585,561	1,007,044	82,833	2,297,908	76,653,222
473,123	1,066,525	690,436	515,060	228,194	971,232	56,228,429

Muscatine County

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

For the Last Ten Years

	<u>Modified</u>			
	2018	2017	2016	2015
Revenues:				
Property and other county tax	\$ 15,976,080	16,078,839	15,451,678	15,270,600
Local option sales tax	1,868,551	1,834,732	1,742,843	1,748,584
Tax increment financing	87,444	88,317	76,889	38,696
Interest and penalty on property tax	123,955	135,312	140,335	137,528
Intergovernmental	9,916,962	9,367,575	9,583,356	7,930,172
Licenses and permits	106,446	110,629	96,334	98,809
Charges for service	1,232,865	1,122,809	1,092,826	994,284
Use of money and property	1,099,398	805,212	754,263	543,784
Miscellaneous	305,998	285,938	439,513	588,395
Total	\$ 30,717,699	29,829,363	29,378,037	27,350,852
Expenditures:				
Operating:				
Public safety and legal services	\$ 10,053,308	9,364,305	9,466,411	8,917,179
Physical health and social services	1,085,437	1,123,752	1,052,397	1,078,192
Mental health	1,540,680	2,318,210	3,677,254	3,013,461
County environment and education	1,263,242	1,271,784	1,283,865	1,127,924
Roads and transportation	6,019,011	6,623,286	6,039,385	5,984,880
Governmental services to residents	861,780	828,728	782,245	743,278
Administration	2,836,858	2,872,291	2,773,214	2,781,434
Non-program	-	-	-	-
Debt service	1,918,335	2,355,330	8,600,742	1,808,964
Capital projects	2,506,326	3,457,540	4,205,733	1,544,236
Total	\$ 28,084,977	30,215,226	37,881,246	26,999,548

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
15,361,152	15,013,220	14,501,893	14,082,221	13,301,678	12,374,917
1,674,268	1,578,784	1,660,363	1,515,990	1,569,049	1,890,098
28,799	20,326	2,646,694	2,524,868	2,426,949	2,710,391
26,500	137,636	142,125	163,591	143,331	158,370
8,736,740	8,407,267	12,088,460	9,343,296	9,280,544	9,625,903
79,010	69,129	56,217	49,240	57,704	58,197
1,045,893	1,049,328	1,014,654	999,475	949,125	786,881
537,210	728,408	529,790	333,308	336,494	476,709
349,462	229,717	255,121	115,649	163,573	277,782
27,839,034	27,233,815	32,895,317	29,127,638	28,228,447	28,359,248
8,502,516	9,230,897	9,097,021	7,905,440	7,263,162	6,661,244
1,165,740	1,111,050	1,165,653	1,178,269	1,295,177	1,518,634
2,481,692	2,555,780	6,145,291	5,068,043	4,673,403	4,686,393
1,012,652	924,589	920,798	1,396,550	1,611,528	1,514,371
5,123,328	5,082,667	5,284,511	4,101,712	6,087,223	6,741,764
783,569	758,477	920,329	820,077	874,604	819,374
2,575,095	2,700,947	2,713,389	2,562,491	2,526,382	2,486,510
-	-	-	-	-	-
1,630,158	1,574,173	4,461,871	4,175,606	3,835,638	3,908,576
4,796,032	2,895,030	1,219,947	7,032,504	5,338,057	1,004,988
28,070,782	26,833,610	31,928,810	34,240,692	33,505,174	29,341,854

Muscatine County



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

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 Muscatine County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Muscatine County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters 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, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Muscatine County's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Muscatine 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.



ROB SAND
Auditor of State

February 11, 2019

Muscatine County
Schedule of Findings
Year ended June 30, 2018

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

County Recorder – Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements. Also, responsibilities for maintaining detailed accounts receivable records are not segregated from those for collections and records postings.

County Sheriff – The initial listing of money and checks received is not compared with the cash receipts records and the bank deposit by a person not preparing the list or involved in maintaining the accounting records.

County Attorney – Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements.

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 the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures to obtain the maximum internal control possible under the circumstances. Current personnel, including elected officials, should be utilized to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and the reviews should be documented by the signature or initials of the reviewer and the date of the review.

Muscatine County
Schedule of Findings
Year ended June 30, 2018

Responses –

County Recorder – We will try to utilize outside individuals to segregate duties.

County Sheriff – This recommendation is being implemented.

County Attorney – We will separate these duties among staff.

Conclusions – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Muscatine County

Schedule of Findings

Year ended June 30, 2018

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2018 did not exceed the amounts budgeted.
- (2) Questionable Disbursements – The Muscatine County Emergency Management Commission made a disbursement we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

During the June 11, 2018 meeting of the Emergency Management Commission, a motion was approved to accept the Emergency Management Director’s resignation and authorize the payout of accrued sick leave and vacation leave in accordance with the County’s personnel policy. The Commission also approved a severance payout equivalent to eight weeks of his salary at the time of his resignation which totaled \$12,347 (\$9,939 in salary plus \$2,408 in benefits). The County’s personnel policy does not include provisions for severance pay. It is unclear why this additional pay was approved and the public benefit to be derived from the severance payout was not documented.

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

Response – Legal counsel will be consulted.

Conclusion – Response accepted.

- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Matt Bowers, Deputy Sheriff, Owner of Blueline EVS, LLC	Vehicle repair/outfitting	\$ 9,597

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Blueline EVS, LLC. may represent a conflict of interest since total transactions exceeded \$1,500 during the year and the transactions were not competitively bid.

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

Response – The company in question has gone out of business, so this will not be an issue going forward.

Conclusion – Response accepted.

Muscatine County

Schedule of Findings

Year ended June 30, 2018

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- (10) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2018 for the County Extension Office did not exceed the amount budgeted.

- (11) Muscatine County Drug Task Force – The Muscatine County Drug Task Force is operated under the authority of Chapter 28E of the Code of Iowa and is administered by an Executive Committee separate and distinct from County operations.

Chapter 28E(6)(3)(a) of the Code of Iowa requires the Muscatine County Drug Task Force to publish a summary of the proceedings of each regular, adjourned, or special meeting, a schedule of bills allowed after adjournment of the meeting in one newspaper of general circulation within the geographic area served by the joint board of the entity. Minutes of meetings should include date, time, and location of the meetings. Information should be submitted for publication to the newspaper within 20 days following the adjournment of the meeting. The Muscatine County Drug Task Force did not comply with the publication requirements of Chapter 28E(6)(3)(a) of the Code of Iowa.

Recommendation – The Task Force should comply with the publication requirements of Chapter 28E(6)(3)(a) of the Code of Iowa.

Response – We will comply with the publication requirements in the statute.

Conclusion – Response accepted.

Muscatine County

Schedule of Findings

Year ended June 30, 2018

- (12) Muscatine County Joint Communications (MUSCOM) – MUSCOM is operated under the authority of Chapter 28E of the Code of Iowa and is administered by the Muscatine County Joint Communications Commission (MCJCC) and the MUSCOM User Group (User Group) separate and distinct from County operations. Section 8 of the 28E agreement requires both the MCJCC and the User Group to follow the meeting requirements of Chapters 21, 22 and 28E of the Code of Iowa.

Chapter 28E(6)(3)(a) of the Code of Iowa requires both the MCJCC and the User Group to publish a summary of the proceedings of each regular, adjourned, or special meeting in one newspaper of general circulation within the geographic area served by the joint board of the entity. Minutes of meetings should include date, time, and location of the meetings. Information should be submitted for publication to the newspaper within 20 days following the adjournment of the meeting. There was no evidence the minutes for three of five MCJCC meetings and all four User Group meetings held during the fiscal year were submitted for publication.

Recommendation – Both the MCJCC and the User Group should comply with the publication requirements of Chapter 28E(6)(3)(a) of the Code of Iowa.

Response – The MUSCOM manager and the chair of the User Group have been notified of the publication requirements and will publish minutes of meetings in the future.

Conclusion – Response accepted.

- (13) Emergency Management Budget – Chapter 29C.17 (6) of the Code of Iowa requires the Emergency Management Commission to adopt, certify, and provide a budget, on or before February 28 of each year. The budget for the Emergency Management Commission was not adopted until May 9, 2017.

Recommendation – The Commission should implement procedures to ensure budgets are adopted and certified on or before February 28.

Response – Information on deadlines will be provided to new EMA director.

Conclusion – Response accepted.

- (14) 911 Service Board Budget – In accordance with the Iowa Department of Management budget submittal forms, budgets for the 911 Service Board should be adopted and certified on or before March 15 of each year. The budget for the 911 Service Board was not adopted until June 28, 2017

Recommendation – The Board should implement procedures to ensure budgets are adopted and certified on or before March 15.

Response – Information on deadlines will be provided to new EMA director.

Conclusion – Response accepted.

Muscatine County

Schedule of Findings

Year ended June 30, 2018

- (15) Muscatine-Louisa Island Levee District #13 – The Muscatine-Louisa Island Levee Joint Drainage District #13 is operated under the authority of Chapter 468 of the Code of Iowa and is administered by Trustees separate and distinct from County operations.

During the year ended June 30, 2018, the Muscatine-Louisa Island Levee Joint Drainage District #13 issued a \$120,110 promissory note. Chapter 468 of the Code of Iowa sets forth procedures for both drainage and levee districts to raise and disburse funds by the issuance of warrants and bonds. There is no authority in the law for the levee district to issue debt in the form of a promissory note.

Recommendation – Muscatine-Louisa Island Levee Joint Drainage District #13 should consult legal counsel to determine the disposition of this matter.

Response – District #13 has agreed to consult their legal counsel regarding this matter.

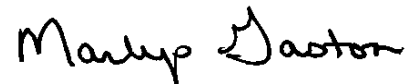
Conclusion – Response accepted.

Muscatine County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager
Jamie T. Reuter, Senior Auditor II
Jesse J. Probasco, CPA, Senior Auditor
Brett S. Gillen, CPA, Staff Auditor
Edward J. Schroder, Staff Auditor
Rachel E. Sigmon, CPA, Staff Auditor
Jon G. Hanson, Assistant Auditor
Nicholas A. Kruse, Assistant Auditor

A handwritten signature in black ink that reads "Marlys K. Gaston". The signature is written in a cursive, flowing style.

Marlys K. Gaston, CPA
Deputy Auditor of State