

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

January 31, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$37,651,504 for the year ended June 30, 2022, a 9.8% decrease from the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$30,660,423 a 1.1% decrease from the prior year. The decrease in the revenues is due primarily to decreases in Iowa Department of Transportation contributed capital for roads and transportation.

AUDIT FINDINGS:

Sand reported one finding related to the receipt and expenditure of taxpayer funds. The finding is found on pages 86 through 88 of this report. The finding addresses a lack of segregation of duties. Sand provided the County and the 28E organizations with recommendations to address each of these findings.

The finding discussed above is 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 [Audit Reports – Auditor of State](#).

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MUSCATINE COUNTY

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

JUNE 30, 2022

Muscatine County



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January 25, 2023

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, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of 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", written in a cursive style.

Rob Sand
Auditor of State

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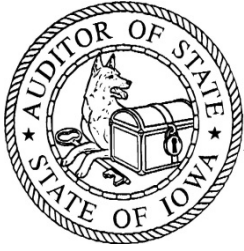
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Muscatine County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Holliday	Board of Supervisors	Jan 2023
Santos Saucedo	Board of Supervisors	Jan 2023
Jeff Sorenson	Board of Supervisors	Jan 2023
Nathan Mather	Board of Supervisors	Jan 2023*
Scott Sauer	Board of Supervisors	Jan 2023*
Tibe Vander Linden	County Auditor	Jan 2025
Amy Zybarth	County Treasurer	Jan 2023
Sarah Hearst	County Recorder	Jan 2023
Quinn Riess	County Sheriff	Jan 2025
James Barry	County Attorney	Jan 2023
Randy Spies	County Assessor	Jan 2028

* Term expired in January 2023 due to redistricting of all county supervisors



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Independent Auditor's Report

To the Officials of Muscatine County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, Muscatine County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Muscatine County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muscatine County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 58 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2021 (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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 8 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 January 25, 2023 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 of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Muscatine County's internal control over financial reporting and compliance.



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

January 25, 2023

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, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenue of the County's governmental activities decreased 9.8%, or approximately \$4.1 million, from fiscal year 2021 to fiscal year 2022. Operating grants, contributions and restricted interest decreased approximately \$827,000, capital grants, contributions, and restricted interest decreased approximately \$3.0 million, and charges for services decreased approximately \$112,000.
- Expenses of the County's governmental activities decreased 1.1%, or approximately \$335,000, from fiscal year 2021 to fiscal year 2022. Public safety expenses decreased approximately \$780,000, mental health expenses increased approximately \$1.1 million, and county environment and education expenses decreased approximately \$321,000.
- Muscatine County's net position at June 30, 2022 increased 7.9%, or approximately \$7.0 million, over the June 30, 2021 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of 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 (Custodial Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

- 2) 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 custodial capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Custodial Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Muscatine County’s combined net position increased from approximately \$89 million to approximately \$95 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,	
	2022	2021
Current and other assets	\$ 65,718	56,063
Capital assets	74,504	73,989
Total assets	140,222	130,052
Deferred outflows of resources	1,944	2,432
Long-term liabilities	11,249	19,533
Other liabilities	9,941	5,835
Total liabilities	21,190	25,368
Deferred inflows of resources	25,087	18,217
Net position:		
Net investment in capital assets	67,327	66,615
Restricted	20,034	12,887
Unrestricted	8,528	9,396
Total net position	\$ 95,889	88,898

Net position of Muscatine County’s governmental activities increased 7.0% (approximately \$95.9 million compared to approximately \$88.9 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. This net position category increased approximately \$712,000, or 1.1%, over the prior year.

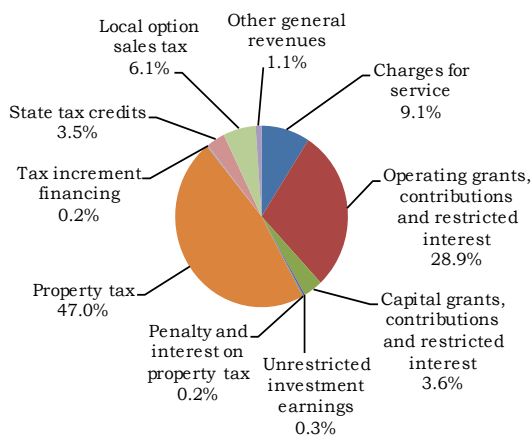
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$7.1 million, or 55.4%, over the prior year, primarily due to increased funds on hand at year end in the Special Revenue, Secondary Roads Fund and the Debt Service Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$868,000 from the prior year, a decrease of 9.2%. The decrease was due in part to CARES Act funds received in fiscal year 2021 and a reduction in the federal prisoner reimbursements received.

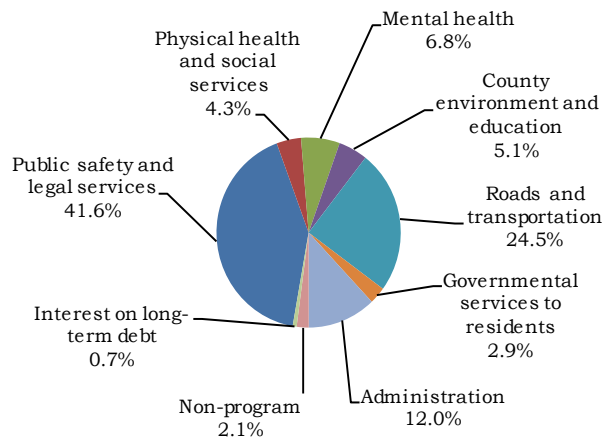
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 3,442	3,554
Operating grants, contributions and restricted interest	10,874	11,701
Capital grants, contributions and restricted interest	1,356	4,364
General revenues:		
Property tax	17,710	17,718
Tax increment financing	80	81
Penalty and interest on property tax	62	198
State tax credits	1,335	1,354
Local option sales tax	2,281	2,310
Unrestricted investment earnings	101	300
Other general revenues	410	180
Total revenues	37,651	41,760
Program expenses:		
Public safety and legal services	12,740	13,520
Physical health and social services	1,329	1,361
Mental health	2,077	946
County environment and education	1,560	1,881
Roads and transportation	7,517	7,587
Governmental services to residents	886	1,054
Administration	3,677	3,741
Non-program	646	643
Interest on long-term debt	228	262
Total expenses	30,660	30,995
Change in net position	6,991	10,765
Net position beginning of year	88,898	78,133
Net position end of year	\$ 95,889	88,898

Revenues by Source



Expenses by Program



Muscatine County's governmental activities net position increased approximately \$7.0 million during the year. Revenues for governmental activities decreased approximately \$4.1 million from the prior year, with operating grants, contributions, and restricted interest down from the prior year approximately \$827,000, or 7.1%, and capital grants, contributions and restricted interest down \$3.0 million, or 68.9%. The large decrease in operating grants, contributions and restricted interest was primarily due to a decrease in federal inmate reimbursements for housing prisoners and reimbursement from a neighboring county for a joint road project. The large decrease in capital grants, contributions and restricted interest was primarily due to a reduction in capital assets contributed by the Iowa Department of Transportation.

Muscatine County's general basic levy was unchanged, the general supplemental levy was unchanged, the mental health levy decreased \$0.21609, the debt service levy decreased \$0.03303, and the rural services basic levy was unchanged. The rural taxable property valuation increased \$23,944,118 and the countywide taxable valuation increased \$62,335,019.

INDIVIDUAL MAJOR FUND ANALYSIS

As Muscatine County completed the year, its governmental funds reported a combined fund balance of approximately \$32.8 million, an increase of approximately \$1.8 million above last year's total of approximately \$30.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$1,477,000 and expenditures increased approximately \$1,032,000. Revenue decreased primarily due to a decrease in prisoner inmate reimbursements. The fund balance at the end of the fiscal year was approximately \$15.8 million, an increase of approximately \$300,000 over the prior year.
- The Special Revenue, Mental Health Fund balance at year end was reduced to zero. The County was required by Senate File 619 to transfer the remaining fund balance to the mental health region prior to June 30, 2022.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$343,000 over the prior year to approximately \$1,013,000. Revenues increased approximately \$207,000 and expenditures decreased \$179,000. Expenditures decreased primarily due to the County purchasing a house for demolition in flood area with grant funds in FY21.
- The Special Revenue, Secondary Roads Fund ending fund balance increased approximately \$3.0 million over the prior year to approximately \$9.7 million. Revenue decreased approximately \$284,000 and expenditures decreased approximately \$665,000. The decrease in expenditures was due to a reduction in the number of bridge replacement projects.
- The Debt Service Fund ending fund balance increased approximately \$1.0 million over the prior year to approximately \$4.2 million. Expenditures decreased approximately \$121,000 due to scheduled payments on the County's debt.
- The Capital Projects Fund ending fund balance decreased \$1.8 million from the prior year fund balance. Revenues decreased \$490,000 due to significant donations in the prior year to purchase playground equipment for the conservation department park.

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 Custodial 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 2022 and June 2022.

The first amendment increased intergovernmental receipts as a result of COVID-19 grant funds, jail commissary funds and FEMA receipts. Disbursements for mental health increased as a result of the County paying its remaining year end mental health fund balance to the mental health region, as required. The second amendment increased budgeted intergovernmental receipts for the commissary funds and grant receipt adjustments. Disbursements increased due to jail commissary purchases, repairs in the jail kitchen and computer equipment.

The County's receipts were approximately \$4.7 million more than budgeted, a difference of 13.5%. Total disbursements were approximately \$7.2 million less than the amended budget. Disbursements for the mental health, roads and transportation and capital projects functions were approximately \$1.8 million, \$2.0 million and \$1.5 million less than budgeted, respectfully. The reductions were due to budgeting enough to cover entire mental health fund balance and budgeting for projects not started in fiscal year 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, Muscatine County had approximately \$74.5 million invested in a broad range of capital assets, including public safety equipment, buildings, land, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$515,000, or less than 1%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	Restated 2021
Land	\$ 2,352	2,403
Intangibles, road network	1,196	1,196
Construction in progress	3,146	6,599
Buildings	23,326	23,633
Improvements other than buildings	278	318
Equipment and vehicles	6,816	7,609
Right-to-use assets	14	20
Infrastructure	37,376	32,231
Total	\$ 74,504	74,009

The increase in the net book value of capital assets is primarily due to an increase in infrastructure due to completion of projects.

Muscatine County had depreciation/amortization expense of \$4,239,564 in fiscal year 2022 and total accumulated depreciation/amortization of \$55,193,029 at June 30, 2022. 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 2022, Muscatine County had \$8,729,509 of general obligation notes/bonds and other debt outstanding, compared to \$10,714,39, as restated, at the end of fiscal year 2021.

Muscatine County's outstanding debt decreased as a result of scheduled principal repayments made in the current year. Muscatine County's general obligation bond rating continues to be the A1 rating assigned by Moody's Investors Service, a national rating agency. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Muscatine County's outstanding general obligation debt of \$10,925,642, including development agreements of \$2,196,133 and outstanding lease agreements of \$14,509, is significantly below its constitutional debt limit of approximately \$172 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 2023 budget and tax rates and the fees charged for various County activities. The amount available for appropriation in the fiscal year 2023 operating budget is approximately \$66.9 million, an increase of approximately 17.6% over the final fiscal year 2022 budget. Muscatine County's operating fund balances are expected to decrease approximately \$7.3 million by the close of fiscal year 2023.

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 Kala Naber 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, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 42,243,304
Held by component units	72,355
Receivables:	
Property tax:	
Delinquent	50,445
Succeeding year	16,591,000
Succeeding year tax increment financing	78,000
Interest and penalty on property tax	104,795
Accounts	120,524
Opioid settlement	817,612
Accrued interest	8,595
Loan	30,000
Due from other governments	1,121,021
Inventories	243,618
Prepaid expenses	182,990
Net pension asset	4,053,593
Capital assets not being depreciated	6,693,976
Capital assets, net of accumulated depreciation/amortization	67,809,944
Total assets	140,221,772
Deferred Outflows of Resources	
Pension related deferred outflows	1,875,829
OPEB related deferred outflows	68,623
Total deferred outflows of resources	1,944,452
Liabilities	
Accounts payable	974,875
Accrued interest payable	15,566
Salaries and benefits payable	603,705
Due to other governments	99,456
Unearned Revenue	8,247,785
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreement Payable	5,266
General obligation bonds/notes	1,615,000
Compensated absences	788,093
Total OPEB liability	61,031
Portion due or payable after one year:	
Lease agreement Payable	9,243
General obligation bonds/notes	7,100,000
Compensated absences	774,558
Total OPEB liability	895,478
Total liabilities	21,190,056
Deferred Inflows of Resources	
Unavailable property tax revenue	16,738,100
Unavailable tax increment financing revenue	78,000
Pension related deferred inflows	8,233,063
OPEB related deferred inflows	37,639
Total deferred inflows of resources	25,086,802
Net Position	
Net investment in capital assets	67,327,431
Restricted for:	
Supplemental levy purposes	3,948,822
Rural services purposes	980,883
Secondary roads purposes	9,418,377
Conservation land acquisition	256,110
Debt service	4,219,509
Opioid Abatement	789,234
Other purposes	421,427
Unrestricted	8,527,573
Total net position	\$ 95,889,366

See notes to financial statements.

Muscatine County
Statement of Activities
Year ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 12,739,681	1,433,927	4,155,451	-	(7,150,303)
Physical health and social services	1,328,864	105,682	1,143,353	-	(79,829)
Mental health	2,077,140	-	27,007	-	(2,050,133)
County environment and education	1,560,657	52,103	53,957	-	(1,454,597)
Roads and transportation	7,516,881	7,994	4,097,544	1,356,459	(2,054,884)
Governmental services to residents	886,304	537,935	206,751	-	(141,618)
Administration	3,676,849	553,747	218,632	-	(2,904,470)
Non-program	646,043	750,836	-	-	104,793
Interest on long-term debt	228,004	-	971,323	-	743,319
Total	\$ 30,660,423	3,442,224	10,874,018	1,356,459	(14,987,722)
General Revenues:					
Property and other county tax levied for:					
General purposes					16,208,274
Debt service					1,501,239
Tax increment financing					80,489
Penalty and interest on property tax					62,358
State tax credits					1,334,782
Local option sales tax					2,280,440
Unrestricted investment earnings					101,050
Gain on disposition of capital assets					206,395
American Rescue Plan Act					39,198
Miscellaneous					164,578
Total general revenues					21,978,803
Change in net position					6,991,081
Net position beginning of year					88,898,285
Net position end of year					\$ 95,889,366

See notes to financial statements.

Muscatine County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments				
County Treasurer	\$ 24,548,167	5,452	1,048,405	9,152,537
Held by component units	-	-	-	-
Receivables:				
Property tax:				
Delinquent	37,600	2,544	6,096	-
Succeeding year	12,656,000	-	2,678,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	104,796	-	-	-
Accounts	110,381	-	-	531
Opioid settlement	-	-	-	-
Accrued interest	8,595	-	-	-
Loan	30,000	-	-	-
Due from other funds	-	-	-	20,184
Due from other governments	212,852	4,614	-	563,130
Inventories	-	-	-	243,618
Prepaid expenditures	182,990	-	-	-
Total assets	\$ 37,891,381	12,610	3,732,501	9,980,000
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 341,570	3,427	391	105,387
Salaries and benefits payable	472,579	4,361	10,238	116,265
Due to other funds	14,288	-	790	-
Due to other governments	69,069	2,278	565	27,544
Unearned revenue	8,247,785	-	-	-
Total liabilities	9,145,291	10,066	11,984	249,196
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	12,767,100	-	2,701,000	-
Succeeding year tax increment financing	-	-	-	-
Other	142,396	2,544	6,096	-
Total deferred inflows of resources	12,909,496	2,544	2,707,096	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	243,618
Prepaid expenditures	182,990	-	-	-
Loan receivable	30,000	-	-	-
Restricted for:				
Supplemental levy purposes	3,918,521	-	-	-
Rural services purposes	-	-	1,013,421	-
Secondary roads purposes	-	-	-	9,487,186
Conservation land acquisition	256,110	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	-	-	-	-
Assigned:				
Building maintenance	2,500,000	-	-	-
Debt service	-	-	-	-
Unassigned	8,948,973	-	-	-
Total fund balances	15,836,594	-	1,013,421	9,730,804
Total liabilities, deferred inflows of resources and fund balances	\$ 37,891,381	12,610	3,732,501	9,980,000

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
703,445	4,806,984	327,106	40,592,096
-	-	72,355	72,355
4,205	-	-	50,445
1,257,000	-	-	16,591,000
-	-	78,000	78,000
-	-	-	104,796
-	-	-	110,912
-	-	817,612	817,612
-	-	-	8,595
-	-	-	30,000
3,200,000	-	-	3,220,184
340,425	-	-	1,121,021
-	-	-	243,618
-	-	-	182,990
5,505,075	4,806,984	1,295,073	63,223,624
-	53,964	1,044	505,783
-	-	262	603,705
-	3,200,000	5,106	3,220,184
-	-	-	99,456
-	-	-	8,247,785
-	3,253,964	6,412	12,676,913
1,270,000	-	-	16,738,100
-	-	78,000	78,000
4,205	-	789,234	944,475
1,274,205	-	867,234	17,760,575
-	-	-	243,618
-	-	-	182,990
-	-	-	30,000
-	-	-	3,918,521
-	-	-	1,013,421
-	-	-	9,487,186
-	-	-	256,110
3,930,870	-	-	3,930,870
-	1,553,020	-	1,553,020
-	-	28,378	28,378
-	-	393,049	393,049
-	-	-	2,500,000
300,000	-	-	300,000
-	-	-	8,948,973
4,230,870	1,553,020	421,427	32,786,136
5,505,075	4,806,984	1,295,073	63,223,624

Muscatine County

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

June 30, 2022

Total governmental fund balances (page 19) \$ 32,786,136

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 \$129,696,949 and the accumulated depreciation/amortization is \$55,193,029. 74,503,920

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

Deferred inflows of resources	\$ 944,475	
Net pension asset	<u>4,053,592</u>	4,998,067

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. 1,191,728

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	\$ 1,944,452	
Deferred inflows of resources	<u>(8,270,702)</u>	(6,326,250)

Long-term liabilities, including bonds/notes payable, lease agreements, compensated absences payable, total OPEB liability and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (11,264,235)

Net position of governmental activities (page 16) \$ 95,889,366

See notes to financial statements.

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

Year ended June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 12,694,639	858,795	2,687,745	-
Local option sales tax	-	-	-	2,280,440
Tax increment financing	-	-	-	-
Interest and penalty on property tax	132,023	-	-	-
Intergovernmental	6,017,424	72,189	312,773	4,662,672
Licenses and permits	13,150	-	91,869	7,695
Charges for service	1,169,434	-	-	299
Use of money and property	1,218,960	-	-	-
Miscellaneous	314,115	556	1,250	20,348
Total revenues	21,559,745	931,540	3,093,637	6,971,454
Expenditures:				
Operating:				
Public safety and legal services	13,087,479	-	-	-
Physical health and social services	1,212,039	-	158,362	-
Mental health	-	2,081,678	-	-
County environment and education	978,238	-	430,434	-
Roads and transportation	-	-	-	5,723,469
Governmental services to residents	964,383	-	1,967	-
Administration	3,681,522	-	-	-
Debt service	-	-	-	-
Capital projects	80,321	-	-	673,485
Total expenditures	20,003,982	2,081,678	590,763	6,396,954
Excess (deficiency) of revenues over (under) expenditures	1,555,763	(1,150,138)	2,502,874	574,500
Other financing sources (uses):				
Sale of capital assets	156,076	-	-	-
Transfers in	39,585	-	-	2,420,000
Transfers out	(1,451,400)	-	(2,159,585)	-
Total other financing sources (uses)	(1,255,739)	-	(2,159,585)	2,420,000
Change in fund balances	300,024	(1,150,138)	343,289	2,994,500
Fund balances beginning of year	15,536,570	1,150,138	670,132	6,736,304
Fund balances end of year	\$ 15,836,594	-	1,013,421	9,730,804

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,503,841	-	-	17,745,020
-	-	-	2,280,440
-	-	80,489	80,489
-	-	-	132,023
1,090,733	9,600	50,057	12,215,448
-	-	-	112,714
-	-	7,681	1,177,414
-	-	119	1,219,079
-	-	92,839	429,108
2,594,574	9,600	231,185	35,391,735
-	-	36,437	13,123,916
-	-	-	1,370,401
-	-	-	2,081,678
-	-	91,890	1,500,562
-	-	-	5,723,469
-	-	7,811	974,161
-	-	-	3,681,522
2,210,916	-	-	2,210,916
-	2,283,618	-	3,037,424
2,210,916	2,283,618	136,138	33,704,049
383,658	(2,274,018)	95,047	1,687,686
-	-	-	156,076
645,000	506,400	-	3,610,985
-	-	-	(3,610,985)
645,000	506,400	-	156,076
1,028,658	(1,767,618)	95,047	1,843,762
3,202,212	3,320,638	326,380	30,942,374
4,230,870	1,553,020	421,427	32,786,136

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, 2022

Change in fund balances - Total governmental funds (page 23) \$ 1,843,762

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

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

Expenditures for capital assets	\$ 3,893,218	
Capital assets contributed by the Iowa Department of Transportation	791,331	
Depreciation/amortization expense	<u>(4,239,564)</u>	444,985

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. 50,319

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	(35,507)	
Other	<u>546,184</u>	510,677

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:

Repaid		1,985,130
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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. 1,122,764

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	35,661	
Pension expense	921,427	
OPEB expense	(35,957)	
Interest on long-term debt	<u>2,912</u>	924,043

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. 109,401

Change in net position of governmental activities (page 17) \$ 6,991,081

See notes to financial statements.

Muscatine County
Statement of Net Position
Proprietary Funds

June 30, 2022

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 1,651,208
Accounts receivable	<u>9,612</u>
	1,660,820
Current Liabilities	
Accounts payable	<u>469,092</u>
Net Position	
Restricted for:	
Employee health	1,106,354
County insurance	<u>85,374</u>
Total net position	<u>\$ 1,191,728</u>

See notes to financial statements.

Muscatine County

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

Year ended June 30, 2022

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,900,044
Reimbursements from employees and others		<u>452,978</u>
Total operating revenues		3,353,022
Operating expenses:		
Health claims and administrative services	\$ 3,147,356	
Loss contingencies and deductibles	<u>96,793</u>	<u>3,244,149</u>
Operating income		108,873
Non-operating revenues:		
Interest income		<u>529</u>
Net income		109,402
Net position beginning of year		<u>1,082,326</u>
Net position end of year		<u>\$ 1,191,728</u>

See notes to financial statements.

Muscatine County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2022

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds	\$ 2,900,044
Cash received from employees and others	443,366
Cash paid to suppliers for services	(3,210,907)
Net cash provided by operating activities	132,503
Cash flows from investing activities:	
Interest on investments	529
Net increase in cash and cash equivalents	133,032
Cash and cash equivalents beginning of year	1,518,176
Cash and cash equivalents end of year	\$ 1,651,208
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 108,873
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(9,612)
Accounts payable	33,242
Net cash provided by operating activities	\$ 132,503

See notes to financial statements.

Muscatine County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 5,707,108
Other County officials	2,554,202
Receivables:	
Property tax:	
Delinquent	233,185
Succeeding year	51,578,000
Accounts	51,162
Assessments	237,751
Due from other governments	<u>72,758</u>
Total assets	<u>\$ 60,434,166</u>

Liabilities

Accounts payable	15,703
Salaries and benefits payable	82,417
Due to other governments	3,031,977
Trusts payable	2,972,843
Notes Payable	150,000
Compensated Absences	<u>198,288</u>
Total liabilities	<u>6,451,228</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>51,578,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 2,404,938</u>
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See notes to financial statements.

Muscatine County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 52,342,724
911 surcharge	297,401
State tax credits	4,469,545
Office fees and collections	1,058,518
Auto licenses, use tax, postage and drivers license fees	14,264,818
Assessments	590,438
Trusts	5,489,315
Miscellaneous	4,380,281
Total additions	<u>82,893,040</u>
Deductions:	
Agency remittances:	
To other funds	884,585
To other governments	76,251,639
Trusts paid out	<u>5,562,958</u>
Total deductions	<u>82,699,182</u>
Change in net position	193,858
Net position beginning of year	<u>2,211,080</u>
Net position end of year	<u>\$ 2,404,938</u>

See notes to financial statements.

Muscatine County

Notes to Financial Statements

June 30, 2022

(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.

These financial statements present Muscatine County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

Blended Component Unit – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate fund.

The Muscatine County Volunteer Sheriff's Patrol has been incorporated under Chapter 504A of the Code of Iowa to solicit and accept gifts from persons or organizations to function as a law enforcement representation and participate in law enforcement activities including crime prevention and enforcement. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

The Muscatine County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Muscatine County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service 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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

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, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Right-to-use leased assets	5,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Infrastructure	10 - 65
Buildings and improvements	20 - 50
Intangibles	2 - 20
Right-to-use leased assets	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

Leases – County as Lessee: Muscatine County is the lessee for a noncancellable lease of equipment. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

Muscatine County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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.

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unearned revenue in the government-wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation 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, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability (asset) attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and tax increment financing receivable that will not be recognized until the year for which they are levied, and unrecognized items not yet charged to pension expense.

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

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

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

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, 2022, disbursements did not exceed the budgeted amounts.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$96,126. 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, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 14,288
	Special Revenue:	
	Rural Services	790
	Drug Task Force	5,106
		20,184
Debt Service	Capital Projects	3,200,000
		\$ 3,220,184

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.

The amount due to the Debt Service Fund from the Capital Projects Fund relates to the bond issue which occurred in July 2022. For more information, see the Subsequent Event Note 22.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Services	\$ 39,585
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	300,000 2,120,000
		<u>2,420,000</u>
Capital Projects	General	506,400
Debt Service	General	645,000
Total		<u>\$ 3,610,985</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, 2022 was as follows:

	Restated Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,402,862	-	51,000	2,351,862
Intangibles, road network	1,195,713	-	-	1,195,713
Construction in progress	498,136	2,226,615	375,000	2,349,751
Construction in progress, road network	6,100,750	1,421,142	6,725,242	796,650
Total capital assets not being depreciated/amortized	10,197,461	3,647,757	7,151,242	6,693,976
Capital assets being depreciated/amortized:				
Buildings and improvements	37,844,787	602,570	112,028	38,335,329
Improvements other than building	418,027	-	-	418,027
Equipment and vehicles	15,948,150	944,789	462,638	16,430,301
Right-to-use assets	19,639	-	-	19,639
Intangibles	372,167	-	-	372,167
Infrastructure, road network	57,842,673	6,727,902	-	64,570,575
Infrastructure, other	2,824,947	31,988	-	2,856,935
Total capital assets being depreciated/amortized	115,270,390	8,307,249	574,666	123,002,973
Less accumulated depreciation/amortization for:				
Buildings and improvements	14,211,238	910,605	112,028	15,009,815
Improvements other than building	103,353	36,160	-	139,513
Equipment and vehicles	8,336,037	1,672,171	393,742	9,614,466
Right-to-use assets	-	5,318	-	5,318
Intangibles	372,167	-	-	372,167
Infrastructure, road network	27,549,242	1,493,971	-	29,043,213
Infrastructure, other	887,198	121,339	-	1,008,537
Total accumulated depreciation/amortization	51,459,235	4,239,564	505,770	55,193,029
Total capital assets being depreciated/amortized, net	63,811,155	4,067,685	68,896	67,809,944
Governmental activities capital assets, net	\$ 74,008,616	7,715,442	7,220,138	74,503,920

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 1,207,047
Physical health and social services		25,841
Mental health		64,421
County environment and education		230,831
Roads and transportation		2,394,685
Governmental services to residents		30,991
Administration		<u>285,748</u>
Total depreciation/amortization expense - governmental activities		<u>\$ 4,239,564</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, 2022 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 69,069</u>
Special Revenue:		
Mental Health	Services	2,278
Rural Services	Services	565
Secondary Roads	Services	<u>27,544</u>
		<u>30,387</u>
Total for governmental funds		<u>\$ 99,456</u>
Custodial:		
County Assessor	Collections	\$ 97
Schools		224,450
Community Colleges		15,315
Corporations		176,715
Townships		4,349
Auto License and Use Tax		1,138,928
Drainage Districts		1,412,014
All other		<u>60,109</u>
Total for custodial funds		<u>\$ 3,031,977</u>

(7) Long-Term Liabilities

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

	General Obligation County Building Improvement Notes	General Obligation County Refunding Bonds	General Obligation Urban Renewal Refunding Bonds	Lease Agreements	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning	\$ 3,655,000	2,325,000	4,715,000	19,639	1,598,311	6,300,660	939,270	19,552,880
Increases	-	-	-	-	981,444	-	105,801	1,087,245
Decreases	760,000	690,000	530,000	5,130	1,017,104	10,354,253	88,562	13,445,049
Balance end of year	\$ 2,895,000	1,635,000	4,185,000	14,509	1,562,651	(4,053,593)	956,509	7,195,076
Due within one year	\$ 385,000	685,000	545,000	5,266	788,093	-	61,031	2,469,390

Notes Payable

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

Year Ending June 30,	Interest Rates	County Building Improvement Note (2019)			Interest Rate	County Building Improvement Note (2020)		
		Principal	Interest	Total		Principal	Interest	Total
2023	3.30%	\$ 185,000	43,329	228,329	1.95%	\$ 200,000	31,633	231,633
2024	3.30	185,000	37,240	222,240	1.95	200,000	27,755	227,755
2025	3.30	185,000	30,949	215,949	1.95	200,000	23,725	223,725
2026	3.30	185,000	24,759	209,759	1.95	200,000	19,771	219,771
2027	3.30	185,000	18,569	203,569	1.95	200,000	15,817	215,817
2028-2030	3.30	370,000	18,603	388,603	1.95	600,000	23,758	623,758
Total		\$ 1,295,000	173,449	1,468,449		\$ 1,600,000	142,459	1,742,459

Year Ending June 30,	Totals		
	Principal	Interest	Total
2023	\$ 385,000	74,962	459,962
2024	385,000	64,995	449,995
2025	385,000	54,674	439,674
2026	385,000	44,530	429,530
2027	385,000	34,386	419,386
2028-2030	970,000	42,361	1,012,361
Total	\$ 2,895,000	315,908	3,210,908

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. During the year ended June 30, 2022, the County paid the remaining principal and interest of \$375,000 and \$5,625, respectively.

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. During the year ended June 30, 2022, the County paid principal of \$185,000 and interest of \$49,518 on the notes.

On September 1, 2020, the County issued \$2,000,000 of general obligation county building improvement notes with an interest rate of 1.95% per annum. The notes were issued for improvements and repairs to County buildings. During the year ended June 30, 2022, the County paid principal of \$200,000 and interest of \$35,588 on the notes.

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, 2022 general obligation bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016A)		
		Principal	Interest	Total
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		\$ 1,635,000	57,988	1,692,988

During the year ended June 30, 2022, the County paid principal of \$690,000 and interest of \$41,338 on the bonds.

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, 2022 general obligation urban renewal bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016B)		
		Principal	Interest	Total
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	2.20	595,000	56,598	651,598
2027	2.25	615,000	43,507	658,507
2028-2030	2.30	1,290,000	44,735	1,334,735
Total		\$ 4,185,000	382,732	4,567,732

During the year ended June 30, 2022, the County paid \$530,000 of principal and \$100,898 of interest on the bonds.

Lease Agreements

On June 25, 2019, the County entered into a noncancelable lease agreement for a postage machine. The agreement requires monthly payments of \$217 over five years with an estimated implicit interest rate of 1.95% and final payment due on May 25, 2024. During the year ended June 30, 2022, the County paid principal of \$2,294 and interest of \$314 on the agreement.

On October 29, 2020, the County entered into a noncancelable lease agreement for a Canon printer/copier for the jail. The agreement requires monthly payments of \$253 over five years with an estimated implicit interest rate of 1.95% and final payment due on October 29, 2025. During the year ended June 30, 2022, the County paid principal of \$2,836 and interest of \$200 on the agreement.

Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Jail Copier			Postage Machine		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,870	165	3,035	\$ 2,396	212	2,608
2024	2,927	109	3,036	2,323	68	2,391
2025	2,985	51	3,036	-	-	-
2026	1,008	4	1,012	-	-	-
Total	\$ 9,790	329	10,119	\$ 4,719	280	4,999

Year Ending June 30,	Totals		
	Principal	Interest	Total
2023	\$ 5,266	377	5,643
2024	5,250	177	5,427
2025	2,985	51	3,036
2026	1,008	4	1,012
Total	\$ 14,509	609	15,118

(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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2022 totaled \$1,122,764.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported an overall net pension asset of \$4,053,593 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021 and the total plan pension liability used in the calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County’s proportion of the overall plan net pension asset was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County’s collective proportion of the overall plan net pension asset was 1.174182 which was an increase of 1.084490% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$921,427. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 395,429	107,893
Changes of assumptions	122,179	91,775
Net difference between projected and actual earnings on IPERS' investments	-	7,999,739
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	235,457	33,656
County contributions subsequent to the measurement date	1,122,764	-
Total	<u>\$ 1,875,829</u>	<u>8,233,063</u>

\$1,122,764 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 (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2023	\$ (1,903,224)
2024	(1,845,405)
2025	(1,698,644)
2026	(2,078,833)
2027	46,108
Total	<u>\$ (7,479,998)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 3,163,588	(4,053,593)	(10,098,155)

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, 2022.

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

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>190</u>
Total	<u>198</u>

Total OPEB Liability – The County’s total OPEB liability of \$956,509 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2022)	2.60% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.50% 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 4.09% 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 Public Plan 2010 General Headcount Weighted Mortality Table fully generation using Scale MP-2021. 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	<u>\$ 939,270</u>
Changes for the year:	
Service cost	63,735
Interest	21,301
Differences between expected and actual experiences	(27,531)
Changes in assumptions	20,765
Benefit payments	<u>(61,031)</u>
Net changes	<u>17,239</u>
Total OPEB liability end of year	<u>\$ 956,509</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2021 to 4.09% in fiscal year 2022.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 1,021,838	956,509	894,494

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 (6.5%) or 1% higher (8.5%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 852,800	956,509	1,080,913

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$96,990. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,047	37,639
Changes in assumptions	43,576	-
Total	<u>\$ 68,623</u>	<u>37,639</u>

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
2023	\$ 21,318
2024	11,558
2025	(538)
2026	(1,354)
	\$ 30,984

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

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

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

The County’s property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County’s contributions to the Pool for the year ended June 30, 2022 were \$349,370.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, 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, 2022 was \$2,870,044.

Amounts payable from the Internal Service, Health Insurance Trust Fund at June 30, 2022 total \$466,525, 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 \$1,191,728 at June 30, 2022 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	\$ 396,547
Incurred claims (including claims incurred but not reported at June 30, 2022)	3,147,356
Payment on claims during the fiscal year	<u>(3,077,378)</u>
Unpaid claims end of year	<u>\$ 466,525</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 \$61,873 was rebated and as of June 30, 2022, a total of \$520,863 had been rebated under the agreement, leaving an outstanding balance at June 30, 2022 of \$2,129,137.

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 \$23,675 was rebated and as of June 30, 2022, a total of \$183,003 had been rebated under the agreement, leaving an outstanding balance at June 30, 2022 of \$66,997.

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, 2022, \$37,682 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, 2022 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	\$ 311,425
	Other tax abatement program	22,446
City of West Liberty	Urban renewal and economic development projects	8,510
City of Wilton	Urban renewal and economic development projects	67,168

(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 Custodial Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2021:

Additions:		
Contributions from Muscatine County		\$ 1,694,498
Miscellaneous		<u>1,560</u>
Total additions		1,696,058
Deductions:		
Salaries	\$ 878,138	
Benefits	293,258	
Office supplies	5,615	
Educational Materials	473	
Postage and publications	619	
Telephone and internet	16,080	
Travel	1,490	
Capital projects	40,649	
Training	8,955	
Equipment replacement	1,995	
Maintenance and rentals	100,138	
Insurance	29,185	
Radio system fees	278,704	
Miscellaneous	<u>1,840</u>	<u>1,657,139</u>
Net		38,919
Balance beginning of year		<u>730,922</u>
Balance end of year		<u>\$ 769,841</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 Custodial Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2021:

Additions:			
Grant reimbursements		\$	44,571
Restitution			729
Forfeiture			4,343
Interest			<u>14</u>
Total additions			49,657
Deductions:			
Office supplies and equipment	\$	1,800	
Drug Buys		13,560	
Investigations		41,391	
Forfeiture		11,912	
Utilities		<u>4,974</u>	<u>73,637</u>
Net			(23,980)
Balance beginning of year			<u>52,337</u>
Balance end of year			<u>\$ 28,357</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 \$5,022,845 as of June 30, 2022.

(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, 2022, as follows:

Revenues:		
Property and other county tax		\$ 858,795
Intergovernmental revenues:		
State tax credits	\$ 69,102	
Other intergovernmental revenues	<u>3,087</u>	72,189
Miscellaneous		<u>556</u>
Total revenues		<u>931,540</u>
Expenditures:		
Services to persons with:		
Mental illness	146,881	
Intellectual disabilities	682	
Other developmental disabilities	<u>6,809</u>	154,372
General administration:		
Direct administration	234,207	
Distribution to regional fiscal agent	<u>1,693,099</u>	<u>1,927,306</u>
Total expenditures		<u>2,081,678</u>
Change in fund balance		(1,150,138)
Fund balance beginning of the year		<u>1,150,138</u>
Fund balance end of the year		<u>\$ -</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 2022, the County was repaid \$15,000 leaving an outstanding loan receivable of \$30,000.

(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 31 each year of \$9,375. The balance of the note at June 30, 2022 is \$150,000.

(19) Opioid Litigation Settlement

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

(20) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 73,988,977	-
Change to implement GASBS No. 87	19,639	19,639
Balance July 1, 2022, as restated	<u>\$ 74,008,616</u>	<u>19,639</u>

(21) Prospective Accounting Change

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

(22) Subsequent Event

In July 2022, the County issued \$3,350,000 of general obligation levee improvements note for the purpose of paying the costs of undertaking flood control improvements including strengthening and raising levees.

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, 2022

	Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Receipts:						
Property tax	\$ 17,353,200	-	17,353,200	17,321,565	17,321,565	31,635
Tax increment financing and other county tax	132,023	-	132,023	120,000	120,000	12,023
Interest and penalty on property tax	2,728,339	-	2,728,339	2,397,607	2,397,607	330,732
Intergovernmental	16,284,818	-	16,284,818	9,328,495	12,236,936	4,047,882
Licenses and permits	112,339	-	112,339	115,200	115,200	(2,861)
Charges for service	1,176,986	-	1,176,986	1,023,150	1,071,150	105,836
Use of money and property	1,246,790	93	1,246,697	948,025	1,143,025	103,672
Miscellaneous	385,386	55,007	330,379	223,600	262,700	67,679
Total receipts	39,419,881	55,100	39,364,781	31,477,642	34,668,183	4,696,598
Disbursements:						
Public safety and legal services	13,096,255	16,252	13,080,003	13,380,404	13,906,120	826,117
Physical health and social services	1,356,575	-	1,356,575	1,462,506	1,812,160	455,585
Mental health	2,097,159	-	2,097,159	1,270,637	3,870,637	1,773,478
County environment and education	1,402,832	-	1,402,832	1,582,412	1,633,292	230,460
Roads and transportation	5,819,747	-	5,819,747	7,842,000	7,842,000	2,022,253
Governmental services to residents	980,995	-	980,995	1,023,459	1,052,160	71,165
Administration	3,585,093	-	3,585,093	3,647,798	3,903,790	318,697
Debt service	2,296,464	-	2,296,464	2,325,984	2,325,984	29,520
Capital projects	3,079,542	-	3,079,542	4,276,550	4,550,948	1,471,406
Total disbursements	33,714,662	16,252	33,698,410	36,811,750	40,897,091	7,198,681
Excess (deficiency) of receipts over (under) disbursements	5,705,219	38,848	5,666,371	(5,334,108)	(6,228,908)	11,895,279
Other financing sources, net	161,708	-	161,708	16,000	172,392	(10,684)
Change in balances	5,866,927	38,848	5,828,079	(5,318,108)	(6,056,516)	11,884,595
Balance beginning of year	34,797,524	33,507	34,764,017	22,275,000	22,275,000	12,489,017
Balance end of year	\$ 40,664,451	72,355	40,592,096	16,956,892	16,218,484	24,373,612

See accompanying independent auditor's report.

Muscatine County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 39,419,881	(4,028,146)	35,391,735
Expenditures	<u>33,714,662</u>	<u>(10,613)</u>	<u>33,704,049</u>
Net	5,705,219	(4,017,533)	1,687,686
Other financing sources, net	161,708	(5,632)	156,076
Beginning fund balances	<u>34,797,524</u>	<u>(3,855,150)</u>	<u>30,942,374</u>
Ending fund balances	<u>\$ 40,664,451</u>	<u>(7,878,315)</u>	<u>32,786,136</u>

See accompanying independent auditor's report.

Muscatine County

Muscatine County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$4,085,341. 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, 2022, disbursements by function did not exceed amounts budgeted.

Muscatine County

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

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability/asset	1.174182% **	0.089693%	0.079180%	0.082360%
County's proportionate share of the net pension liability (asset)	\$ (4,054)	6,301	4,585	5,212
County's covered payroll	\$ 11,448	10,885	9,790	9,275
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-35.41%	57.89%	46.83%	56.19%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	84.45%	83.62%

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

** Overall plan net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.091945%	0.090860%	0.082257%	0.076187%
6,125	5,718	4,064	3,022
9,497	9,110	8,939	8,908
64.49%	62.77%	45.46%	33.92%
82.21%	81.82%	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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 1,123	1,079	1,038	1,004
Contributions in relation to the statutorily required contribution	<u>(1,123)</u>	<u>(1,079)</u>	<u>(1,038)</u>	<u>(1,004)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 12,003	11,448	10,885	9,790
Contributions as a percentage of covered payroll	9.36%	9.43%	9.54%	10.26%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
904	875	845	833	830	854
(904)	(875)	(845)	(833)	(830)	(854)
-	-	-	-	-	-
9,275	9,497	9,110	8,939	8,908	9,282
9.75%	9.21%	9.28%	9.32%	9.32%	9.20%

Muscatine County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Muscatine County

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

For the Last Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 63,735	58,647	50,771	44,927	35,301
Interest cost	21,301	24,804	28,883	28,349	27,157
Difference between expected and actual experiences	(27,531)	(26,024)	49,591	26,046	(84,748)
Changes in assumptions	20,765	30,091	10,895	22,755	37,921
Benefit payments	(61,031)	(43,856)	(33,006)	(42,020)	(60,426)
Net change in total OPEB liability	17,239	43,662	107,134	80,057	(44,795)
Total OPEB liability beginning of year	939,270	895,608	788,474	708,417	753,212
Total OPEB liability end of year	\$ 956,509	939,270	895,608	788,474	708,417
Covered-employee payroll	\$ 11,610,443	10,309,235	9,966,636	9,933,233	9,775,040
Total OPEB liability as a percentage of covered-employee payroll	8.2%	9.1%	9.0%	7.9%	7.2%

See accompanying independent auditor's report.

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2022	4.09%
Year ended June 30, 2021	2.19%
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, 2022

	County Recorder's Records Management	Resource Enhancement and Protection	County Sheriff's Forfeiture	Special Drug Task Force
Assets				
Cash, cash equivalents and pooled Investments:				
County Treasurer	\$ 33,140	149,157	83,491	22,300
Cash held by component unit	-	-	-	-
Receivables:				
Opioid settlement	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Total assets	\$ 33,140	149,157	83,491	22,300
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	234
Salaries payable	-	262	-	-
Due to other funds	-	-	-	5,106
Total liabilities	-	262	-	5,340
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Deferred inflows - other than succeeding year taxes	-	-	-	-
Total deferred inflows	-	-	-	-
Fund balances:				
Restricted for:				
Opioid abatement	-	-	-	-
Other purposes	33,140	148,895	83,491	16,960
Total fund balance	33,140	148,895	83,491	16,960
Total liabilities, deferred inflows of resources and fund balances	\$ 33,140	149,157	83,491	22,300

See accompanying independent auditor's report.

Revenue					
County Attorney's Forfeiture	Tax Increment Financing	Local Government Opioid Abatement	Reserve Police Officers	Conservation Foundation	Total
39,018	-	-	-	-	327,106
-	-	-	37,255	35,100	72,355
-	-	817,612	-	-	817,612
-	78,000	-	-	-	78,000
39,018	78,000	817,612	37,255	35,100	1,295,073
810	-	-	-	-	1,044
-	-	-	-	-	262
-	-	-	-	-	5,106
810	-	-	-	-	6,412
-	78,000	-	-	-	78,000
-	-	789,234	-	-	789,234
-	78,000	789,234	-	-	867,234
-	-	28,378	-	-	28,378
38,208	-	-	37,255	35,100	393,049
38,208	-	28,378	37,255	35,100	421,427
39,018	78,000	817,612	37,255	35,100	1,295,073

Muscatine County

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

Year ended June 30, 2022

	County Recorder's Records Management	Resource Enhancement and Protection	County Sheriff's Forfeiture	Special Drug Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	16,620	-	-
Charges for service	7,681	-	-	-
Use of money and property	-	26	-	-
Miscellaneous	-	-	710	27,662
Total revenues	7,681	16,646	710	27,662
Expenditures:				
Operating:				
Public safety and legal services	-	-	8,673	10,702
County environment and education	-	6,342	-	-
Governmental services to residents	7,811	-	-	-
Total expenditures	7,811	6,342	8,673	10,702
Excess (deficiency) of revenues over (under) expenditures	(130)	10,304	(7,963)	16,960
Fund balances beginning of year	33,270	138,591	91,454	-
Fund balances end of year	\$ 33,140	148,895	83,491	16,960

See accompanying independent auditor's report.

Revenue						
County Attorney's Forfeiture	Tax Increment Financing	Local Government Opioid Abatement	Reserve Police Officers	Conservation Foundation	Total	
-	80,489		-	-	80,489	
-	5,059	28,378	-	-	50,057	
-	-		-	-	7,681	
-	-		93	-	119	
9,460	-		19,907	35,100	92,839	
9,460	85,548	28,378	20,000	35,100	231,185	
810	-	-	16,252	-	36,437	
-	85,548	-	-	-	91,890	
-	-	-	-	-	7,811	
810	85,548	-	16,252	-	136,138	
8,650	-	28,378	3,748	35,100	95,047	
29,558	-	-	33,507	-	326,380	
38,208	-	28,378	37,255	35,100	421,427	

Schedule 3

Muscatine County

Combining Schedule of Net Position
Proprietary Funds

June 30, 2022

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Assets			
Cash and cash equivalents	\$ 1,572,879	78,329	1,651,208
Accounts receivable	-	9,612	9,612
	<u>1,572,879</u>	<u>87,941</u>	<u>1,660,820</u>
Liabilities			
Accounts payable	466,525	2,567	469,092
Net Position			
Restricted for:			
Employee health	1,106,354	-	1,106,354
County insurance	-	85,374	85,374
Total net position	<u>\$ 1,106,354</u>	<u>85,374</u>	<u>1,191,728</u>

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, 2022

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Operating revenues:			
Reimbursements from operating funds	\$ 2,870,044	30,000	2,900,044
Reimbursements from others	341,499	111,479	452,978
Total operating revenues	<u>3,211,543</u>	<u>141,479</u>	<u>3,353,022</u>
Operating expenses:			
Health claims and administrative services	3,147,356	-	3,147,356
Loss contingencies and deductibles	-	96,793	96,793
Total operating expenses	<u>3,147,356</u>	<u>96,793</u>	<u>3,244,149</u>
Operating loss	64,187	44,686	108,873
Non-operating revenues:			
Interest income	529	-	529
Net loss	64,716	44,686	109,402
Net position beginning of year	<u>1,041,638</u>	<u>40,688</u>	<u>1,082,326</u>
Net position end of year	<u>\$ 1,106,354</u>	<u>85,374</u>	<u>1,191,728</u>

See accompanying independent auditor's report.

Muscatine County

Muscatine County
Combining Schedule of Cash Flows
Proprietary Funds

Year ended June 30, 2022

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 2,870,044	30,000	2,900,044
Cash received from employees and others	341,500	101,866	443,366
Cash paid to suppliers for services	<u>(3,077,379)</u>	<u>(133,528)</u>	<u>(3,210,907)</u>
Net cash provided (used) by operating activities	134,165	(1,662)	132,503
Cash flows from investing activities:			
Interest on investments	529	-	529
Net increase in cash and cash equivalents	134,694	(1,662)	133,032
Cash and cash equivalents beginning of year	1,438,185	79,991	1,518,176
Cash and cash equivalents end of year	<u>\$ 1,572,879</u>	<u>78,329</u>	<u>1,651,208</u>
Reconciliation of operating income to net cash			
cash used by operating activities:			
Operating income	\$ 64,187	44,686	108,873
Adjustments to reconcile operating income to			
net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	-	(9,612)	(9,612)
Accounts payable	69,978	(36,736)	33,242
Net cash provided (used) by operating activities	<u>\$ 134,165</u>	<u>(1,662)</u>	<u>132,503</u>

See accompanying independent auditor's report.

Muscatine County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,412	698,353	224,450	15,315
Other County officials	2,525,845	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	877	1,982	81,440	5,540
Succeeding year	-	303,000	702,000	27,246,000	1,952,000
Accounts	33,933	-	-	-	-
Assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 2,559,778	306,289	1,402,335	27,551,890	1,972,855
Liabilities					
Accounts payable	\$ -	-	1,050	-	-
Salaries and benefits payable	-	-	13,780	-	-
Due to other governments	52,044	2,412	97	224,450	15,315
Trusts payable	2,507,734	-	-	-	-
Notes payable	-	-	-	-	-
Compensated absences	-	-	82,593	-	-
Total liabilities	2,559,778	2,412	97,520	224,450	15,315
Deferred Inflow of Resources					
Unavailable revenues	-	303,000	702,000	27,246,000	1,952,000
Net Position					
Restricted for individuals, organizations and other governments	-	877	602,815	81,440	5,540

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Drainage Districts	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
176,715	4,349	1,138,928	1,577,246	923,798	-	945,542	5,707,108
-	-	-	-	-	28,357	-	2,554,202
141,383	1,636	-	-	-	-	327	233,185
20,778,000	564,000	-	-	-	-	33,000	51,578,000
-	-	-	-	-	-	17,229	51,162
237,751	-	-	-	-	-	-	237,751
-	-	-	-	-	-	72,758	72,758
21,333,849	569,985	1,138,928	1,577,246	923,798	28,357	1,068,856	60,434,166
-	-	-	10,090	2,909	-	1,654	15,703
-	-	-	5,142	48,712	-	14,783	82,417
176,715	4,349	1,138,928	1,412,014	263	-	5,390	3,031,977
-	-	-	-	-	-	465,109	2,972,843
-	-	-	150,000	-	-	-	150,000
-	-	-	-	102,073	-	13,622	198,288
176,715	4,349	1,138,928	1,577,246	153,957	-	500,558	6,451,228
20,778,000	564,000	-	-	-	-	33,000	51,578,000
379,134	1,636	-	-	769,841	28,357	535,298	2,404,938

Muscatine County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Additions:					
Property and other county tax	\$ -	295,409	667,899	27,536,250	1,890,650
911 surcharge	-	-	-	-	-
State tax credits	-	23,808	53,838	2,217,882	151,864
Office fees and collections	1,058,518	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	5,489,315	-	-	-	-
Miscellaneous	5,435	-	1,901	54,295	-
Total additions	6,553,268	319,217	723,638	29,808,427	2,042,514
Deductions:					
Agency remittances:					
To other funds	449,131	-	-	-	-
To other governments	614,847	319,701	711,973	29,852,152	2,044,606
Trusts paid out	5,489,290	-	-	-	-
Total deductions	6,553,268	319,701	711,973	29,852,152	2,044,606
Changes in net position	-	(484)	11,665	(43,725)	(2,092)
Net position beginning of year	-	1,361	591,150	125,165	7,632
Net position end of year	\$ -	877	602,815	81,440	5,540

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Drainage Districts	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
21,073,626	558,007	-	-	-	-	320,883	52,342,724
-	-	-	-	-	-	297,401	297,401
1,990,115	30,374	-	-	-	-	1,664	4,469,545
-	-	-	-	-	-	-	1,058,518
-	-	14,264,818	-	-	-	-	14,264,818
138,313	-	-	452,125	-	-	-	590,438
-	-	-	-	-	-	-	5,489,315
-	-	-	276,373	1,696,058	49,657	2,296,562	4,380,281
23,202,054	588,381	14,264,818	728,498	1,696,058	49,657	2,916,510	82,893,040
-	-	435,454	-	-	-	-	884,585
23,104,897	590,369	13,829,364	728,498	1,566,692	73,637	2,814,903	76,251,639
-	-	-	-	-	-	73,668	5,562,958
23,104,897	590,369	14,264,818	728,498	1,566,692	73,637	2,888,571	82,699,182
97,157	(1,988)	-	-	129,366	(23,980)	27,939	193,858
281,977	3,624	-	-	640,475	52,337	507,359	2,211,080
379,134	1,636	-	-	769,841	28,357	535,298	2,404,938

Muscatine County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 17,745,020	17,821,645	17,560,295	17,821,645
Local option sales tax	2,280,440	2,309,771	1,855,100	2,309,771
Tax increment financing	80,489	80,979	86,870	80,979
Interest and penalty on property tax	132,023	175,796	70,272	175,796
Intergovernmental	12,215,448	13,156,684	11,345,024	13,156,684
Licenses and permits	112,714	157,119	85,997	157,119
Charges for service	1,177,414	1,193,969	1,106,293	1,193,969
Use of money and property	1,219,079	1,326,966	1,436,362	1,326,966
Miscellaneous	429,108	907,919	405,131	907,919
Total	\$ 35,391,735	37,130,848	33,951,344	37,130,848
Expenditures:				
Operating:				
Public safety and legal services	\$ 13,123,916	12,182,840	12,025,204	12,182,840
Physical health and social services	1,370,401	1,494,891	1,272,794	1,494,891
Mental health	2,081,678	869,662	1,246,440	869,662
County environment and education	1,500,562	1,644,091	1,345,478	1,644,091
Roads and transportation	5,723,469	6,087,793	7,766,379	6,087,793
Governmental services to residents	974,161	992,098	921,887	992,098
Administration	3,681,522	3,528,542	3,228,629	3,528,542
Debt service	2,210,916	2,332,092	2,109,763	2,332,092
Capital projects	3,037,424	4,026,105	3,413,537	4,026,105
Total	\$ 33,704,049	33,158,114	33,330,111	33,158,114

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
17,560,295	15,598,013	15,451,678	15,270,600	15,361,152	15,013,220
1,855,100	2,070,774	1,742,843	1,748,584	1,674,268	1,578,784
86,870	86,325	76,889	38,696	28,799	20,326
70,272	158,030	140,335	137,528	26,500	137,636
11,345,024	10,644,978	9,583,356	7,930,172	8,736,740	8,407,267
85,997	99,481	96,334	98,809	79,010	69,129
1,106,293	1,096,519	1,092,826	994,284	1,045,893	1,049,328
1,436,362	1,486,993	754,263	543,784	537,210	728,408
405,131	643,283	439,513	588,395	349,462	229,717
33,951,344	31,884,396	29,378,037	27,350,852	27,839,034	27,233,815
12,025,204	11,517,204	9,466,411	8,917,179	8,502,516	9,230,897
1,272,794	1,066,511	1,052,397	1,078,192	1,165,740	1,111,050
1,246,440	1,437,479	3,677,254	3,013,461	2,481,692	2,555,780
1,345,478	1,418,799	1,283,865	1,127,924	1,012,652	924,589
7,766,379	6,297,873	6,039,385	5,984,880	5,123,328	5,082,667
921,887	851,978	782,245	743,278	783,569	758,477
3,228,629	3,067,190	2,773,214	2,781,434	2,575,095	2,700,947
2,109,763	1,893,360	8,600,742	1,808,964	1,630,158	1,574,173
3,413,537	2,082,330	4,205,733	1,544,236	4,796,032	2,895,030
33,330,111	29,632,724	37,881,246	26,999,548	28,070,782	26,833,610



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

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

To the Officials of Muscatine County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 25, 2023.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as items 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Muscatine County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Muscatine County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Muscatine 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 Findings

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

Purpose of this Report

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

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



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

January 25, 2023

Muscatine County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

2022-001 Segregation of Duties

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

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

	Applicable Offices
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder
(2) Generally, one individual may have control over collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist.	Recorder
(3) Persons who sign checks are not independent of persons who approve disbursements, recording cash receipts, and preparing checks.	Recorder
(4) Mail listing of receipts is not compared with actual deposits to verify they were made timely and intact.	Community Services

Cause – The County Recorder’s office and Community Services have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County Recorder’s office and Community Services the 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.

Muscatine County

Schedule of Findings

Year ended June 30, 2022

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder and Community Services 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.

Responses –

Recorder – We tried having another office review. It doesn't work because they don't understand our reports.

Community Services – The Director reviews all bank statements after reconciliation and will use the check log to verify deposits on bank statements and initial when the review is complete on the check log.

Conclusion – 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.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Muscatine County
Schedule of Findings
Year ended June 30, 2022

Findings Related to Required Statutory Reporting:

- 2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amounts budgeted.
- 2022-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- 2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2022-D Business Transactions – No business transactions between the County and County officials or employees were noted.
- 2022-E 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.
- 2022-F 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.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2022-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- 2022-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 2022-J 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.

Muscatine County

Staff

This audit was performed by:

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