

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Rob Sand
Auditor of State

NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

February 14, 2024

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$39,118,143 for the year ended June 30, 2023, a 3.9% increase. Expenses for County operations for the year ended June 30, 2023 totaled \$33,636,707 a 9.7% increase. The increase in the expenses was primarily due to a road maintenance project that was a repair and not a new capital asset.

AUDIT FINDINGS:

Sand reported four findings related to the receipt and expenditure of taxpayer funds. The findings are found on pages 92 through 96 of this report. The findings include a lack of segregation of duties and lack of procedures to track LOST collections for property tax relief. Sand provided the County and the 28E organization with recommendations to address each of these findings.

One of the findings discussed above is repeated from the prior year. The County Board of Supervisors, other elected officials and the governing bodies of the 28E organization 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 website 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, 2023

Muscatine County



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STATE OF IOWA

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

January 29, 2024

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, 2023. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

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

Rob Sand
Auditor of State

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Muscatine County

Officials

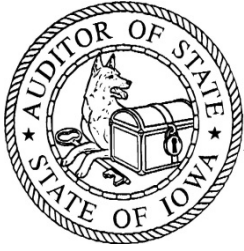
(Before January 2023)

<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 Sorensen	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.

(After January 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Nathan Mather	Board of Supervisors	Jan 2025
Scott Sauer	Board of Supervisors	Jan 2025
Danny Chick, Jr.	Board of Supervisors	Jan 2027
Kurk Kirchner	Board of Supervisors	Jan 2027
Jeff Sorensen	Board of Supervisors	Jan 2027
Tibe Vander Linden	County Auditor	Jan 2025
Amy Zybarth	County Treasurer	Jan 2027
Sarah Hearst	County Recorder	Jan 2027
Quinn Riess	County Sheriff	Jan 2025
James Barry	County Attorney	Jan 2027
Randy Spies	County Assessor	Jan 2028



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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, 2023, 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, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of 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.

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 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional 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 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 62 through 74 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

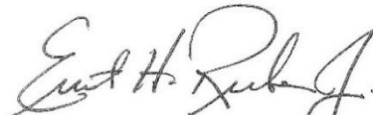
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2022 (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 GAAS. 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 29, 2024 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
Chief Deputy Auditor of State

January 29, 2024

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, 2023. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 96, Subscription-Based Information Technology Arrangements (SBITAs), during fiscal year 2023.
- Revenue of the County's governmental activities increased 3.9%, or approximately \$1.5 million, from fiscal year 2022 to fiscal year 2023. Unrestricted investment earnings increased \$1.5 million, general revenues increased about \$1.8 million primarily from the County recognizing American Rescue Plan revenue and local option sales tax increased approximately \$106,000. Property taxes decreased approximately \$950,000 and operating grants decreased about \$376,000.
- Expenses of the County's governmental activities increased 9.7%, or approximately \$3.0 million from fiscal year 2022 to fiscal year 2023. Roads and transportation increased 2.4 million, public safety expenses increased approximately \$1.3 million while mental health expenses decreased \$2.1 million.
- Muscatine County's net position at June 30, 2023 increased 5.7%, or approximately \$5.5 million, over the June 30, 2022 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 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, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

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

- 2) 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 \$95 million to approximately \$101 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,	
	2023	2022
Current and other assets	\$ 66,001	65,718
Capital assets	74,318	74,504
Total assets	140,319	140,222
Deferred outflows of resources	1,980	1,944
Long-term liabilities	13,536	11,249
Other liabilities	8,531	9,941
Total liabilities	22,067	21,190
Deferred inflows of resources	18,841	25,087
Net position:		
Net investment in capital assets	69,336	67,327
Restricted	21,230	20,034
Unrestricted	10,825	8,528
Total net position	\$ 101,391	95,889

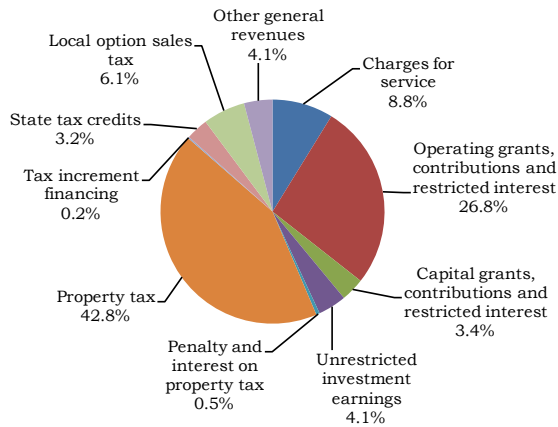
Net position of Muscatine County’s governmental activities increased 5.7% (approximately \$101.4 million compared to approximately \$95.9 million). The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$2.0 million, or 3.0%, 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 \$1.2 million, or 6.0%, over the prior year.

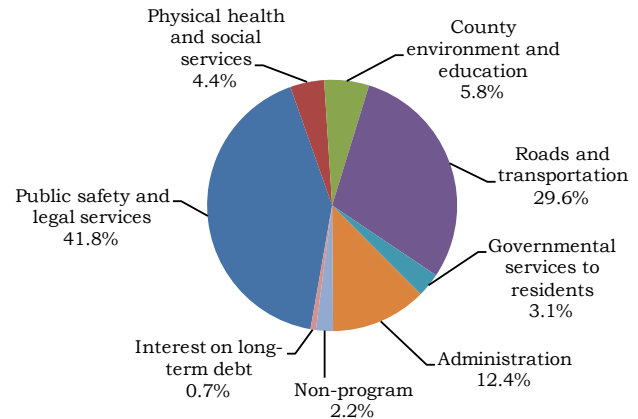
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$2.3 million from the prior year, an increase of 26.9%. The increase was due in part to an increase in investment revenue in fiscal year 2023 due to higher interest rates.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2023	2022
Revenues:		
Program revenues:		
Charges for service	\$ 3,439	3,442
Operating grants, contributions and restricted interest	10,498	10,874
Capital grants, contributions and restricted interest	1,338	1,356
General revenues:		
Property tax	16,760	17,710
Tax increment financing	79	80
Penalty and interest on property tax	180	62
State tax credits	1,264	1,335
Local option sales tax	2,387	2,281
Unrestricted investment earnings	1,586	101
Other general revenues	1,587	410
Total revenues	<u>39,118</u>	<u>37,651</u>
Program expenses:		
Public safety and legal services	14,083	12,740
Physical health and social services	1,476	1,329
Mental health	-	2,077
County environment and education	1,940	1,560
Roads and transportation	9,943	7,517
Governmental services to residents	1,029	886
Administration	4,180	3,677
Non-program	724	646
Interest on long-term debt	241	228
Total expenses	<u>33,616</u>	<u>30,660</u>
Change in net position	5,502	6,991
Net position beginning of year	<u>95,889</u>	<u>88,898</u>
Net position end of year	<u>\$ 101,391</u>	<u>95,889</u>

Revenues by Source



Expenses by Program



Muscatine County's governmental activities net position increased approximately \$5.5 million during the year. Revenues for governmental activities increased approximately \$1.5 million over the prior year, with unrestricted investment earnings, other general revenue, interest and penalty on property tax and local option sales tax increasing approximately \$1.5 million, \$1.2 million, \$118,000 and \$106,000 respectively. Unrestricted investment revenue increased approximately \$1,485,000, or 1,470.3% due to an increase in interest rates and funds available to invest, and the increase in other general revenues of approximately \$1,177,000, or 287.1% was due to an increase in the American Rescue Plan Act revenues.

Muscatine County's general basic levy was unchanged, the general supplemental levy was unchanged, the mental health levy decreased \$0.42427, the debt service levy decreased \$0.10901, and the rural services basic levy was unchanged. The rural taxable property valuation increased \$5,975,750 and the countywide taxable valuation increased \$17,408,001.

INDIVIDUAL MAJOR FUND ANALYSIS

As Muscatine County completed the year, its governmental funds reported a combined fund balance of approximately \$37.1 million, an increase of approximately \$4.3 million above last year's total of approximately \$32.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$2,435,000 and expenditures increased approximately \$1,872,000. Revenue increased primarily due to an increase in interest rates. The fund balance at the end of the fiscal year was approximately \$17.0 million, an increase of approximately \$1,138,000 over the prior year.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$203,000 over the prior year to approximately \$1,217,000. Revenues decreased approximately \$91,000 and expenditures increased \$49,000.
- The Special Revenue, Secondary Roads Fund ending fund balance increased approximately \$220,000 over the prior year to approximately \$9,951,000. Revenue increased approximately \$91,000, and expenditures increased approximately \$2,865,000. The increase in expenditures was due to an increase in asphalt paving projects.
- The Debt Service Fund ending fund balance decreased approximately \$657,000 from the prior year to approximately \$3.6 million. Expenditures increased approximately \$1,089,000 due to county paying off 2019 general obligation county purpose note payable.

- The Capital Projects Fund ending fund balance increased \$3.2 million from the prior year fund balance. The County issued general obligation levee improvements note for \$3,350,000 for the Muscatine Louisa–Island project.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopt 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 April 2023 and June 2023.

The first amendment increased disbursements for capital projects using ARPA funds in approximately \$4.4 million, while smaller increases were made for public safety, public health and county administration. The second amendment increased disbursements for the cost of jail food and provisions, medical examiner fees, FEMA buyout adjustments and salary and benefit changes due to employee retirements.

The County’s receipts were approximately \$1.7 million more than budgeted, a difference of 5.0%. Total disbursements were approximately \$15.1 million less than the amended budget, a variance of 29.6%. Disbursements for the roads and transportation and capital projects functions were approximately \$1.2 million, \$12.2 million less than budgeted, respectfully. The reductions were due to budgeting for projects not started in fiscal year 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, Muscatine County had approximately \$74.3 million invested in a broad range of capital assets, including public safety equipment, buildings, land, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$206,000, or less than 1%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2023	2022
Land	\$ 2,352	2,352
Intangibles, road network	1,196	1,196
Construction in progress	978	3,146
Buildings	24,727	23,326
Improvements other than buildings	242	278
Equipment and vehicles	6,349	6,816
Right-to-use leased assets	9	14
Right-to-use subscription assets	105	-
Infrastructure	38,340	37,376
Total	\$ 74,298	74,504

The decrease in the net book value of capital assets is primarily due to a decrease in capital asset additions and depreciation expense remaining steady.

Muscatine County had depreciation/amortization expense of \$4,481,961 in fiscal year 2023 and total accumulated depreciation/amortization of \$58,581,505 at June 30, 2023. 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 2023, Muscatine County had \$9,121,171 of general obligation notes/bonds and other debt outstanding, compared to \$8,729,509 at the end of fiscal year 2022.

Muscatine County's outstanding debt increased as a result of a bond issuance in July 2022 for Phase 2 of the Muscatine Louisa Island levy project. Muscatine County's general obligation bond rating continues to be A1 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 \$11,238,190, including development agreements of \$2,117,019 outstanding lease agreements of \$116,171 is significantly below its constitutional debt limit of approximately \$176 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 2024 budget and tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.1% versus 2.9% a year ago. This compares with the State's unemployment rate of 3.3% and the national rate of 3.6%. The amount available for appropriation in the fiscal year 2024 operating budget is approximately \$76.5 million, an increase of approximately 15.9% over the final fiscal year 2023 budget. Muscatine County's operating fund balances are expected to decrease approximately \$20.9 million as the County completes capital projects related to roads and other county projects.

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

Exhibit A

Muscatine County
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 44,989,057
Held by component units	64,525
Receivables:	
Property tax:	
Delinquent	47,353
Succeeding year	17,550,000
Succeeding year tax increment financing	81,000
Interest and penalty on property tax	152,674
Accounts	182,221
Opioid settlement	1,216,849
Accrued interest	95,301
Loan	15,000
Due from other governments	1,104,300
Inventories	288,547
Prepaid expenses	214,028
Capital assets not being depreciated	4,545,641
Capital assets, net of accumulated depreciation/amortization	<u>69,772,361</u>
Total assets	<u>140,318,857</u>
Deferred Outflows of Resources	
Pension related deferred outflows	1,900,510
OPEB related deferred outflows	<u>79,363</u>
Total deferred outflows of resources	<u>1,979,873</u>

Muscatine County
Statement of Net Position
June 30, 2023

	Governmental Activities
Liabilities	
Accounts payable	1,074,719
Accrued interest payable	16,804
Salaries and benefits payable	175,070
Due to other governments	31,241
Unearned revenue	7,233,564
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreement	5,250
IT subscription liability	52,948
General obligation bonds/notes	1,645,000
Compensated absences	800,381
Total OPEB liability	65,946
Portion due or payable after one year:	
Lease agreement	3,993
IT subscription liability	53,980
Net pension liability	1,794,843
General obligation bonds/notes	7,360,000
Compensated absences	754,828
Total OPEB liability	998,430
Total liabilities	22,066,997
Deferred Inflows of Resources	
Unavailable property tax revenue	17,721,100
Unavailable tax increment financing revenue	81,000
Pension related deferred inflows	1,009,340
OPEB related deferred inflows	29,492
Total deferred inflows of resources	18,840,932
Net Position	
Net investment in capital assets	69,336,176
Restricted for:	
Supplemental levy purposes	4,020,003
Rural services purposes	1,216,105
Secondary roads purposes	9,681,973
Conservation land acquisition	302,487
Debt service	3,560,385
Opioid abatement	1,395,392
Other purposes	1,053,562
Unrestricted	10,824,718
Total net position	\$ 101,390,801

See notes to financial statements.

Muscatine County

Muscatine County
Statement of Activities
Year ended June 30, 2023

	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	\$ 14,083,023	1,284,511	3,530,895	-	(9,267,617)
Physical health and social services	1,476,314	83,014	1,540,387	-	147,087
County environment and education	1,940,022	60,285	63,144	-	(1,816,593)
Roads and transportation	9,943,089	31,120	4,147,343	1,338,429	(4,426,197)
Governmental services to residents	1,028,866	527,159	156,458	-	(345,249)
Administration	4,180,363	567,973	433,706	-	(3,178,684)
Non-program	724,363	884,793	-	-	160,430
Interest on long-term debt	240,667	-	626,373	-	385,706
Total	\$ 33,616,707	3,438,855	10,498,306	1,338,429	(18,341,117)
General Revenues:					
Property and other county tax levied for:					
General purposes					15,488,418
Debt service					1,271,287
Tax increment financing					78,728
Penalty and interest on property tax					180,276
State tax credits					1,264,170
Local option sales tax					2,387,093
Unrestricted investment earnings					1,586,039
Gain on disposition of capital assets					414,684
American Rescue Plan Act					1,014,221
Miscellaneous					157,636
Total general revenues					23,842,552
Change in net position					5,501,435
Net position beginning of year					95,889,366
Net position end of year					\$ 101,390,801

See notes to financial statements.

Muscatine County
Balance Sheet
Governmental Funds

June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments			
County Treasurer	\$ 24,314,749	1,241,391	9,256,810
Held by component units	-	-	-
Receivables:			
Property tax:			
Delinquent	37,335	6,491	-
Succeeding year	13,544,000	2,836,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	152,674	-	-
Accounts	72,872	101	30
Opioid settlement	-	-	-
Accrued interest	95,301	-	-
Loan	15,000	-	-
Due from other funds	-	-	13,483
Due from other governments	207,279	25,176	540,185
Inventories	-	-	288,547
Prepaid expenditures	214,028	-	-
Total assets	\$ 38,653,238	4,109,159	10,099,055
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 385,500	1,336	111,858
Salaries and benefits payable	148,750	-	26,320
Due to other funds	8,072	270	-
Due to other governments	30,067	800	374
Unearned revenue	7,233,564	-	-
Total liabilities	7,805,953	2,406	138,552
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	13,675,100	2,863,000	-
Succeeding year tax increment financing	-	-	-
Other	197,880	27,178	9,951
Total deferred inflows of resources	13,872,980	2,890,178	9,951
Fund balances:			
Nonspendable:			
Inventories	-	-	288,547
Prepaid expenditures	214,028	-	-
Loan receivable	15,000	-	-
Restricted for:			
Supplemental levy purposes	3,834,040	-	-
Rural services purposes	-	1,216,575	-
Secondary roads purposes	-	-	9,662,005
Conservation land acquisition	302,487	-	-
Debt service	-	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	-	-	-
Assigned:			
Building maintenance	3,000,000	-	-
Debt service	-	-	-
Unassigned	9,608,750	-	-
Total fund balances	16,974,305	1,216,575	9,950,552
Total liabilities, deferred inflows of resources and fund balances	\$ 38,653,238	4,109,159	10,099,055

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
3,255,162	4,709,591	588,042	43,365,745
-	-	64,525	64,525
3,527	-	-	47,353
1,170,000	-	-	17,550,000
-	-	81,000	81,000
-	-	-	152,674
-	-	-	73,003
-	-	1,216,849	1,216,849
-	-	-	95,301
-	-	-	15,000
-	-	-	13,483
331,500	-	160	1,104,300
-	-	-	288,547
-	-	-	214,028
4,760,189	4,709,591	1,950,576	64,281,808
-	-	727	499,421
-	-	-	175,070
-	-	5,141	13,483
-	-	-	31,241
-	-	-	7,233,564
-	-	5,868	7,952,779
1,183,000	-	-	17,721,100
-	-	81,000	81,000
3,527	-	1,216,849	1,455,385
1,186,527	-	1,297,849	19,257,485
-	-	-	288,547
-	-	-	214,028
-	-	-	15,000
-	-	-	3,834,040
-	-	-	1,216,575
-	-	-	9,662,005
-	-	-	302,487
727,958	-	-	727,958
-	4,709,591	-	4,709,591
-	-	178,543	178,543
-	-	468,316	468,316
-	-	-	3,000,000
2,845,704	-	-	2,845,704
-	-	-	9,608,750
3,573,662	4,709,591	646,859	37,071,544
4,760,189	4,709,591	1,950,576	64,281,808

Muscatine County

Muscatine County

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

June 30, 2023

Total governmental fund balances (page 23) \$ 37,071,544

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 \$132,879,507 and the accumulated depreciation/amortization is \$58,581,505. 74,318,002

Other long-term assets are not available to pay current year expenditures, and therefore, are recognized as deferred inflows of resources in the governmental funds. 1,455,385

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. 1,157,232

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	\$ 1,979,873	
Deferred inflows of resources	<u>(1,038,832)</u>	941,041

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. (13,552,403)

Net position of governmental activities (page 19) \$ 101,390,801

See notes to financial statements.

Muscatine County

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

Year ended June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 12,788,627	2,702,205	-
Local option sales tax	-	-	2,387,093
Tax increment financing	-	-	-
Interest and penalty on property tax	132,398	-	-
Intergovernmental	7,035,380	228,475	4,624,047
Licenses and permits	16,075	70,419	30,724
Charges for service	1,180,726	-	396
Use of money and property	2,539,083	-	-
Miscellaneous	302,856	1,500	19,784
Total revenues	<u>23,995,145</u>	<u>3,002,599</u>	<u>7,062,044</u>
Expenditures:			
Operating:			
Public safety and legal services	13,452,889	-	-
Physical health and social services	1,310,547	177,569	-
County environment and education	1,162,466	460,635	-
Roads and transportation	-	-	8,247,731
Governmental services to residents	948,423	1,991	-
Administration	3,939,622	-	-
Debt service	-	-	-
Capital projects	1,062,118	-	1,014,565
Total expenditures	<u>21,876,065</u>	<u>640,195</u>	<u>9,262,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,119,080</u>	<u>2,362,404</u>	<u>(2,200,252)</u>
Other financing sources (uses):			
Sale of capital assets	17,000	-	-
Transfers in	39,250	-	2,420,000
Transfers out	(1,195,000)	(2,159,250)	-
General obligation notes issued	-	-	-
IT subscription agreement proceeds	157,381	-	-
Total other financing sources (uses)	<u>(981,369)</u>	<u>(2,159,250)</u>	<u>2,420,000</u>
Change in fund balances	1,137,711	203,154	219,748
Fund balances beginning of year	<u>15,836,594</u>	<u>1,013,421</u>	<u>9,730,804</u>
Fund balances end of year	<u>\$ 16,974,305</u>	<u>1,216,575</u>	<u>9,950,552</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,271,965	-	-	16,762,797
-	-	-	2,387,093
-	-	78,728	78,728
-	-	-	132,398
725,256	-	17,175	12,630,333
-	-	-	117,218
-	-	5,954	1,187,076
-	-	4,302	2,543,385
-	-	261,098	585,238
1,997,221	-	367,257	36,424,266
-	-	52,455	13,505,344
-	-	-	1,488,116
-	-	88,387	1,711,488
-	-	-	8,247,731
-	-	983	951,397
-	-	-	3,939,622
3,299,429	-	-	3,299,429
-	443,429	-	2,520,112
3,299,429	443,429	141,825	35,663,239
(1,302,208)	(443,429)	225,432	761,027
-	-	-	17,000
645,000	250,000	-	3,354,250
-	-	-	(3,354,250)
-	3,350,000	-	3,350,000
-	-	-	157,381
645,000	3,600,000	-	3,524,381
(657,208)	3,156,571	225,432	4,285,408
4,230,870	1,553,020	421,427	32,786,136
3,573,662	4,709,591	646,859	37,071,544

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, 2023

Change in fund balances - Total governmental funds (page 27) \$ 4,285,408

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

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

Expenditures for capital assets	\$ 2,862,253	
Capital assets contributed by the Iowa Department of Transportation	861,725	
Right-to-use subscription asset	157,381	
Depreciation/amortization expense	<u>(4,481,961)</u>	(600,602)

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. 414,684

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	(3,092)	
Other	<u>514,002</u>	510,910

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 issuances exceeded repayments, as follows:

Issued	3,507,381	
Repaid	<u>3,115,719</u>	(391,662)

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. 1,161,530

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	7,442	
Pension expense	238,440	
OPEB expense	(88,980)	
Interest on long-term debt	<u>(1,238)</u>	155,664

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. (34,496)

Change in net position of governmental activities (page 21) \$ 5,501,436

See notes to financial statements.

Muscatine County
Statement of Net Position
Proprietary Funds

June 30, 2023

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 1,623,312
Accounts receivable	<u>109,218</u>
Total assets	<u>1,732,530</u>
Current Liabilities	
Accounts payable	<u>575,298</u>
Net Position	
Restricted for:	
Employee health	1,070,598
County insurance	<u>86,634</u>
Total net position	<u>\$ 1,157,232</u>

See notes to financial statements.

Muscatine County

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

Year ended June 30, 2023

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,977,821
Reimbursements from employees and others		<u>594,450</u>
Total operating revenues		3,572,271
Operating expenses:		
Health claims and administrative services	\$ 3,410,859	
Loss contingencies and deductibles	<u>200,676</u>	<u>3,611,535</u>
Operating loss		(39,264)
Non-operating revenues:		
Interest income		<u>4,768</u>
Net loss		(34,496)
Net position beginning of year		<u>1,191,728</u>
Net position end of year		<u>\$ 1,157,232</u>
See notes to financial statements.		

Muscatine County

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2023

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds	\$ 2,977,821
Cash received from employees and others	494,844
Cash paid to suppliers for services	<u>(3,505,329)</u>
Net cash provided by operating activities	<u>(32,664)</u>
Cash flows from investing activities:	
Interest on investments	<u>4,768</u>
Net decrease in cash and cash equivalents	(27,896)
Cash and cash equivalents beginning of year	<u>1,651,208</u>
Cash and cash equivalents end of year	<u>\$ 1,623,312</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (39,264)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(99,606)
Accounts payable	<u>106,206</u>
Net cash used by operating activities	<u>\$ (32,664)</u>

See notes to financial statements.

Muscatine County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2023

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 5,880,038
Other County officials	2,612,638
Receivables:	
Property tax:	
Delinquent	145,648
Succeeding year	56,666,000
Accounts	55,740
Assessments	291,952
Due from other governments	<u>113,345</u>
Total assets	<u>\$ 65,765,361</u>

Liabilities

Accounts payable	141,643
Salaries and benefits payable	18,981
Due to other governments	2,743,127
Trusts payable	3,130,242
Notes payable	140,625
Compensated absences	<u>196,910</u>
Total liabilities	<u>6,371,528</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>56,666,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 2,727,833</u>
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See notes to financial statements.

Muscatine County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2023

Additions:	
Property and other county tax	\$ 51,962,195
911 surcharge	293,967
State tax credits	3,603,965
Office fees and collections	909,820
Auto licenses, use tax, postage and drivers license fees	14,549,660
Assessments	994,074
Trusts	7,511,989
Miscellaneous	<u>5,484,750</u>
Total additions	<u>85,310,420</u>
Deductions:	
Agency remittances:	
To other funds	849,963
To other governments	75,415,685
Trusts paid out	<u>8,721,877</u>
Total deductions	<u>84,987,525</u>
Change in net position	322,895
Net position beginning of year	<u>2,404,938</u>
Net position end of year	<u>\$ 2,727,833</u>

See notes to financial statements.

Muscatine County

Notes to Financial Statements

June 30, 2023

(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, Milestone Area Agency on Aging and Muscatine County Joint 911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County. 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 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

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

Opioid Settlement Receivable – The County will receive payments from certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failure to monitor for, detect and prevent diversion of the drugs. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction and recovery services.

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, 2023, 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.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Right-to-use subscription assets	50,000
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:

Asset Class	Estimated Useful Lives (In Years)
Infrastructure	10 - 65
Buildings and improvements	20 - 50
Intangibles	2 - 20
Right-to-use subscription assets	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 payments 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.

Subscription-Based Information Technology Arrangements (SBITA) – Muscatine County has entered into a contract that conveys control of the right to use information technology software. The County has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The County recognized IT subscription liabilities with an initial, individual value of \$50,000 or more.

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

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

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, 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, 2023, disbursements did not exceed the budgeted amounts.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2023 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 \$18,593,332. 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, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 8,072
	Special Revenue: Rural Services	270
	Drug Task Force	<u>5,141</u>
		<u>\$ 13,483</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Rural Services	<u>\$ 39,250</u>
Special Revenue: Secondary Roads	General	300,000
	Special Revenue: Rural Services	<u>2,120,000</u>
		<u>2,420,000</u>
Debt Service	General	<u>645,000</u>
Capital Projects	General	<u>250,000</u>
Total		<u>\$ 3,354,250</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, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,351,862	-	-	2,351,862
Intangibles, road network	1,195,713	-	-	1,195,713
Construction in progress	2,349,751	277,873	2,328,812	298,812
Construction in progress, road network	796,650	2,428,818	2,526,214	699,254
Total capital assets not being depreciated/amortized	6,693,976	2,706,691	4,855,026	4,545,641
Capital assets being depreciated/amortized:				
Buildings and improvements	38,335,329	2,456,923	99,474	40,692,778
Improvements other than building	418,027	-	-	418,027
Equipment and vehicles	16,430,301	1,466,116	1,285,295	16,611,122
Right-to-use assets	19,639	-	-	19,639
Right-to-use subscription asset	-	157,381	-	157,381
Intangibles	372,167	-	-	372,167
Infrastructure, road network	64,570,575	2,526,214	-	67,096,789
Infrastructure, other	2,856,935	129,028	-	2,985,963
Total capital assets being depreciated/amortized	123,002,973	6,735,662	1,384,769	128,353,866
Less accumulated depreciation/amortization for:				
Buildings and improvements	15,009,815	956,601	-	15,966,416
Improvements other than building	139,513	36,160	-	175,673
Equipment and vehicles	9,614,466	1,740,675	1,093,485	10,261,656
Right-to-use assets	5,318	5,318	-	10,636
Right-to-use assets subscription asset	-	52,460	-	52,460
Intangibles	372,167	-	-	372,167
Infrastructure, road network	29,043,213	1,564,247	-	30,607,460
Infrastructure, other	1,008,537	126,500	-	1,135,037
Total accumulated depreciation/amortization	55,193,029	4,481,961	1,093,485	58,581,505
Total capital assets being depreciated/amortized, net	67,809,944	2,253,701	291,284	69,772,361
Governmental activities capital assets, net	\$ 74,503,920	4,960,392	5,146,310	74,318,002

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 1,242,809
Physical health and social services	26,247
Mental health	64,421
County environment and education	248,543
Roads and transportation	2,534,061
Governmental services to residents	30,991
Administration	334,889
Total depreciation/amortization expense - governmental activities	\$ 4,481,961

(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, 2023 is as follows:

Fund	Description	Amount
General	Services	\$ 30,067
Special Revenue:		
Rural Services	Services	800
Secondary Roads	Services	374
		<u>1,174</u>
Total for governmental funds		<u>\$ 31,241</u>
Custodial:		
County Assessor	Collections	\$ 143
Schools		211,126
Community Colleges		15,095
Corporations		179,256
Townships		4,287
Auto License and Use Tax		1,223,775
Drainage Districts		1,031,270
All other		<u>78,175</u>
Total for custodial funds		<u>\$ 2,743,127</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	General Obligation County Building Improvement Notes	General Obligation County Refunding Bonds	General Obligation Urban Renewal Refunding Bonds	Lease Agreements	Subscription Liability	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning	\$ 2,895,000	1,635,000	4,185,000	14,509	-	1,562,651	(4,053,593)	956,509	7,195,076
Increases	3,350,000	-	-	-	157,381	1,015,156	-	125,701	4,648,238
Decreases	<u>1,830,000</u>	<u>685,000</u>	<u>545,000</u>	<u>5,266</u>	<u>50,453</u>	<u>1,022,598</u>	<u>(5,848,436)</u>	<u>17,834</u>	<u>(1,692,285)</u>
Balance end of year	\$ 4,415,000	950,000	3,640,000	9,243	106,928	1,555,209	1,794,843	1,064,376	13,535,599
Due within one year	\$ 535,000	550,000	560,000	5,250	52,948	800,381	-	65,946	2,569,525

Notes Payable

A summary of the County's June 30, 2023 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Building Improvement Note (2022)			Interest Rate	County Building Improvement Note (2020)		
		Principal	Interest	Total		Principal	Interest	Total
2024	2.85%	\$ 335,000	85,928	420,928	1.95%	\$ 200,000	27,755	227,755
2025	2.85	335,000	76,380	411,380	1.95	200,000	23,725	223,725
2026	2.85	335,000	66,832	401,832	1.95	200,000	19,771	219,771
2027	2.85	335,000	57,286	392,286	1.95	200,000	15,817	215,817
2028	2.85	335,000	47,738	382,738	1.95	200,000	11,895	211,895
2029-2030	2.85	1,340,000	95,476	1,435,476	1.95	400,000	11,862	411,862
Total		\$ 3,015,000	429,640	3,444,640		\$ 1,400,000	110,825	1,510,825

Year Ending June 30,	Totals		
	Principal	Interest	Total
2024	\$ 535,000	113,683	648,683
2025	535,000	100,105	635,105
2026	535,000	86,603	621,603
2027	535,000	73,103	608,103
2028	535,000	59,633	594,633
2029-2030	1,740,000	107,338	1,847,338
Total	\$ 4,415,000	540,465	4,955,465

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, 2023, the County paid the remaining principal of \$1,295,000 and interest of \$4,296 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, 2023, the County paid principal of \$200,000 and interest of \$31,633 on the notes.

On July 21, 2022, the County issued \$3,350,000 of general obligation levee improvements note with an interest rate of 2.85% per annum. The notes were issued for the purpose of undertaking flood control improvements including strengthening and raising levees. During the year ended June 30, 2023, the County paid principal of \$335,000 and interest of \$82,215 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, 2023 general obligation bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016A)		
		Principal	Interest	Total
2024	2.00%	\$ 550,000	19,000	569,000
2025	2.00	400,000	8,000	408,000
Total		<u>\$ 950,000</u>	<u>27,000</u>	<u>977,000</u>

During the year ended June 30, 2023, the County paid principal of \$685,000 and interest of \$30,988 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, 2023 general obligation urban renewal bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016B)		
		Principal	Interest	Total
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	2.30	635,000	29,670	664,670
2029	2.30	655,000	15,065	670,065
Total		<u>\$ 3,640,000</u>	<u>292,435</u>	<u>3,932,435</u>

During the year ended June 30, 2023, the County paid \$545,000 of principal and \$90,297 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, 2023, the County paid principal of \$2,396 and interest of \$213 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, 2023, the County paid principal of \$2,870 and interest of \$165 on the agreement.

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Jail Copier			Postage Machine		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,927	109	3,036	\$ 2,323	68	2,391
2025	2,985	51	3,036	-	-	-
2026	1,008	4	1,012	-	-	-
Total	\$ 6,920	164	7,084	\$ 2,323	68	2,391

Year Ending June 30,	Totals		
	Principal	Interest	Total
2024	\$ 5,250	177	5,427
2025	2,985	51	3,036
2026	1,008	4	1,012
Total	\$ 9,243	232	9,475

IT Subscription Liability

On July 1, 2022, the County entered into an IT subscription license and services information technology agreement with Insight Public Sector for annual maintenance. An initial IT subscription liability was recorded in the amount of \$157,381. The agreement requires annual payments of \$55,033 over 3 years with an initial payment made September 12, 2022 for \$52,643, with an interest rate of 1.50% and final payment due July 1, 2024. During the year ended June 30, 2023, principal and interest paid were \$50,453 and \$2,190, respectively. Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Maintenance Agreement		
	Principal	Interest	Total
2024	\$ 52,948	2,085	55,033
2025	53,980	1,053	55,033
Total	\$ 106,928	3,138	110,066

(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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 8.76% of covered payroll, for a total rate of 17.52%. 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, 2023 totaled \$1,161,530.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the County reported a liability of \$1,794,843 for its proportionate share of the overall plan net pension liability. The overall plan net pension liability was measured as of June 30, 2022 and the total plan pension liability used in the calculation of the overall plan net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the overall plan net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the County's collective proportion of the overall plan net pension asset was 0.047506% which was a decrease of 1.126676% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense (reduction) of \$(238,439). At June 30, 2023, 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	\$ 568,699	51,148
Changes of assumptions	2,934	311,508
Net difference between projected and actual earnings on IPERS' investments	-	611,989
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	167,347	34,695
County contributions subsequent to the measurement date	1,161,530	-
Total	<u>\$ 1,900,510</u>	<u>1,009,340</u>

\$1,161,530 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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
2024	\$ (521,768)
2025	(373,635)
2026	(757,376)
2027	1,386,920
2028	(4,501)
Total	<u>\$ (270,360)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 6,976,753	1,794,843	(2,760,431)

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, 2023.

(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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>180</u>
Total	<u>183</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,064,376 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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, 2023)	2.60% per annum.
Rates of salary increase (effective June 30, 2023)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2023)	4.13% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2023)	7.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.13% 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	\$ 956,509
Changes for the year:	
Service cost	87,231
Interest	41,354
Differences between expected and actual experiences	48,115
Changes in assumptions	(2,884)
Benefit payments	<u>(65,949)</u>
Net changes	<u>107,867</u>
Total OPEB liability end of year	<u>\$ 1,064,376</u>

Changes of assumptions reflect a change in the discount rate from 4.09% in fiscal year 2022 to 4.13% in fiscal year 2023.

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 (3.13%) or 1% higher (5.13%) than the current discount rate.

	<u>1% Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Total OPEB liability	\$ 1,138,176	1,064,376	994,366

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 (6.0%) or 1% higher (8.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Total OPEB liability	\$ 938,060	1,064,376	1,216,874

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized OPEB expense of \$88,980. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,688	26,928
Changes in assumptions	26,675	2,564
Total	<u>\$ 79,363</u>	<u>29,492</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
2024	\$ 16,584
2025	4,488
2026	3,672
2027	5,026
2028	5,026
Thereafter	15,075
	<u>\$ 49,871</u>

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

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2023 were \$415,818.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$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, 2023, no liability has been recorded in the County's financial statements. As of June 30, 2023, 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, 2023 was \$2,942,821.

Amounts payable from the Internal Service, Health Insurance Trust Fund at June 30, 2023 total \$571,750, 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 \$1,070,598 at June 30, 2023 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	\$ 466,525
Incurred claims (including claims incurred but not reported at June 30, 2023)	3,410,859
Payment on claims during the fiscal year	<u>(3,305,634)</u>
Unpaid claims end of year	<u>\$ 571,750</u>

(12) Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for employees. The 457 Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust of the exclusive benefit of plan participants and beneficiaries. These funds are invested and held by an outside investment company and do not constitute a liability of the County.

(13) 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 \$55,987 was rebated and as of June 30, 2023, a total of \$576,850 had been rebated under the agreement, leaving an outstanding balance at June 30, 2023 of \$2,073,150.

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 \$23,128 was rebated and as of June 30, 2023, a total of \$206,131 had been rebated under the agreement, leaving an outstanding balance at June 30, 2023 of \$43,869.

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

(14) 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, 2023, \$33,932 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, 2023 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Muscatine	Urban renewal and economic development projects	\$ 271,973
	Other tax abatement program	22,285
City of West Liberty	Urban renewal and economic development projects	4,861
City of Wilton	Urban renewal and economic development projects	36,763
City of Durant	Other tax abatement program	11,768

(15) 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, 2023:

Additions:		
Contributions from Muscatine County		\$ 1,748,736
Miscellaneous		<u>2,913</u>
Total additions		<u>1,751,649</u>
Deductions:		
Salaries	\$ 791,718	
Benefits	263,018	
Office supplies	3,842	
Educational materials	484	
Postage and publications	514	
Telephone and internet	2,977	
Travel	1,425	
Capital projects	42,609	
Training	6,495	
Equipment replacement	2,844	
Maintenance and rentals	122,042	
Insurance	34,053	
Radio system fees	293,642	
Miscellaneous	<u>1,028</u>	<u>1,566,691</u>
Net		184,958
Balance beginning of year		<u>769,841</u>
Balance end of year		<u>\$ 954,799</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, 2023:

Additions:		
Restitution		\$ 4,406
Forfeiture		29,343
Interest		<u>8</u>
Total additions		33,757
Deductions:		
Drug buys	\$ 4,000	
Forfeiture	<u>29,505</u>	<u>33,505</u>
Net		252
Balance beginning of year		<u>28,357</u>
Balance end of year		<u>\$ 28,609</u>

(16) 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 \$4,870,420 as of June 30, 2023.

(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 2023, the County was repaid \$15,000 leaving an outstanding loan receivable of \$15,000.

(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, 2023 is \$140,625.

(19) Subsequent Event

In July 2023, the County issued \$3,000,000 of general obligation county purpose note for the purpose of paying the costs of capital improvements and equipment.

Muscatine County

Required Supplementary Information

Muscatine County

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

Required Supplementary Information

Year ended June 30, 2023

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property tax	\$ 16,396,348	-	16,396,348
Tax increment financing and other county tax	132,398	-	132,398
Interest and penalty on property tax	2,846,628	-	2,846,628
Intergovernmental	11,684,438	-	11,684,438
Licenses and permits	116,313	-	116,313
Charges for service	1,185,329	-	1,185,329
Use of money and property	2,506,668	53	2,506,615
Miscellaneous	607,434	16,298	591,136
Total receipts	35,475,556	16,351	35,459,205
Disbursements:			
Public safety and legal services	13,696,172	21,389	13,674,783
Physical health and social services	1,505,525	-	1,505,525
County environment and education	1,590,421	2,792	1,587,629
Roads and transportation	8,402,220	-	8,402,220
Governmental services to residents	966,943	-	966,943
Administration	3,989,225	-	3,989,225
Debt service	3,378,544	-	3,378,544
Capital projects	2,547,687	-	2,547,687
Total disbursements	36,076,737	24,181	36,052,556
Excess (deficiency) of receipts over (under) disbursements	(601,181)	(7,830)	(593,351)
Other financing sources, net	3,367,000	-	3,367,000
Change in balances	2,765,819	(7,830)	2,773,649
Balance beginning of year	40,664,451	72,355	40,592,096
Balance end of year	\$ 43,430,270	64,525	43,365,745

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
16,410,636	16,410,636	(14,288)
120,000	120,000	12,398
2,570,458	2,570,458	276,170
13,110,403	10,838,230	846,208
113,850	113,850	2,463
1,095,450	1,095,450	89,879
813,525	2,093,525	413,090
372,300	522,300	68,836
<u>34,606,622</u>	<u>33,764,449</u>	<u>1,694,756</u>
14,002,903	14,455,338	780,555
1,535,986	1,941,679	436,154
1,888,713	1,804,654	217,025
8,990,000	9,575,000	1,172,780
1,004,974	1,017,989	51,046
4,106,147	4,284,663	295,438
3,382,919	3,382,919	4,375
<u>10,354,491</u>	<u>14,738,686</u>	<u>12,190,999</u>
<u>45,266,133</u>	<u>51,200,928</u>	<u>15,148,372</u>
(10,659,511)	(17,436,479)	16,843,128
-	-	3,367,000
<u>(10,659,511)</u>	<u>(17,436,479)</u>	<u>20,210,128</u>
<u>16,956,892</u>	<u>16,218,484</u>	<u>24,373,612</u>
<u>6,297,381</u>	<u>(1,217,995)</u>	<u>44,583,740</u>

Muscatine County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2023

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 35,475,556	948,710	36,424,266
Expenditures	36,076,737	(413,498)	35,663,239
Net	(601,181)	1,362,208	761,027
Other financing sources, net	3,367,000	157,381	3,524,381
Beginning fund balances	40,664,451	(7,878,315)	32,786,136
Ending fund balances	\$ 43,430,270	(6,358,726)	37,071,544

See accompanying independent auditor's report.

Muscatine County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

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 nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$5,934,795. 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, 2023, 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 Nine Years*
(In Thousands)

Required Supplementary Information

	2023	2022	2021	2020
County's proportion of the net pension liability/asset	0.047506%	1.174182% **	0.089693%	0.079180%
County's proportionate share of the net pension liability (asset)	\$ 1,795	(4,054)	6,301	4,585
County's covered payroll	\$ 12,003	11,448	10,885	9,790
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	14.95%	-35.41%	57.89%	46.83%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	84.45%

* 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.

2019	2018	2017	2016	2015
0.082360%	0.091945%	0.090860%	0.082257%	0.076187%
5,212	6,125	5,718	4,064	3,022
9,275	9,497	9,110	8,939	8,908
56.19%	64.49%	62.77%	45.46%	33.92%
83.62%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 1,162	1,123	1,079	1,038
Contributions in relation to the statutorily required contribution	<u>(1,162)</u>	<u>(1,123)</u>	<u>(1,079)</u>	<u>(1,038)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 12,557	12,003	11,448	10,885
Contributions as a percentage of covered payroll	9.25%	9.36%	9.43%	9.54%

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
1,004	904	875	845	833	830
(1,004)	(904)	(875)	(845)	(833)	(830)
-	-	-	-	-	-
9,790	9,275	9,497	9,110	8,939	8,908
10.26%	9.75%	9.21%	9.28%	9.32%	9.32%

Muscatine County

Muscatine County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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 and Related Ratios

For the Last Six Years
Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 87,231	63,735	58,647	50,771
Interest cost	41,354	21,301	24,804	28,883
Difference between expected and actual experiences	48,115	(27,531)	(26,024)	49,591
Changes in assumptions	(2,884)	20,765	30,091	10,895
Benefit payments	<u>(65,949)</u>	<u>(61,031)</u>	<u>(43,856)</u>	<u>(33,006)</u>
Net change in total OPEB liability	<u>107,867</u>	<u>17,239</u>	<u>43,662</u>	<u>107,134</u>
Total OPEB liability beginning of year	<u>956,509</u>	<u>939,270</u>	<u>895,608</u>	<u>788,474</u>
Total OPEB liability end of year	<u>\$ 1,064,376</u>	<u>956,509</u>	<u>939,270</u>	<u>895,608</u>
Covered-employee payroll	\$ 12,965,731	11,610,443	10,309,235	9,966,636
Total OPEB liability as a percentage of covered-employee payroll	8.2%	8.2%	9.1%	9.0%

See accompanying independent auditor's report.

2019	2018
44,927	35,301
28,349	27,157
26,046	(84,748)
22,755	37,921
(42,020)	(60,426)
80,057	(44,795)
708,417	753,212
788,474	708,417
9,933,233	9,775,040
7.9%	7.2%

Muscatine County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2023

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, 2023	4.13%
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%

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

Supplementary Information

Muscatine County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2023

	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	\$ 38,235	163,328	77,579	92,248
Cash held by component unit	-	-	-	-
Receivables:				
Due from other governments	-	-	-	160
Opioid settlement	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Total assets	\$ 38,235	163,328	77,579	92,408
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	727
Due to other funds	-	-	-	5,141
Total liabilities	-	-	-	5,868
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	38,235	163,328	77,579	86,540
Total fund balance	38,235	163,328	77,579	86,540
Total liabilities, deferred inflows of resources and fund balances	\$ 38,235	163,328	77,579	92,408

See accompanying independent auditor's report.

Revenue						
County Attorney's Forfeiture	Tax Increment Financing	Local Government Opioid Abatement	Reserve Police Officers	Conservation Foundation	Total	
38,109	-	178,543	-	-	588,042	
-	-	-	29,493	35,032	64,525	
-	-	-	-	-	160	
-	-	1,216,849	-	-	1,216,849	
-	81,000	-	-	-	81,000	
38,109	81,000	1,395,392	29,493	35,032	1,950,576	
-	-	-	-	-	727	
-	-	-	-	-	5,141	
-	-	-	-	-	5,868	
-	81,000	-	-	-	81,000	
-	-	1,216,849	-	-	1,216,849	
-	81,000	1,216,849	-	-	1,297,849	
-	-	178,543	-	-	178,543	
38,109	-	-	29,493	35,032	468,316	
38,109	-	178,543	29,493	35,032	646,859	
38,109	81,000	1,395,392	29,493	35,032	1,950,576	

Muscatine County

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

Year ended June 30, 2023

	County Recorder's Records Management	Resource Enhancement and Protection	County Sheriff's Forfeiture	Special Drug Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	16,788	-	-
Charges for service	5,954	-	-	-
Use of money and property	124	4,125	-	-
Miscellaneous	-	-	-	92,534
Total revenues	6,078	20,913	-	92,534
Expenditures:				
Operating:				
Public safety and legal services	-	-	5,912	22,954
County environment and education	-	6,480	-	-
Governmental services to residents	983	-	-	-
Total expenditures	983	6,480	5,912	22,954
Excess (deficiency) of revenues over (under) expenditures	5,095	14,433	(5,912)	69,580
Fund balances beginning of year	33,140	148,895	83,491	16,960
Fund balances end of year	\$ 38,235	163,328	77,579	86,540

See accompanying independent auditor's report.

Revenue						
County	Tax	Local	Reserve			
Attorney's	Increment	Government	Police	Conservation		
Forfeiture	Financing	Opioid	Officers	Foundation		Total
		Abatement				
-	78,728	-	-	-	-	78,728
-	387	-	-	-	-	17,175
-	-	-	-	-	-	5,954
-	-	-	53	-	-	4,302
2,101	-	150,165	13,574	2,724	-	261,098
2,101	79,115	150,165	13,627	2,724	-	367,257
2,200	-	-	21,389	-	-	52,455
-	79,115	-	-	2,792	-	88,387
-	-	-	-	-	-	983
2,200	79,115	-	21,389	2,792	-	141,825
(99)	-	150,165	(7,762)	(68)	-	225,432
38,208	-	28,378	37,255	35,100	-	421,427
38,109	-	178,543	29,493	35,032	-	646,859

Schedule 3

Muscatine County

Combining Schedule of Net Position
Proprietary Funds

June 30, 2023

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Assets			
Cash and cash equivalents	\$ 1,623,312	-	1,623,312
Accounts receivable	-	109,218	109,218
Due from other funds	19,036	-	19,036
	<u>1,642,348</u>	<u>109,218</u>	<u>1,751,566</u>
Liabilities			
Accounts payable	571,750	3,548	575,298
Due to other funds		19,036	19,036
	<u>571,750</u>	<u>22,584</u>	<u>594,334</u>
Restricted for:			
Employee health	1,070,598	-	1,070,598
County insurance	-	86,634	86,634
Total net position	<u>\$ 1,070,598</u>	<u>86,634</u>	<u>1,157,232</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, 2023

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Operating revenues:			
Reimbursements from operating funds	\$ 2,942,821	35,000	2,977,821
Reimbursements from others	427,514	166,936	594,450
Total operating revenues	<u>3,370,335</u>	<u>201,936</u>	<u>3,572,271</u>
Operating expenses:			
Health claims and administrative services	3,410,859	-	3,410,859
Loss contingencies and deductibles	-	200,676	200,676
Total operating expenses	<u>3,410,859</u>	<u>200,676</u>	<u>3,611,535</u>
Operating income (loss)	(40,524)	1,260	(39,264)
Non-operating revenues:			
Interest income	4,768	-	4,768
Net loss	(35,756)	1,260	(34,496)
Net position beginning of year	1,106,354	85,374	1,191,728
Net position end of year	<u>\$ 1,070,598</u>	<u>86,634</u>	<u>1,157,232</u>

See accompanying independent auditor's report.

Muscatine County

Muscatine County
Combining Schedule of Cash Flows
Proprietary Funds

Year ended June 30, 2023

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 2,942,821	35,000	2,977,821
Cash received from employees and others	427,514	67,330	494,844
Cash paid to suppliers for services	(3,305,634)	(199,695)	(3,505,329)
Net cash provided (used) by operating activities	64,701	(97,365)	(32,664)
Cash flows from noncapital financing activities:			
Cash provided to another fund	(19,036)	19,036	-
Cash flows from investing activities:			
Interest on investments	4,768	-	4,768
Net increase in cash and cash equivalents	50,433	(78,329)	(27,896)
Cash and cash equivalents beginning of year	1,572,879	78,329	1,651,208
Cash and cash equivalents end of year	\$ 1,623,312	-	1,623,312
Reconciliation of operating income to net cash cash used by operating activities:			
Operating income (loss)	\$ (40,524)	1,260	(39,264)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	-	(99,606)	(99,606)
Accounts payable	105,225	981	106,206
Net cash provided (used) by operating activities	\$ 64,701	(97,365)	(32,664)

See accompanying independent auditor's report.

Muscatine County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,359	764,031	211,126	15,095
Other County officials	2,612,638	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	886	2,053	79,518	5,632
Succeeding year	-	317,000	726,000	29,934,000	2,190,000
Accounts	38,459	-	-	-	-
Assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 2,651,097	320,245	1,492,084	30,224,644	2,210,727
Liabilities					
Accounts payable	\$ -	-	5,129	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other governments	43,137	2,359	143	211,126	15,095
Trusts payable	2,579,351	-	-	-	-
Notes payable	-	-	-	-	-
Compensated absences	-	-	65,544	-	-
Total liabilities	2,622,488	2,359	70,816	211,126	15,095
Deferred Inflow of Resources					
Unavailable revenues	-	317,000	726,000	29,934,000	2,190,000
Net Position					
Restricted for individuals, organizations and other governments	\$ 28,609	886	695,268	79,518	5,632

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
179,256	4,287	1,223,775	1,280,254	1,102,318	8,000	1,089,537	5,880,038
-	-	-	-	-	-	-	2,612,638
55,424	1,776	-	-	-	-	359	145,648
22,843,000	627,000	-	-	-	-	29,000	56,666,000
-	-	-	-	70	-	17,211	55,740
291,952	-	-	-	-	-	-	291,952
-	-	-	-	-	-	113,345	113,345
23,369,632	633,063	1,223,775	1,280,254	1,102,388	8,000	1,249,452	65,765,361
-	-	-	108,359	15,403	-	12,752	141,643
-	-	-	-	17,850	-	1,131	18,981
179,256	4,287	1,223,775	1,031,270	265	-	32,414	2,743,127
-	-	-	-	-	-	550,891	3,130,242
-	-	-	140,625	-	-	-	140,625
-	-	-	-	114,071	-	17,295	196,910
179,256	4,287	1,223,775	1,280,254	147,589	-	614,483	6,371,528
22,843,000	627,000	-	-	-	-	29,000	56,666,000
347,376	1,776	-	-	954,799	8,000	605,969	2,727,833

Muscatine County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Additions:					
Property and other county tax	\$ -	303,519	703,177	27,283,144	1,954,327
911 surcharge	-	-	-	-	-
State tax credits	-	23,438	53,903	1,473,982	105,194
Office fees and collections	903,867	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	7,511,989	-	-	-	-
Miscellaneous	43,336	-	515	25,927	-
Total additions	8,459,192	326,957	757,595	28,783,053	2,059,521
Deductions:					
Agency remittances:					
To other funds	413,760	-	-	-	-
To other governments	499,359	326,948	665,142	28,784,975	2,059,429
Trusts paid out	7,545,821	-	-	-	-
Total deductions	8,458,940	326,948	665,142	28,784,975	2,059,429
Changes in net position	252	9	92,453	(1,922)	92
Net position beginning of year	28,357	877	602,815	81,440	5,540
Net position end of year	\$ 28,609	886	695,268	79,518	5,632

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
20,730,362	564,696	-	-	-	-	422,970	51,962,195
-	-	-	-	-	-	293,967	293,967
1,915,704	30,143	-	-	-	-	1,601	3,603,965
-	-	-	-	-	-	5,953	909,820
-	-	14,549,660	-	-	-	-	14,549,660
206,968	-	-	787,106	-	-	-	994,074
-	-	-	-	-	-	-	7,511,989
-	-	-	36,690	1,751,649	40,300	3,586,333	5,484,750
22,853,034	594,839	14,549,660	823,796	1,751,649	40,300	4,310,824	85,310,420
-	-	436,203	-	-	-	-	849,963
22,884,792	594,699	14,113,457	823,796	1,566,691	32,300	3,064,097	75,415,685
-	-	-	-	-	-	1,176,056	8,721,877
22,884,792	594,699	14,549,660	823,796	1,566,691	32,300	4,240,153	84,987,525
(31,758)	140	-	-	184,958	8,000	70,671	322,895
379,134	1,636	-	-	769,841	-	535,298	2,404,938
347,376	1,776	-	-	954,799	8,000	605,969	2,727,833

Muscatine County

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

For the Last Ten Years

	2023	2022	2021	2020
Revenues:				
Property and other county tax	\$ 16,762,797	17,745,020	17,821,645	17,560,295
Local option sales tax	2,387,093	2,280,440	2,309,771	1,855,100
Tax increment financing	78,728	80,489	80,979	86,870
Interest and penalty on property tax	132,398	132,023	175,796	70,272
Intergovernmental	12,630,333	12,215,448	13,156,684	11,345,024
Licenses and permits	117,218	112,714	157,119	85,997
Charges for service	1,187,076	1,177,414	1,193,969	1,106,293
Use of money and property	2,543,385	1,219,079	1,326,966	1,436,362
Miscellaneous	585,238	429,108	907,919	405,131
Total	\$ 36,424,266	35,391,735	37,130,848	33,951,344
Expenditures:				
Operating:				
Public safety and legal services	\$ 13,505,344	13,123,916	12,182,840	12,025,204
Physical health and social services	1,488,116	1,370,401	1,494,891	1,272,794
Mental health	-	2,081,678	869,662	1,246,440
County environment and education	1,711,488	1,500,562	1,644,091	1,345,478
Roads and transportation	8,247,731	5,723,469	6,087,793	7,766,379
Governmental services to residents	951,397	974,161	992,098	921,887
Administration	3,939,622	3,681,522	3,528,542	3,228,629
Debt service	3,299,429	2,210,916	2,332,092	2,109,763
Capital projects	2,520,112	3,037,424	4,026,105	3,413,537
Total	\$ 35,663,239	33,704,049	33,158,114	33,330,111

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
17,745,020	17,821,645	17,560,295	15,451,678	15,270,600	15,361,152
2,280,440	2,309,771	1,855,100	1,742,843	1,748,584	1,674,268
80,489	80,979	86,870	76,889	38,696	28,799
132,023	175,796	70,272	140,335	137,528	26,500
12,147,873	13,156,684	11,345,024	9,583,356	7,930,172	8,736,740
112,714	157,119	85,997	96,334	98,809	79,010
1,177,414	1,193,969	1,106,293	1,092,826	994,284	1,045,893
1,219,079	1,326,966	1,436,362	754,263	543,784	537,210
452,967	907,919	405,131	439,513	588,395	349,462
35,348,019	37,130,848	33,951,344	29,378,037	27,350,852	27,839,034
13,123,817	12,182,840	12,025,204	9,466,411	8,917,179	8,502,516
1,370,401	1,494,891	1,272,794	1,052,397	1,078,192	1,165,740
2,081,678	869,662	1,246,440	3,677,254	3,013,461	2,481,692
1,500,562	1,644,091	1,345,478	1,283,865	1,127,924	1,012,652
5,723,469	6,087,793	7,766,379	6,039,385	5,984,880	5,123,328
974,161	992,098	921,887	782,245	743,278	783,569
3,681,522	3,528,542	3,228,629	2,773,214	2,781,434	2,575,095
2,210,916	2,332,092	2,109,763	8,600,742	1,808,964	1,630,158
3,010,876	4,026,105	3,413,537	4,205,733	1,544,236	4,796,032
33,677,402	33,158,114	33,330,111	37,881,246	26,999,548	28,070,782



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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, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 29, 2024.

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 item 2023-001 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 Muscatine County's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of 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 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
Chief Deputy Auditor of State

January 29, 2024

Muscatine County

Schedule of Findings

Year ended June 30, 2023

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

2023-001 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

Cause – The County Recorder’s Office has 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 ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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

Muscatine County
Schedule of Findings
Year ended June 30, 2023

Response – We will work with the Administrative Department to provide better segregation of duties.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Muscatine County

Schedule of Findings

Year ended June 30, 2023

Findings Related to Required Statutory Reporting:

- 2023-A Certified Budget – Disbursements during the year ended June 30, 2023 did not exceed the amounts budgeted.
- 2023-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.
- 2023-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2023-D Business Transaction – The following business transaction between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Claude Daum, Jailer, Owner of Daum Painting	Painting service	\$ 500

The transaction with Daum Painting does not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions were less than \$6,000 during the fiscal year.

- 2023-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.
- 2023-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.
- 2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-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.
- 2023-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).
- 2023-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

Schedule of Findings

Year ended June 30, 2023

2023-K Muscatine County Joint Communications (MUSCOM) – MUSCOM is operated under the authority of Chapter 28E of the Code of Iowa and is administered by the Muscatine County Joint Communications Commission (MCJCC) and the MUSCOM User Group (User Group) separate and distinct from County operations. Section 8 of the 28E agreement requires both the MCJCC and the User Group to follow the meeting requirements of Chapters 21, 22 and 28E of the Code of Iowa. Minutes of meetings should include the date, time, and location of the meetings. Information should be submitted for publication to the newspaper within 20 days following the adjournment of the meeting. Documentation of when summaries of the proceedings of each meeting were not maintained to support timely submission to newspaper for publication as required by Chapter 28E.6(3a) of the Code of Iowa.

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

Response – We will try to comply in the future and will document the date submitted to the newspaper.

Conclusion – Response accepted.

2023-L Local Option Sales Tax – The County’s local option sales tax (LOST) ballot requires LOST revenues to be allocated 100% for rural property tax relief in the unincorporated area of the County of Muscatine. While the County allocated revenues to the Special Revenue, Secondary Road Fund, the County did not track balances to ensure compliance with ballot provisions and how property tax relief was achieved.

Recommendation – The County should review the use of LOST receipts and develop a tracking method to document compliance with ballot provisions to provide rural property tax relief.

Response – The County disagrees with your interpretation of the LOST ballot allocation wording. We understand it to mean we are to allocate 100% of the LOST revenue to Rural Services expenditures, in our case Secondary Roads, in order to provide property tax relief to Rural Services. So as long as we do not levy the maximum amount of \$3.95, which for FY22/23 we levied \$2.99, and we continue to apply 100% of the LOST revenue to Rural Service expenses, we are providing property tax relief.

During the budget process and setting tax levies LOST amounts are unknown, with no estimations provided by the state until well after budgets and levies are certified. Therefore, if we were to interpret the ballot wording the way you are suggesting, we would be unable to assure that the reduction in taxes is equal to, or greater than, the amount of LOST we will receive.

Muscatine County has maintained acceptable fund balances over the years, specifically for cash flow purposes, with no noted concerns that our Rural Service fund balance has been excessive.

Conclusion – Response acknowledged. The approved ballot says “100% for rural property tax relief in the unincorporated area of the County of Muscatine,” this is not the same as being used for 100% for Rural Services expenditures. The calculated amount of LOST revenue plus the Rural Services Basic levy should not be more \$3.95 per thousand dollars of valuation plus the amount that could be levied for Rural Supplemental purposes. While the exact amount of LOST is a budgeted amount, adjustments can be made in subsequent years.

Muscatine County

Schedule of Findings

Year ended June 30, 2023

2023-M E911 Budget – During the year ended June 30, 2023, disbursements exceeded the amount budgeted for E-911 Custodial Funds at June 30, 2023.

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

Response – This was an error at year end and in the future, we will closely monitor expenditure and budget reports and amend for anticipated expenditures as needed.

Conclusion – Response accepted.

Muscatine County

Staff

This audit was performed by:

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