



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

February 17, 2021

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$37,890,155 for the year ended June 30, 2020, a 16.0% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$31,695,878, a 9.6% increase over the prior year. The significant increase in the revenues and expenses is due primarily to increased property tax receipts and costs related to road projects.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and expenditure of taxpayer funds, three of which pertain to the County and two which pertain to the 28E organizations audited with the County. They are found on pages 84 through 88 of this report. The findings address issues such as lack of segregation of duties and non-compliance with the publication requirements of Chapter 28E of the Code of Iowa. Sand provided the County and the 28E organizations with recommendations to address each of these findings.

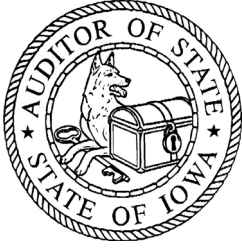
One finding for the County and for one of the 28E organizations are repeated from the prior year. The County Board of Supervisors, other elected officials and the governing bodies of the 28E organizations have a fiduciary responsibility to provide oversight of the County's and the 28E Organization's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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

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MUSCATINE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2020

Muscatine County



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Rob Sand
Auditor of State

February 15, 2021

Officials of Muscatine County
Muscatine, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Muscatine County for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Table of Contents

	<u>Page</u>
Officials	4
Independent Auditor’s Report	5-7
Management’s Discussion and Analysis	8-14
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 16
Statement of Activities	B 17
Governmental Fund Financial Statements:	
Balance Sheet	C 18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 24
Proprietary Fund Financial Statements:	
Statement of Net Position	G 25
Statement of Revenues, Expenses and Changes in Fund Net Position	H 26
Statement of Cash Flows	I 27
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 29
Notes to Financial Statements	30-54
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	56
Budget to GAAP Reconciliation	57
Notes to Required Supplementary Information – Budgetary Reporting	59
Schedule of the County’s Proportionate Share of the Net Pension Liability	60-61
Schedule of County Contributions	62-63
Notes to Required Supplementary Information – Pension Liability	64
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes	65
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 68-69
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 70-71
Internal Service Funds:	
Combining Schedule of Net Position	3 72
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	4 73
Combining Schedule of Cash Flows	5 75
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	6 76-77
Combining Schedule of Changes in Fiduciary Assets and Liabilities	7 78-79
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	8 80-81

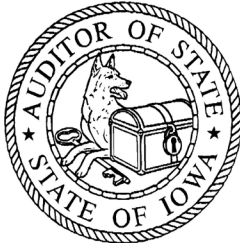
Table of Contents
(continued)

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	82-83
Schedule of Findings	84-88
Staff	89

Muscatine County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Nathan Mather	Board of Supervisors	Jan 2021
Scott Sauer	Board of Supervisors	Jan 2021
Doug Holliday	Board of Supervisors	Jan 2023
Santos Saucedo	Board of Supervisors	Jan 2023
Jeff Sorenson	Board of Supervisors	Jan 2023
Leslie Soule	County Auditor	Jan 2021
Amy Zybarth	County Treasurer	Jan 2023
Sarah Hearst	County Recorder	Jan 2023
C.J. Ryan	County Sheriff	Jan 2021
Alan Ostergren	County Attorney	(Resigned May 2020)
James Barry (Appointed May 2020)	County Attorney	Nov 2020
Randy Spies	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, 2020, 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, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, 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 56 through 65 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.

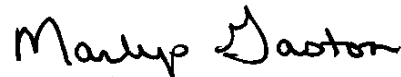
Supplementary Information

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, 2019 (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 15, 2021 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.


Marlys K. Gaston, CPA
Deputy Auditor of State

February 15, 2021

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, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- Revenue of the County's governmental activities increased 16.0%, or approximately \$5.2 million, from fiscal year 2019 to fiscal year 2020. Property tax increased approximately \$2.1 million, charges for services increased approximately \$118,000, operating grants, contributions and restricted interest increased approximately \$447,000 and capital grants, contributions and restricted interest increased approximately \$2.8 million.
- Expenses of the County's governmental activities increased 9.6%, or approximately \$2.8 million, from fiscal year 2019 to fiscal year 2020. Mental health function expenses decreased approximately \$146,000, administration function expenses increased approximately \$165,000, roads and transportation function expenses increased approximately \$1.5 million and public safety and legal services function expenses increased approximately \$815,000.
- Muscatine County's net position at June 30, 2020 increased 8.6%, or approximately \$6.2 million, over the June 30, 2019 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 \$71.9 million to approximately \$78.1 million. The analysis that follows focuses on the changes in the net position of governmental activities.

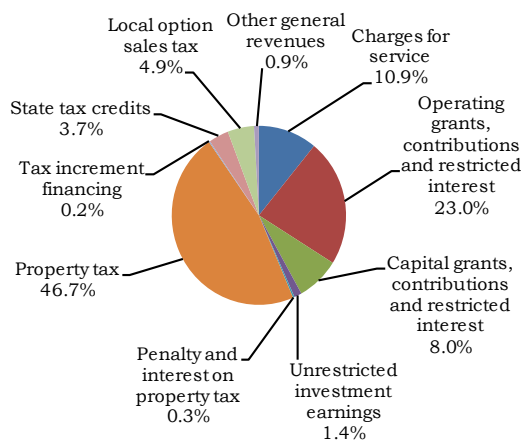
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019
Current and other assets	\$ 45,453	42,683
Capital assets	59,865	65,213
Total assets	105,318	107,896
Deferred outflows of resources	2,164	2,360
Long-term liabilities	17,763	18,175
Other liabilities	1,351	1,413
Total liabilities	19,114	19,588
Deferred inflows of resources	19,213	18,730
Net position:		
Net investment in capital assets	61,367	56,370
Restricted	9,938	9,624
Unrestricted	6,828	5,944
Total net position	\$ 78,133	71,938

Net position of Muscatine County's governmental activities increased 8.6% (approximately \$78.1 million compared to approximately \$71.9 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 – increased approximately \$884,000 over the prior year, an increase of 14.9%.

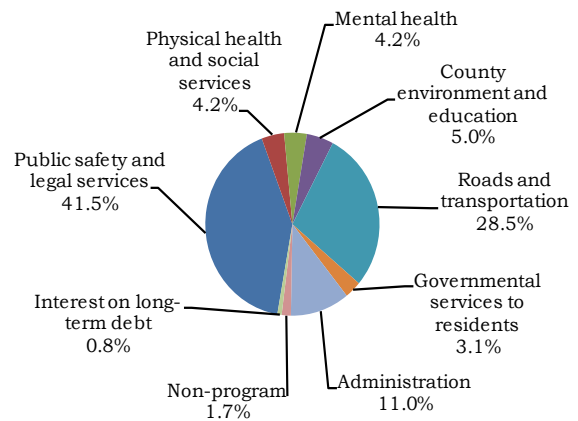
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 4,126	4,008
Operating grants, contributions and restricted interest	8,704	8,257
Capital grants, contributions and restricted interest	3,042	203
General revenues:		
Property tax	17,700	15,598
Tax increment financing	87	86
Penalty and interest on property tax	106	146
State tax credits	1,412	1,319
Local option sales tax	1,855	2,071
Unrestricted investment earnings	517	598
Other general revenues	342	381
Total revenues	37,891	32,667
Program expenses:		
Public safety and legal services	13,148	12,333
Physical health and social services	1,335	1,095
Mental health	1,334	1,480
County environment and education	1,592	1,610
Roads and transportation	9,040	7,540
Governmental services to residents	972	878
Administration	3,498	3,333
Non-program	530	428
Interest on long-term debt	247	226
Total expenses	31,696	28,923
Change in net position	6,195	3,744
Net position beginning of year	71,938	68,194
Net position end of year	\$ 78,133	71,938

Revenues by Source



Expenses by Program



Muscatine County's governmental activities net position increased approximately \$6.2 million during the year. Revenues for governmental activities increased approximately \$5.2 million over the prior year, with capital grants, contributions and restricted interest up from the prior year approximately \$2.8 million, or 1398.5%, and operating grants, contributions and restricted interest up \$447,000, or 5.4%. The large increase in capital grants, contributions and restricted interest was primarily due to infrastructure received from the Iowa Department of Transportation. Expenditures increased in the public safety function approximately \$815,000 due to increased contributions to Emergency Management Joint Communications and an increase in law enforcement salaries. Also, expenditures in the roads and transportation function increased approximately \$1,500,000 due to an increase in asphalt resurfacing projects and other road projects.

Muscatine County's general basic levy and general supplemental levy were unchanged, the mental health levy increased \$.6476, the debt service levy increased \$.0136 and the rural services basic levy increased \$.3600 per \$1,000 of taxable valuation. The rural taxable property valuation increased \$31,852,196 and the countywide taxable valuation increased \$56,925,329. The County did not levy for mental health services during fiscal year 2019 to reduce the Special Revenue, Mental Health Fund balance and to reduce the amount paid to the mental health region to benefit other counties.

INDIVIDUAL MAJOR FUND ANALYSIS

As Muscatine County completed the year, its governmental funds reported a combined fund balance of approximately \$24.9 million, an increase of approximately \$2.5 million above last year's total of approximately \$22.4 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 \$1,031,000 and expenditures increased approximately \$758,000. Revenue increased primarily due to an increase in prisoner inmate reimbursements due to an increase in the number of inmates and an increase in rates paid by the Federal government. The fund balance at the end of the fiscal year was approximately \$12.9 million, an increase of approximately \$1.3 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 2020, revenues increased approximately \$555,000, primarily due to an increase in property tax revenue due to no property tax levy during fiscal year ended June 30, 2019. The fund balance at the end of the fiscal year was approximately \$650,000, an increase of approximately \$165,000 from the prior year.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$66,000 over the prior year to approximately \$715,000. Revenues increased approximately \$373,000 and transfers in from the Rural Fund increased approximately \$170,000. Revenues increased primarily due to an increase in property tax levy.
- The Special Revenue, Secondary Roads Fund ending fund balance decreased approximately \$202,000 from the prior year to approximately \$4.1 million. Revenue increased approximately \$361,000 and expenditures increased approximately \$1.8 million. Intergovernmental revenues increased due to state funded bridge replacement projects increasing approximately \$419,000. The increase was partially offset by a decrease in local option sales tax of approximately \$225,000, primarily due to declining revenues due to less local sales. Expenditures increased primarily due to an increase in roadway construction project costs.

- The Debt Service Fund ending fund balance decreased approximately \$158,000 from the prior year to approximately \$2.9 million. Expenditures increased approximately \$216,000 due to scheduled payments on the County's debt.
- The Capital Projects Fund ending fund balance increased approximately \$1.3 million over the prior year to approximately \$3.3 million. Expenditures increased approximately \$1.1 million primarily due to construction costs for the maintenance building and courthouse projects. Transfers from the General Fund increased \$700,000 as more support was needed for projects during the fiscal year. General obligation notes of \$1,850,000 were issued during fiscal year 2020.

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 March 2020 and June 2020.

The first amendment increased budgeted receipts for additional inmate reimbursements and jail commissary receipts. The amendment also increased budgeted disbursements primarily for an increase in personnel costs in the County Sheriff department as well as an increase in medical examiner autopsy fees and capital and roads project timeline changes. The second amendment increased budgeted receipts for additional inmate reimbursements and jail commissary receipts. The amendment also increased budgeted disbursements primarily for jail commissary costs, medical examiner costs, public health costs due to COVID-19 and administration building repair costs.

The County's receipts were approximately \$604,000 more than budgeted, a variance of 1.8%. Total disbursements were approximately \$6.9 million less than the amended budget. Disbursements for the capital projects function were approximately \$4.4 million less than budgeted due to the delay of anticipated projects to fiscal year 2021.

Even with the budget amendments, the County exceeded the amount appropriated in one department prior to amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, Muscatine County had approximately \$117 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 \$48.0 million, Muscatine County's capital assets have a net book value of approximately \$68.8 million, an increase of \$3.6. The increase in the net book value of capital assets is primarily due the maintenance building and courthouse projects in progress at the end of fiscal year 2020. 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 2020, Muscatine County had \$10,765,000 of long-term debt outstanding, compared to \$10,780,000 at the end of fiscal year 2019.

During the fiscal year ended June 30, 2020, the County issued \$1,850,000 of general obligation building improvement bonds to fund the cost of improvements and repairs to county buildings. The issuance, netted with scheduled principal repayments in the current year, resulted in virtually no change in the overall amount outstanding from the prior 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 \$13,132,861, including development agreements of \$2,367,861, is significantly below its constitutional debt limit of approximately \$169 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 2021 budget and tax rates and the fees charged for various County activities. The amount available for appropriation in the fiscal year 2021 operating budget is approximately \$54.8 million, an increase of approximately 10.2% over the final fiscal year 2020 budget. Muscatine County's operating fund balances are expected to decrease approximately \$3.6 million to approximately \$15.9 million by the close of fiscal year 2021.

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, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 25,887,549
Receivables:	
Property tax:	
Delinquent	202,742
Succeeding year	17,380,000
Succeeding year tax increment financing	79,000
Interest and penalty on property tax	152,081
Accounts	93,632
Accrued interest	16,041
Loan	60,000
Due from other governments	1,179,292
Inventories	259,995
Prepaid expenses	142,305
Capital assets not being depreciated	8,978,071
Capital assets, net of accumulated depreciation/amortization	59,864,658
Total assets	114,295,366
Deferred Outflows of Resources	
Pension related deferred outflows	2,071,260
OPEB related deferred outflows	92,839
Total deferred outflows of resources	2,164,099
Liabilities	
Accounts payable	828,294
Accrued interest payable	18,347
Salaries and benefits payable	479,031
Due to other governments	25,207
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	1,870,000
Compensated absences	732,329
Total OPEB liability	33,006
Portion due or payable after one year:	
General obligation bonds/notes	8,895,000
Compensated absences	785,386
Net pension liability	4,585,058
Total OPEB liability	862,602
Total liabilities	19,114,260
Deferred Inflows of Resources	
Unavailable property tax revenue	17,555,000
Unavailable tax increment financing revenue	79,000
Pension related deferred inflows	1,545,018
OPEB related deferred inflows	33,898
Total deferred inflows of resources	19,212,916
Net Position	
Net investment in capital assets	61,366,715
Restricted for:	
Supplemental levy purposes	3,479,383
Mental health purposes	621,745
Rural services purposes	716,454
Secondary roads purposes	3,807,676
Conservation land acquisition	206,845
Debt service	810,645
Other purposes	295,279
Unrestricted	6,827,547
Total net position	\$ 78,132,289

See notes to financial statements.

Muscatine County
Statement of Activities
Year ended June 30, 2020

	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	\$ 13,147,853	2,254,091	3,629,172	-	(7,264,590)
Physical health and social services	1,334,623	114,203	295,310	-	(925,110)
Mental health	1,334,354	50,363	51,151	-	(1,232,840)
County environment and education	1,592,260	88,584	53,123	26,547	(1,424,006)
Roads and transportation	9,039,967	14,637	3,983,307	3,015,635	(2,026,388)
Governmental services to residents	972,158	685,215	39,182	-	(247,761)
Administration	3,497,637	24,837	92,034	-	(3,380,766)
Non-program	530,031	893,924	-	-	363,893
Interest on long-term debt	246,995	-	560,343	-	313,348
Total	\$ 31,695,878	4,125,854	8,703,622	3,042,182	(15,824,220)
General Revenues:					
Property and other county tax levied for:					
General purposes					16,405,905
Debt service					1,293,902
Tax increment financing					86,870
Penalty and interest on property tax					105,657
State tax credits					1,412,804
Local option sales tax					1,855,100
Unrestricted investment earnings					516,684
Gain on disposition of capital assets					285,314
Miscellaneous					56,261
Total general revenues					22,018,497
Change in net position					6,194,277
Net position beginning of year					71,938,012
Net position end of year					\$ 78,132,289

See notes to financial statements.

Muscatine County
Balance Sheet
Governmental Funds

June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 13,310,227	677,926	746,910	3,393,599
Receivables:				
Property tax:				
Delinquent	141,863	14,489	29,582	-
Succeeding year	12,107,000	1,237,000	2,536,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	152,081	-	-	-
Accounts	91,819	1,791	-	-
Accrued interest	16,041	-	-	-
Loan	60,000	-	-	-
Due from other funds	-	-	-	4,318
Due from other governments	107,308	614	1,250	635,318
Inventories	-	-	-	259,995
Prepaid expenditures	142,305	-	-	-
Total assets	\$ 26,128,644	1,931,820	3,313,742	4,293,230
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 271,943	8,776	980	75,607
Salaries and benefits payable	372,476	4,451	7,395	94,490
Due to other funds	4,167	-	151	-
Due to other governments	19,435	5,342	100	330
Total liabilities	668,021	18,569	8,626	170,427
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	12,232,000	1,249,000	2,561,000	-
Succeeding year tax increment financing	-	-	-	-
Other	297,631	14,489	29,582	-
Total deferred inflows of resources	12,529,631	1,263,489	2,590,582	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	259,995
Prepaid expenditures	142,305	-	-	-
Loan receivable	60,000	-	-	-
Restricted for:				
Supplemental levy purposes	3,444,491	-	-	-
Mental health purposes	-	649,762	-	-
Rural services purposes	-	-	714,534	-
Secondary roads purposes	-	-	-	3,862,808
Conservation land acquisition	206,845	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned:				
Building maintenance	1,250,000	-	-	-
Debt service	-	-	-	-
Unassigned	7,827,351	-	-	-
Total fund balances	12,930,992	649,762	714,534	4,122,803
Total liabilities, deferred inflows of resources and fund balances	\$ 26,128,644	1,931,820	3,313,742	4,293,230

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
2,536,929	3,330,442	295,498	24,291,531
16,808	-	-	202,742
1,500,000	-	-	17,380,000
-	-	79,000	79,000
-	-	-	152,081
-	-	-	93,610
-	-	-	16,041
-	-	-	60,000
-	-	-	4,318
408,255	26,547	-	1,179,292
-	-	-	259,995
-	-	-	142,305
4,461,992	3,356,989	374,498	43,860,915
-	68,003	-	425,309
-	-	219	479,031
-	-	-	4,318
-	-	-	25,207
-	68,003	219	933,865
1,513,000	-	-	17,555,000
-	-	79,000	79,000
16,808	-	-	358,510
1,529,808	-	79,000	17,992,510
-	-	-	259,995
-	-	-	142,305
-	-	-	60,000
-	-	-	3,444,491
-	-	-	649,762
-	-	-	714,534
-	-	-	3,862,808
-	-	-	206,845
812,184	-	-	812,184
-	3,288,986	-	3,288,986
-	-	295,279	295,279
-	-	-	1,250,000
2,120,000	-	-	2,120,000
-	-	-	7,827,351
2,932,184	3,288,986	295,279	24,934,540
4,461,992	3,356,989	374,498	43,860,915

Muscatine County

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

June 30, 2020

Total governmental fund balances (page 19) \$ 24,934,540

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 \$116,823,554 and the accumulated depreciation/amortization is \$47,980,825. 68,842,729

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. 358,510

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. 1,193,055

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	\$ 2,164,099	
Deferred inflows of resources	<u>(1,578,916)</u>	585,183

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. (17,781,728)

Net position of governmental activities (page 16) \$ 78,132,289

See notes to financial statements.

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

Year ended June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 12,503,202	1,239,709	2,535,750	-
Local option sales tax	-	-	-	1,855,100
Tax increment financing	-	-	-	-
Interest and penalty on property tax	70,272	-	-	-
Intergovernmental	5,951,687	121,564	161,631	4,416,659
Licenses and permits	100	-	73,877	12,020
Charges for service	1,046,103	50,363	-	2,617
Use of money and property	1,434,426	-	-	-
Miscellaneous	336,052	236	36	33,839
Total revenues	21,341,842	1,411,872	2,771,294	6,320,235
Expenditures:				
Operating:				
Public safety and legal services	11,971,835	-	-	-
Physical health and social services	1,125,313	-	147,481	-
Mental health	-	1,246,440	-	-
County environment and education	851,281	-	396,021	-
Roads and transportation	-	-	-	7,766,379
Governmental services to residents	918,472	-	1,696	-
Administration	3,228,629	-	-	-
Debt service	-	-	-	-
Capital projects	13,053	-	-	1,176,212
Total expenditures	18,108,583	1,246,440	545,198	8,942,591
Excess (deficiency) of revenues over (under) expenditures	3,233,259	165,432	2,226,096	(2,622,356)
Other financing sources (uses):				
Sale of capital assets	6,800	-	-	-
Transfers in	40,355	-	-	2,420,000
Transfers out	(2,000,000)	-	(2,160,355)	-
General obligation notes issued	-	-	-	-
Total other financing sources (uses)	(1,952,845)	-	(2,160,355)	2,420,000
Change in fund balances	1,280,414	165,432	65,741	(202,356)
Fund balances beginning of year	11,650,578	484,330	648,793	4,325,159
Fund balances end of year	\$ 12,930,992	649,762	714,534	4,122,803

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,281,634	-	-	17,560,295
-	-	-	1,855,100
-	-	86,870	86,870
-	-	-	70,272
670,121	-	23,362	11,345,024
-	-	-	85,997
-	-	7,210	1,106,293
-	-	1,936	1,436,362
-	26,547	8,421	405,131
1,951,755	26,547	127,799	33,951,344
-	-	53,369	12,025,204
-	-	-	1,272,794
-	-	-	1,246,440
-	-	98,176	1,345,478
-	-	-	7,766,379
-	-	1,719	921,887
-	-	-	3,228,629
2,109,763	-	-	2,109,763
-	2,224,272	-	3,413,537
2,109,763	2,224,272	153,264	33,330,111
(158,008)	(2,197,725)	(25,465)	621,233
-	-	-	6,800
-	1,700,000	-	4,160,355
-	-	-	(4,160,355)
-	1,850,000	-	1,850,000
-	3,550,000	-	1,856,800
(158,008)	1,352,275	(25,465)	2,478,033
3,090,192	1,936,711	320,744	22,456,507
2,932,184	3,288,986	295,279	24,934,540

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, 2020

Change in fund balances - Total governmental funds (page 23) \$ 2,478,033

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

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

Expenditures for capital assets	\$ 4,681,130	
Capital assets contributed by the Iowa Department of Transportation	2,582,283	
Depreciation/amortization expense	<u>(3,912,379)</u>	3,351,034

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. 278,514

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	139,512	
Other	<u>26,746</u>	166,258

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

Issued	(1,850,000)	
Repaid	<u>1,865,000</u>	15,000

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. 1,038,421

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	(123,235)	
Pension expense	(1,247,215)	
OPEB expense	(59,139)	
Interest on long-term debt	<u>(2,232)</u>	(1,431,821)

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. 298,838

Change in net position of governmental activities (page 17) \$ 6,194,277

See notes to financial statements.

Muscatine County
Statement of Net Position
Proprietary Funds

June 30, 2020

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 1,596,018
Accounts receivable	<u>22</u>
	1,596,040
Current Liabilities	
Accounts payable	<u>402,985</u>
Net Position	
Unrestricted	<u><u>\$ 1,193,055</u></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, 2020

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,522,937
Reimbursements from employees and others		<u>681,270</u>
Total operating revenues		3,204,207
Operating expenses:		
Health claims and administrative services	\$ 2,809,844	
Loss contingencies and deductibles	<u>106,557</u>	<u>2,916,401</u>
Operating income		287,806
Non-operating revenues:		
Interest income		<u>11,032</u>
Net income		298,838
Net position beginning of year		<u>894,217</u>
Net position end of year		<u>\$ 1,193,055</u>

See notes to financial statements.

Muscatine County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds	\$ 2,522,937
Cash received from employees and others	681,248
Cash paid to suppliers for services	(2,877,716)
Net cash provided by operating activities	326,469
Cash flows from investing activities:	
Interest on investments	11,032
Net increase in cash and cash equivalents	337,501
Cash and cash equivalents beginning of year	1,258,517
Cash and cash equivalents end of year	\$ 1,596,018
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 287,806
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(22)
Accounts payable	38,685
Net cash provided by operating activities	\$ 326,469

See notes to financial statements.

Muscatine County

Muscatine County
 Statement of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2020

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 6,516,242
Other County officials	1,867,024
Receivables:	
Property tax:	
Delinquent	542,220
Succeeding year	49,962,000
Accounts	60,716
Assessments	163,793
Due from other governments	67,588
	<u>59,179,583</u>

Total assets

Liabilities

Accounts payable	65,133
Salaries and benefits payable	48,584
Due to other governments	56,488,306
Trusts payable	2,247,597
Notes payable	178,125
Compensated absences	151,838
	<u>59,179,583</u>

Total liabilities

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

Muscatine County

Notes to Financial Statements

June 30, 2020

(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.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The 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 and tax increment financing receivable represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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, 2020, 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 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) assets acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. 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, 2020. 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, 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, 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. During the year ended June 30, 2020, disbursements did not exceed the budgeted amounts in any function. However, disbursements in one department exceeded the amount appropriated prior to the approval of an appropriation amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2020 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 \$3,571,855. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 4,167
	Special Revenue:	
	Rural Services	151
Total		<u>\$ 4,318</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, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Rural Services	\$ 40,355
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	300,000 <u>2,120,000</u>
		<u>2,420,000</u>
Capital Projects	General	<u>1,700,000</u>
Total		<u>\$ 4,160,355</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, 2020 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,402,862	-	-	2,402,862
Intangibles, road network	1,195,713	-	-	1,195,713
Construction in progress	879,882	3,756,627	(464,785)	4,171,724
Construction in progress, road network	258,481	2,059,517	(1,110,226)	1,207,772
Total capital assets not being depreciated/amortized	<u>4,736,938</u>	<u>5,816,144</u>	<u>(1,575,011)</u>	<u>8,978,071</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	32,980,182	1,110,226	-	34,090,408
Improvements other than building	281,550	136,477	-	418,027
Equipment and vehicles	14,619,584	1,656,871	(1,005,759)	15,270,696
Intangibles	372,167	-	-	372,167
Infrastructure, road network	55,177,904	464,785	-	55,642,689
Infrastructure, other	1,933,925	117,571	-	2,051,496
Total capital assets being depreciated/amortized	<u>105,365,312</u>	<u>3,485,930</u>	<u>(1,005,759)</u>	<u>107,845,483</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	12,552,530	782,206	-	13,334,736
Improvements other than building	27,638	36,160	-	63,798
Equipment and vehicles	6,500,067	1,615,303	(820,623)	7,294,747
Intangibles	354,982	8,592	-	363,574
Infrastructure, road network	24,798,522	1,375,483	-	26,174,005
Infrastructure, other	655,330	94,635	-	749,965
Total accumulated depreciation/amortization	<u>44,889,069</u>	<u>3,912,379</u>	<u>(820,623)</u>	<u>47,980,825</u>
Total capital assets being depreciated/amortized, net	<u>60,476,243</u>	<u>(426,449)</u>	<u>(185,136)</u>	<u>59,864,658</u>
Governmental activities capital assets, net	<u>\$ 65,213,181</u>	<u>5,389,695</u>	<u>(1,760,147)</u>	<u>68,842,729</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 1,145,960
Physical health and social services	24,331
Mental health	69,022
County environment and education	244,702
Roads and transportation	2,168,096
Governmental services to residents	28,112
Administration	<u>232,156</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 3,912,379</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, 2020 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 19,435</u>
Special Revenue:		
Mental Health	Services	5,342
Rural Services	Services	100
Secondary Roads	Services	<u>330</u>
		<u>5,772</u>
Total for governmental funds		<u>\$ 25,207</u>
Agency:		
County Assessor	Collections	\$ 1,166,513
Schools		27,754,696
Community Colleges		1,704,001
Corporations		21,300,180
Townships		542,836
Auto License and Use Tax		1,192,837
Drainage Districts		1,236,120
All other		<u>1,591,123</u>
Total for agency funds		<u>\$ 56,488,306</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	General Obligation County Building Improvement Notes	General Obligation County Refunding Bonds	General Obligation Urban Renewal Refunding Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning	\$ 1,125,000	3,930,000	5,725,000	1,394,480	5,211,914	788,474	18,174,868
Increases	1,850,000	-	-	925,256	-	140,140	2,915,396
Decreases	560,000	805,000	500,000	802,021	626,856	33,006	3,326,883
Balance end of year	<u>\$ 2,415,000</u>	<u>3,125,000</u>	<u>5,225,000</u>	<u>1,517,715</u>	<u>4,585,058</u>	<u>895,608</u>	<u>17,763,381</u>
Due within one year	<u>\$ 560,000</u>	<u>800,000</u>	<u>510,000</u>	<u>732,329</u>	<u>-</u>	<u>33,006</u>	<u>2,635,335</u>

Notes Payable

A summary of the County's June 30, 2020 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rate	County Building Improvement Note (2012)			Interest Rates	County Building Improvement Note (2019)		
		Principal	Interest	Total		Principal	Interest	Total
2021	1.50%	\$ 375,000	11,250	386,250	3.30%	\$ 185,000	55,708	240,708
2022	1.50	375,000	5,625	380,625	3.30	185,000	49,518	234,518
2023		-	-	-	3.30	185,000	43,329	228,329
2024		-	-	-	3.30	185,000	37,240	222,240
2025		-	-	-	3.30	185,000	30,949	215,949
2026-2029		-	-	-	3.30	740,000	61,932	1,141,744
Total		\$ 750,000	16,875	766,875		\$ 1,665,000	278,676	1,943,676

Year Ending June 30,	Total		
	Principal	Interest	Total
2021	\$ 560,000	66,958	626,958
2022	560,000	55,143	615,143
2023	185,000	43,329	228,329
2024	185,000	37,240	222,240
2025	185,000	30,949	215,949
2026-2029	740,000	61,932	801,932
Total	\$ 2,415,000	295,551	2,710,551

On August 27, 2012, the County issued \$3,750,000 of general obligation county purpose notes with interest rate of 1.50% per annum. The notes were issued to provide funds to help defray the costs associated with HVAC system upgrades and other structural improvements. The County retired \$375,000 of these general obligation notes during the year.

On October 1, 2019, the County issued \$1,850,000 of general obligation county building improvement notes with interest rate of 3.30% per annum. The notes were issued for improvements and repairs to County buildings. The County retired \$185,000 of these general obligation notes during the year.

General Obligation Bonds

On June 28, 2016, the County issued \$6,365,000 of general obligation bonds with interest rates ranging from 1.50% to 2.00% per annum. The bonds were issued to refund outstanding debt and for financial improvements and repairs to the community services building, repaving a parking lot and acquiring voting equipment. A summary of the County's June 30, 2020 general obligation bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016A)		
		Principal	Interest	Total
2021	1.50%	\$ 800,000	53,337	853,337
2022	1.50	690,000	41,337	731,337
2023	1.75	685,000	30,988	715,988
2024	2.00	550,000	19,000	569,000
2025	2.00	400,000	8,000	408,000
Total		\$ 3,125,000	152,662	3,277,662

The County retired \$805,000 of general obligation bonds during the year.

General Obligation Urban Renewal Bonds

On July 27, 2016, the County issued \$6,690,000 of general obligation urban renewal refunding bonds with interest rates ranging from 1.50% to 2.30% per annum. The bonds were issued to refund the 2009 general obligation jail improvement bonds. A summary of the County's June 30, 2020 general obligation urban renewal bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016B)		
		Principal	Interest	Total
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	2.00	560,000	79,398	639,398
2025	2.00	580,000	68,197	648,197
2026-2029	2.20-2.30	2,500,000	144,840	2,644,840
Total		\$ 5,225,000	594,727	5,819,727

The County retired \$500,000 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$1,038,421.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$4,585,058 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the County’s collective proportion was 0.079180%, which was a decrease of 0.003179% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,247,215. At June 30, 2020, 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	\$ 48,480	222,730
Changes of assumptions	844,616	233,330
Net difference between projected and actual earnings on IPERS' investments	-	989,742
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	139,743	99,216
County contributions subsequent to the measurement date	1,038,421	-
Total	<u>\$ 2,071,260</u>	<u>1,545,018</u>

\$1,038,421 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, 2021. 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
2021	\$ 98,809
2022	(273,789)
2023	(198,480)
2024	(140,901)
2025	2,182
Total	<u>\$ (512,179)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 11,063,071	4,585,058	(845,820)

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 - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

(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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	<u>184</u>
Total	<u>191</u>

Total OPEB Liability - The County's total OPEB liability of \$895,608 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2020)	2.60% per annum.
Rates of salary increase (effective June 30, 2020)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% 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 Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 788,474
Changes for the year:	
Service cost	50,771
Interest	28,883
Differences between expected and actual experiences	49,591
Changes in assumptions	10,895
Benefit payments	<u>(33,006)</u>
Net changes	<u>107,134</u>
Total OPEB liability end of year	<u>\$ 895,608</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 959,996	895,608	834,372

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 (7.0%) or 1% higher (9.0%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 800,514	895,608	1,008,898

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$92,145. At June 30, 2020, 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	\$ 55,301	(33,898)
Changes in assumptions	37,538	-
Total	\$ 92,839	(33,898)

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
2021	\$ 12,491
2022	12,494
2023	21,858
2024	12,098
	\$ 58,941

(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 779 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, 2020 were \$262,376.

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, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, 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, 2020 was \$2,522,937.

Amounts payable from the Internal Service, Health Insurance Trust Fund at June 30, 2020 total \$360,428, 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 \$1,110,029 at June 30, 2020 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	\$ 364,030
Incurred claims (including claims incurred but not reported at June 30, 2020)	2,809,844
Payment on claims during the fiscal year	<u>(2,813,446)</u>
Unpaid claims end of year	<u>\$ 360,428</u>

(12) Development Agreements

In November 2010, the County entered into a development agreement with Svenskt Stal Aktiebolag Iowa, Inc (SSAB). 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 \$66,003 was rebated and as of June 30, 2020, a total of \$396,605 had been rebated under the agreement, leaving an outstanding balance at June 30, 2020 of \$2,253,395.

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 \$26,697 was rebated and as of June 30, 2020, a total of \$135,534 had been rebated under the agreement, leaving an outstanding balance at June 30, 2020 of \$114,466.

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, 2020, \$41,306 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, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Muscatine	Urban renewal and economic development projects	\$ 398,586
	Other tax abatement program	19,164
City of West Liberty	Urban renewal and economic development projects	12,986
City of Wilton	Urban renewal and economic development projects	67,505

(14) Jointly Governed Organizations

The County participates in the Muscatine County Joint Communications (MUSCOM) 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, 2020:

Additions:		
Contributions from Muscatine County		\$ 1,596,094
Miscellaneous		<u>6,933</u>
Total additions		1,603,027
Deductions:		
Salaries	\$ 671,730	
Benefits	256,396	
Office supplies	3,588	
Legal representation	200	
Postage and publications	1,294	
Telephone and internet	5,003	
Travel	2,254	
Capital projects	36,856	
Training	5,630	
Equipment replacement	10,036	
Maintenance and rentals	90,637	
Insurance	22,409	
Radio system fees	248,130	
Miscellaneous	<u>1,239</u>	<u>1,355,402</u>
Net		247,625
Balance beginning of year		<u>421,892</u>
Balance end of year		<u>\$ 669,517</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, 2020:

Additions:		
Grant reimbursements	\$	35,253
Reimbursements from special investigations		4,020
Restitution		1,852
Forfeiture		50,850
Miscellaneous		<u>75</u>
Total additions		92,050
Deductions:		
Reimbursements to governmental units	\$	43,253
Office supplies and equipment		360
Utilities		1,199
Medical		274
Furniture and equipment		370
Investigations		455
Forfeiture		35,582
Miscellaneous		<u>3,540</u>
		<u>85,033</u>
Net		7,017
Balance beginning of year		<u>60,987</u>
Balance end of year	\$	<u><u>68,004</u></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 \$5,327,695 as of June 30, 2020.

(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, 2020, as follows:

Revenues:		
Property and other county tax		\$ 1,239,709
Intergovernmental revenues:		
State tax credits	\$ 70,413	
Other intergovernmental revenues	<u>51,151</u>	121,564
Charges for service		50,363
Miscellaneous		<u>236</u>
Total revenues		<u>1,411,872</u>
Expenditures:		
Services to persons with:		
Mental illness	536,726	
Intellectual disabilities	209,454	
Other developmental disabilities	<u>35,655</u>	781,835
General administration:		
Direct administration		463,601
County provided case management		<u>1,004</u>
Total expenditures		<u>1,246,440</u>
Change in fund balance		165,432
Fund balance beginning of the year		<u>484,330</u>
Fund balance end of the year		<u>\$ 649,762</u>

(17) Revolving Loan Account

The Economic Revolving Loan Fund was established within the General Fund to promote economic development in the County through grants and loans. Upon receipt of loan payments from the businesses, the funds remain in the Economic Revolving Loan Fund for subsequent loans to other businesses.

In March 2019, the County made a loan to WeLead, Inc. of \$75,000 with annual installments of \$15,000 over five years with no interest. During fiscal year 2020, the County was repaid \$15,000 leaving an outstanding loan receivable of \$60,000.

(18) Muscatine-Louisa Island Joint Drainage District #13 Loan

In June 2019, the Muscatine-Louisa Island Joint Drainage District #13 issued a State of Iowa contingency fund loan for \$187,500. The loan requires annual payments on December 31st each year of \$9,375. The balance of the note at June 30, 2020 is \$178,125.

(19) COVID-19

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

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

(20) Subsequent Event

In August 2020, the County approved the issuance of \$2,000,000 of a general obligation note to fund improvements and repairs to County buildings.

(21) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

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, 2020

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property tax	\$ 17,142,021	16,892,666	16,892,666	249,355
Tax increment financing and other county tax	2,369,541	2,417,180	2,417,180	(47,639)
Interest and penalty on property tax	70,272	123,500	123,500	(53,228)
Intergovernmental	11,419,191	8,790,005	10,501,444	917,747
Licenses and permits	85,996	96,600	76,100	9,896
Charges for service	1,109,950	1,049,950	1,082,950	27,000
Use of money and property	1,496,570	1,102,461	1,337,461	159,109
Miscellaneous	413,755	975,900	1,071,658	(657,903)
Total receipts	34,107,296	31,448,262	33,502,959	604,337
Disbursements:				
Public safety and legal services	11,972,993	12,179,914	12,715,545	742,552
Physical health and social services	1,300,403	1,296,156	1,613,867	313,464
Mental health	1,320,205	1,547,850	1,547,850	227,645
County environment and education	1,245,642	1,557,760	1,608,635	362,993
Roads and transportation	7,786,804	7,471,000	8,356,000	569,196
Governmental services to residents	920,925	945,638	961,838	40,913
Administration	3,205,611	3,377,859	3,445,359	239,748
Debt service	2,202,463	2,228,386	2,228,386	25,923
Capital projects	3,533,593	5,165,000	7,890,549	4,356,956
Total disbursements	33,488,639	35,769,563	40,368,029	6,879,390
Excess (deficiency) of receipts over (under) disbursements	618,657	(4,321,301)	(6,865,070)	7,483,727
Other financing sources, net	1,856,800	1,869,000	1,869,000	(12,200)
Change in balances	2,475,457	(2,452,301)	(4,996,070)	7,471,527
Balance beginning of year	21,816,074	16,447,000	26,724,576	(4,908,502)
Balance end of year	\$ 24,291,531	13,994,699	21,728,506	2,563,025

See accompanying independent auditor's report.

Muscatine County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2020

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 34,107,296	(155,952)	33,951,344
Expenditures	33,488,639	(158,528)	33,330,111
Net	618,657	2,576	621,233
Other financing sources, net	1,856,800	-	1,856,800
Beginning fund balances	21,816,074	640,433	22,456,507
Ending fund balances	<u>\$ 24,291,531</u>	<u>643,009</u>	<u>24,934,540</u>

See accompanying independent auditor's report.

Muscatine County

Muscatine County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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 increased budgeted disbursements by \$4,598,466. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2020, disbursements did not exceed amounts budgeted. However, disbursements in one department exceeded the amount appropriated prior to budget amendment.

Muscatine County

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

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.079180%	0.082360%	0.091945%	0.090860%
County's proportionate share of the net pension liability	\$ 4,585	5,212	6,125	5,718
County's covered payroll	\$ 9,790	9,275	9,497	9,110
County's proportionate share of the net pension liability as a percentage of its covered payroll	46.83%	56.19%	64.49%	62.77%
IPERS' net position as a percentage of the total pension liability	84.45%	83.62%	82.21%	81.82%

* 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.

2016	2015
0.082257%	0.076187%
4,064	3,022
8,939	8,908
45.46%	33.92%
85.19%	87.61%

Muscatine County

Schedule of County Contributions

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

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 1,038	1,004	904	875
Contributions in relation to the statutorily required contribution	(1,038)	(1,004)	(904)	(875)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 10,885	9,790	9,275	9,497
Contributions as a percentage of covered payroll	9.54%	10.26%	9.75%	9.21%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
845	833	830	854	829	666
(845)	(833)	(830)	(854)	(829)	(666)
-	-	-	-	-	-
9,110	8,939	8,908	9,282	9,468	8,513
9.28%	9.32%	9.32%	9.20%	8.76%	7.82%

Muscatine County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Muscatine County

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

For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 50,771	44,927	35,301
Interest cost	28,883	28,349	27,157
Difference between expected and actual experiences	49,591	26,046	(84,748)
Changes in assumptions	10,895	22,755	37,921
Benefit payments	(33,006)	(42,020)	(60,426)
Net change in total OPEB liability	107,134	80,057	(44,795)
Total OPEB liability beginning of year	788,474	708,417	753,212
Total OPEB liability end of year	\$ 895,608	788,474	708,417
Covered-employee payroll	\$ 9,966,636	9,933,233	9,775,040
Total OPEB liability as a percentage of covered-employee payroll	9.0%	7.9%	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, 2020	2.66%
Year ended June 30, 2019	3.51%
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, 2020

			Special
	County Recorder's Records Management	Resource Enhancement and Protection	County Sheriff's Forfeiture
Assets			
Cash, cash equivalents and pooled investments	\$ 35,041	127,899	130,092
Receivables:			
Succeeding year tax increment financing	-	-	-
Total assets	\$ 35,041	127,899	130,092
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Salaries payable	\$ -	219	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	-
Fund balances:			
Restricted for other purposes	35,041	127,680	130,092
Total liabilities, deferred inflows of resources and fund balances	\$ 35,041	127,899	130,092

See accompanying independent auditor's report.

County Attorney's Forfeiture	Tax Increment Financing	Total
2,466	-	295,498
-	79,000	79,000
2,466	79,000	374,498

-	-	219
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-	79,000	79,000
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2,466	-	295,279
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2,466	79,000	374,498
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Muscatine County

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

Year ended June 30, 2020

	County Recorder's Records Management	Resource Enhancement and Protection	Special County Sheriff's Forfeiture
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	-	17,532	-
Charges for service	7,210	-	-
Use of money and property	338	1,329	-
Miscellaneous	-	-	8,421
Total revenues	7,548	18,861	8,421
Expenditures:			
Operating:			
Public safety and legal services	-	-	30,978
County environment and education	-	5,476	-
Governmental services to residents	1,719	-	-
Total expenditures	1,719	5,476	30,978
Excess (deficiency) of revenues over (under) expenditures	5,829	13,385	(22,557)
Fund balances beginning of year	29,212	114,295	152,649
Fund balances end of year	\$ 35,041	127,680	130,092

See accompanying independent auditor's report.

Revenue

County Attorney's Forfeiture	Tax Increment Financing	Total
-	86,870	86,870
-	5,830	23,362
-	-	7,210
269	-	1,936
-	-	8,421
269	92,700	127,799
22,391	-	53,369
-	92,700	98,176
-	-	1,719
22,391	92,700	153,264
(22,122)	-	(25,465)
24,588	-	320,744
2,466	-	295,279

Schedule 3

Muscatine County
Combining Schedule of Net Position
Proprietary Funds

June 30, 2020

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Assets			
Cash and cash equivalents	\$ 1,470,435	125,583	1,596,018
Accounts receivable	22	-	22
	1,470,457	125,583	1,596,040
Liabilities			
Accounts payable	360,428	42,557	402,985
Net Position			
Unrestricted	\$ 1,110,029	83,026	1,193,055

See accompanying independent auditor's report.

Muscatine County

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

Year ended June 30, 2020

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Operating revenues:			
Reimbursements from operating funds	\$ 2,497,937	25,000	2,522,937
Reimbursements from others	595,585	85,685	681,270
Total operating revenues	3,093,522	110,685	3,204,207
Operating expenses:			
Health claims and administrative services	2,809,844	-	2,809,844
Loss contingencies and deductibles	-	106,557	106,557
Total operating expenses	2,809,844	106,557	2,916,401
Operating income	283,678	4,128	287,806
Non-operating revenues:			
Interest income	11,032	-	11,032
Net income	294,710	4,128	298,838
Net position beginning of year	815,319	78,898	894,217
Net position end of year	\$ 1,110,029	83,026	1,193,055

See accompanying independent auditor's report.

Muscatine County

Muscatine County
Combining Schedule of Cash Flows
Proprietary Funds

Year ended June 30, 2020

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 2,497,937	25,000	2,522,937
Cash received from employees and others	595,563	85,685	681,248
Cash paid to suppliers for services	(2,813,446)	(64,270)	(2,877,716)
Net cash provided by operating activities	280,054	46,415	326,469
Cash flows from investing activities:			
Interest on investments	11,032	-	11,032
Net increase in cash and cash equivalents	291,086	46,415	337,501
Cash and cash equivalents beginning of year	1,179,349	79,168	1,258,517
Cash and cash equivalents end of year	<u>\$ 1,470,435</u>	<u>125,583</u>	<u>1,596,018</u>
Reconciliation of operating income to net cash			
cash provided by operating activities:			
Operating income	\$ 283,678	4,128	287,806
Adjustments to reconcile operating income to			
net cash provided by operating activities:			
Change in assets and liabilities:			
Accounts receivable	(22)	-	(22)
Accounts payable	(3,602)	42,287	38,685
Net cash provided by operating activities	<u>\$ 280,054</u>	<u>46,415</u>	<u>326,469</u>

See accompanying independent auditor's report.

Muscatine County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
Assets						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	8,043	569,387	773,719	55,299	794,252
Other County officials	1,799,020	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	3,328	7,806	307,977	18,702	197,135
Succeeding year	-	287,000	673,000	26,673,000	1,630,000	20,145,000
Accounts	17,022	-	-	-	-	-
Assessments	-	-	-	-	-	163,793
Due from other governments	-	-	-	-	-	-
Total assets	\$ 1,816,042	298,371	1,250,193	27,754,696	1,704,001	21,300,180
Liabilities						
Liabilities:						
Accounts payable	\$ -	-	4,242	-	-	-
Salaries and benefits payable	-	-	10,258	-	-	-
Due to other governments	37,000	298,371	1,166,513	27,754,696	1,704,001	21,300,180
Trusts payable	1,779,042	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Compensated absences	-	-	69,180	-	-	-
Total liabilities	\$ 1,816,042	298,371	1,250,193	27,754,696	1,704,001	21,300,180

See accompanying independent auditor's report.

Townships	Auto License and Use Tax	Drainage Districts	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
7,243	1,192,837	1,425,519	669,517	-	1,020,426	6,516,242
-	-	-	-	68,004	-	1,867,024
6,593	-	-	-	-	679	542,220
529,000	-	-	-	-	25,000	49,962,000
-	-	-	-	-	43,694	60,716
-	-	-	-	-	-	163,793
-	-	-	-	-	67,588	67,588
542,836	1,192,837	1,425,519	669,517	68,004	1,157,387	59,179,583
-	-	11,274	19,466	-	30,151	65,133
-	-	-	36,258	-	2,068	48,584
542,836	1,192,837	1,236,120	539,209	68,004	648,539	56,488,306
-	-	-	-	-	468,555	2,247,597
-	-	178,125	-	-	-	178,125
-	-	-	74,584	-	8,074	151,838
542,836	1,192,837	1,425,519	669,517	68,004	1,157,387	59,179,583

Muscatine County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
Balances beginning of year	\$ 1,682,922	283,688	1,095,873	27,486,217	1,948,068	20,139,336
Additions:						
Property and other county tax	-	287,640	674,297	26,719,693	1,630,421	20,201,939
911 surcharge	-	-	-	-	-	-
State tax credits	-	24,159	59,066	2,327,947	165,525	2,032,001
Office fees and collections	761,402	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	106,970
Trusts	5,445,535	-	-	-	-	-
Miscellaneous	2,842	-	685	-	-	-
Total additions	6,209,779	311,799	734,048	29,047,640	1,795,946	22,340,910
Deductions:						
Agency remittances:						
To other funds	386,754	-	-	-	-	-
To other governments	380,433	297,116	579,728	28,779,161	2,040,013	21,180,066
Trusts paid out	5,309,472	-	-	-	-	-
Total deductions	6,076,659	297,116	579,728	28,779,161	2,040,013	21,180,066
Balances end of year	\$ 1,816,042	298,371	1,250,193	27,754,696	1,704,001	21,300,180

See accompanying independent auditor's report.

Townships	Auto License and Use Tax	Drainage Districts	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
525,486	1,024,130	1,227,688	421,892	60,987	1,257,965	57,154,252
529,305	-	-	-	-	347,034	50,390,329
-	-	-	-	-	169,217	169,217
30,245	-	-	-	-	1,699	4,640,642
-	-	-	-	-	-	761,402
-	13,046,404	-	-	-	-	13,046,404
-	-	282,961	-	-	-	389,931
-	-	-	-	-	350,097	5,795,632
-	-	403,771	1,603,027	92,050	2,132,007	4,234,382
559,550	13,046,404	686,732	1,603,027	92,050	3,000,054	79,427,939
-	428,441	-	-	-	-	815,195
542,200	12,449,256	488,901	1,355,402	85,033	2,750,535	70,927,844
-	-	-	-	-	350,097	5,659,569
542,200	12,877,697	488,901	1,355,402	85,033	3,100,632	77,402,608
542,836	1,192,837	1,425,519	669,517	68,004	1,157,387	59,179,583

Muscatine County

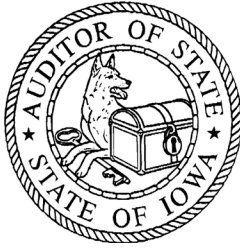
Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 17,560,295	15,598,013	15,976,080	16,078,839
Local option sales tax	1,855,100	2,070,774	1,868,551	1,834,732
Tax increment financing	86,870	86,325	87,444	88,317
Interest and penalty on property tax	70,272	158,030	123,955	135,312
Intergovernmental	11,345,024	10,644,978	9,916,962	9,367,575
Licenses and permits	85,997	99,481	106,446	110,629
Charges for service	1,106,293	1,096,519	1,232,865	1,122,809
Use of money and property	1,436,362	1,486,993	1,099,398	805,212
Miscellaneous	405,131	643,283	305,998	285,938
Total	\$ 33,951,344	31,884,396	30,717,699	29,829,363
Expenditures:				
Operating:				
Public safety and legal services	\$ 12,025,204	11,517,204	10,053,308	9,364,305
Physical health and social services	1,272,794	1,066,511	1,085,437	1,123,752
Mental health	1,246,440	1,437,479	1,540,680	2,318,210
County environment and education	1,345,478	1,418,799	1,263,242	1,271,784
Roads and transportation	7,766,379	6,297,873	6,019,011	6,623,286
Governmental services to residents	921,887	851,978	861,780	828,728
Administration	3,228,629	3,067,190	2,836,858	2,872,291
Debt service	2,109,763	1,893,360	1,918,335	2,355,330
Capital projects	3,413,537	2,082,330	2,506,326	3,457,540
Total	\$ 33,330,111	29,632,724	28,084,977	30,215,226

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
15,451,678	15,270,600	15,361,152	15,013,220	14,501,893	14,082,221
1,742,843	1,748,584	1,674,268	1,578,784	1,660,363	1,515,990
76,889	38,696	28,799	20,326	2,646,694	2,524,868
140,335	137,528	26,500	137,636	142,125	163,591
9,583,356	7,930,172	8,736,740	8,407,267	12,088,460	9,343,296
96,334	98,809	79,010	69,129	56,217	49,240
1,092,826	994,284	1,045,893	1,049,328	1,014,654	999,475
754,263	543,784	537,210	728,408	529,790	333,308
439,513	588,395	349,462	229,717	255,121	115,649
29,378,037	27,350,852	27,839,034	27,233,815	32,895,317	29,127,638
9,466,411	8,917,179	8,502,516	9,230,897	9,097,021	7,905,440
1,052,397	1,078,192	1,165,740	1,111,050	1,165,653	1,178,269
3,677,254	3,013,461	2,481,692	2,555,780	6,145,291	5,068,043
1,283,865	1,127,924	1,012,652	924,589	920,798	1,396,550
6,039,385	5,984,880	5,123,328	5,082,667	5,284,511	4,101,712
782,245	743,278	783,569	758,477	920,329	820,077
2,773,214	2,781,434	2,575,095	2,700,947	2,713,389	2,562,491
8,600,742	1,808,964	1,630,158	1,574,173	4,461,871	4,175,606
4,205,733	1,544,236	4,796,032	2,895,030	1,219,947	7,032,504
37,881,246	26,999,548	28,070,782	26,833,610	31,928,810	34,240,692



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, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 15, 2021.

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, 2020 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.

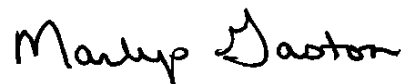
Muscatine County's Responses to the Findings

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.



Marlys K. Gaston, CPA
Deputy Auditor of State

February 15, 2021

Muscatine County

Schedule of Findings

Year ended June 30, 2020

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

Recommendation – 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 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, 2020

Responses –

County Recorder – With limited staff it is impossible to keep all duties separate. For the most part we do separate duties when everyone is here, and it is doable.

County Attorney – Funds received by the County Attorney’s Office are processed in accordance with a written set of instructions that is provided to the legal assistant that handles discovery bills, receipts, etc. Cash is rarely received, and the last event was approximately late 2019. Approximately every two weeks the checks received are deposited by the County Attorney’s Office with the County Treasurer and these deposits are then reviewed by the County Treasurer. After deposit, their reconciliation summary is sent back showing the deposit and the reconciliation by both offices match. In addition, copies of all checks and cash are made and placed in the electronic file system at the County Attorney’s office. Reports will be printed off on a monthly basis so they can be reviewed by the County Attorney and then in comparison to the billings summary as a further check/balance.

Conclusions –

County Recorder – Response acknowledged. The County Recorder should utilize current personnel, including staff from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

County Attorney - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Muscatine County
 Schedule of Findings
 Year ended June 30, 2020

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted. However, disbursements in one department exceeded the amount appropriated prior to the approval of an appropriation amendment by the Board of Supervisors.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office by increasing or decreasing the appropriation of another office or department as long as the function is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – Holding COVID-19 funding until a budget amendment public hearing could be advertised and held was not in the benefit of the residents of Muscatine County. The Board of Health budget was amended prior to the end of the fiscal year.

Conclusion – Response accepted.

- (2) Questionable Expenditures – During the fiscal year ended June 30, 2020, the County Sheriff’s office provided the following County supplies to benefit a private, non-profit organization.

Paid to	Purpose	Amount
Postage	Postage and envelopes for Special Olympics fliers	\$ 16

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to private, non-profit corporations. Article III, Section 31 of the Constitution of the State of Iowa states “... no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation or claim be allowed by two-thirds of the members elected to each branch of the General Assembly.”

Recommendation – We are not aware of any statutory authority for the County to provide County purchased supplies to a private non-profit organization. The County should seek reimbursement of the amounts donated.

Response – We will make a concerted effort moving forward to adhere to the guidelines set forth by Iowa Code and the Iowa State Auditor’s office.

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 – No business transactions between the County and County officials or employees were noted.

Muscatine County

Schedule of Findings

Year ended June 30, 2020

- (5) Restricted Donor Activity – No transactions were noted between the County, County officials or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) 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.
- (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, including 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 the 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. Summaries of the proceedings of each meeting were not published as required by 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 review procedures and ensure compliance going forward.

Conclusion – Response accepted.

Muscatine County

Schedule of Findings

Year ended June 30, 2020

- (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. Minutes of the MCJCC and the User Group were not signed.

Recommendation – Both the MCJCC and the User Group should ensure meeting minutes are signed to authenticate the actions taken.

Response – The MCJCC and the User Group have been made aware of the need to sign the minutes.

Conclusion – Response accepted.

Muscatine County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Katherine L. Rupp, CPA, Manager
Cole L. Hocker, CPA, Senior Auditor II
David A. Slocum, CPA, Staff Auditor
Ethan M. Snedigar, Staff Auditor
Emina Ceric-Omar, Assistant Auditor
Jesse K. Villalobos, Assistant Auditor
Michael T. Swanson, Auditor Intern