



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

March 14, 2025

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$39,274,186 for the year ended June 30, 2024, a less than one percent increase. Expenses for County operations for the year ended June 30, 2024 totaled \$34,314,921, a 2.0% increase. The increase in the expenses was primarily due to increases in uniformed patrol services and adult corrections services expenses.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. The findings are found on pages 90 through 93 of this report. The findings include a lack of segregation of duties within two separate offices, a lack of independent review of journal entries and the use of a debit card by the Muscatine County Volunteer Sheriff's Patrol. Sand provided the County 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 legally separate component unit have a fiduciary responsibility to provide oversight of the County's and the component unit'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, 2024

Muscatine County



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Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

Rob Sand
Auditor of State

February 17, 2025

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

I appreciate the cooperation and courtesy extended by the officials and employees of 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

<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



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

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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 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, 2024, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County as of June 30, 2024 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, 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 60 through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2023 (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 February 17, 2025 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

February 17, 2025

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, 2024. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2024 FINANCIAL HIGHLIGHTS

- Revenue of the County's governmental activities increased less than one percent, or approximately \$156,000, from fiscal year 2023 to fiscal year 2024. Unrestricted investment earnings increased approximately \$1.3 million, American Rescue Plan Act revenues increased approximately \$992,000 primarily from the County recognizing additional American Rescue Plan revenue and property tax increased approximately \$984,000 due to property valuations increasing property taxes. Capital grants decreased approximately \$1.3 million as a result of less funds received for bridge and road projects in the current year. Operating grants decreased approximately \$1.1 million primarily due to opioid revenue being recognized for several distributors for the first time in the prior year.
- Total expenses of the County's governmental activities remained relatively stable from fiscal year 2023 to fiscal year 2024 increasing 2.0% over fiscal year 2023. However, county environment and education increased approximately \$1.7 million due to costs associated with various ARPA projects, public safety and legal services expenses increased approximately \$1.1 million primarily due to additional costs for uniformed patrol services, adult correctional services and law enforcement communication expenses while roads and transportation expenses decreased \$2.1 million due to a large asphalt sealing project in the prior year with no similar projects in the current year.
- Muscatine County's net position at June 30, 2024 increased 4.9%, or approximately \$5.0 million, over the June 30, 2023 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Muscatine County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Muscatine County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Muscatine County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, 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 statements for fiduciary funds include 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 \$101 million to approximately \$106 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,	
	2024	2023
Current and other assets	\$ 71,784	66,001
Capital assets	74,072	74,318
Total assets	145,856	140,319
Deferred outflows of resources	3,228	1,980
Long-term liabilities	15,538	13,536
Other liabilities	8,294	8,531
Total liabilities	23,832	22,067
Deferred inflows of resources	18,902	18,841
Net position:		
Net investment in capital assets	69,163	69,336
Restricted	23,414	21,230
Unrestricted	13,773	10,825
Total net position	\$ 106,350	101,391

Net position of Muscatine County’s governmental activities increased 4.9% (approximately \$106.3 million compared to approximately \$101.4 million). The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$1.2 million, or 1.7%, over the prior year.

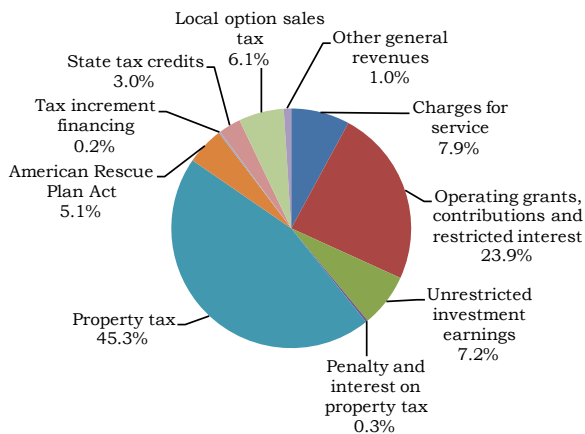
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$2.2 million, or 10.3%, over the prior year due to more restricted funds for capital projects funded with bond proceeds.

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 \$2.9 million over the prior year, an increase of 27.2%. The increase was due to a decrease in pension related deferred inflows and an increase in pension related deferred outflows.

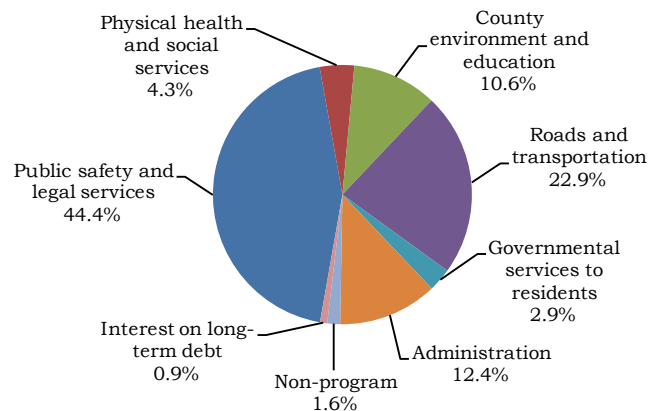
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2024	2023
Revenues:		
Program revenues:		
Charges for service	\$ 3,116	3,439
Operating grants, contributions and restricted interest	9,381	10,498
Capital grants, contributions and restricted interest	-	1,338
General revenues:		
Property tax	17,744	16,760
Tax increment financing	80	79
Penalty and interest on property tax	128	180
State tax credits	1,188	1,264
Local option sales tax	2,405	2,387
American Rescue Plan Act	2,006	1,014
Unrestricted investment earnings	2,836	1,586
Other general revenues	390	573
Total revenues	39,274	39,118
Program expenses:		
Public safety and legal services	15,195	14,083
Physical health and social services	1,479	1,476
County environment and education	3,641	1,940
Roads and transportation	7,873	9,943
Governmental services to residents	989	1,029
Administration	4,259	4,180
Non-program	566	724
Interest on long-term debt	313	241
Total expenses	34,315	33,616
Change in net position	4,959	5,502
Net position beginning of year	101,391	95,889
Net position end of year	\$ 106,350	101,391

Revenues by Source



Expenses by Program



Muscatine County's governmental activities net position increased approximately \$5.0 million during the year. Revenues for governmental activities increased approximately \$156,000 over the prior year, with unrestricted investment earnings, American Rescue Plan Act (ARPA) revenue, and property tax increasing approximately \$1.3 million, \$992,000 and \$984,000, respectively. Unrestricted investment revenue increased approximately \$1,250,000, or 78.8% due to an increase in interest rates and funds available to invest, and the increase in ARPA revenues of approximately \$992,000, or 97.8% was due to an increase in the ARPA revenues recognized due to an increase in ARPA related expenses.

Muscatine County's general basic levy was unchanged, the general supplemental levy decreased \$0.27, the debt service levy decreased \$0.09864, and the rural services basic levy decreased \$0.11. The rural taxable property valuation increased \$85,204,375 and the countywide taxable valuation increased \$203,237,855.

INDIVIDUAL MAJOR FUND ANALYSIS

As Muscatine County completed the year, its governmental funds reported a combined fund balance of approximately \$42.7 million, an increase of approximately \$5.6 million above last year's total of approximately \$37.1 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 \$2,535,000 and expenditures increased approximately \$1,743,000. Revenue increased primarily due to an increase in interest rates. The fund balance at the end of the fiscal year was approximately \$16.0 million, a decrease of approximately \$987,000 from the prior year.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$407,000 over the prior year to approximately \$1,624,000. Revenues increased approximately \$161,000 and expenditures decreased approximately \$34,000.
- The Special Revenue, Secondary Roads Fund ending fund balance increased approximately \$1.1 million over the prior year to approximately \$11,085,000. Revenue decreased approximately \$479,000, and expenditures decreased approximately \$1.4 million. The decrease in expenditures was due to a large asphalt paving project in fiscal year 2023 which was completed early in fiscal year 2024.
- The Debt Service Fund ending fund balance decreased approximately \$1.4 million from the prior year to approximately \$2.2 million. Expenditures decreased approximately \$648,000 due to the county paying off the 2016A general obligation county purpose note payable.
- The Capital Projects Fund ending fund balance increased \$6.2 million from the prior year fund balance. The County issued a general obligation levee improvement note for \$3,000,000 for various County capital projects. In addition, the County transferred \$4,178,400 from other funds for various capital projects including the courthouse roof project and jail improvements.

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 March 2024 and June 2024.

The first amendment decreased disbursements by \$183,798 primarily the result of an increase in administration of \$477,600 to account for higher insurance costs and a decrease in capital projects costs of \$600,542 to account for a reduction in planned project costs. The second amendment increased disbursements by \$136,850 for the cost of jail food and provisions and salary and benefit changes due to employee retirements.

The County’s receipts were approximately \$2.6 million less than budgeted, a difference of 6.6%. Total disbursements were approximately \$26.0 million less than the amended budget, a variance of 43.5%. Disbursements for the capital projects function were approximately \$21.4 million less than budgeted as a result of the County budgeting for projects that were not started in fiscal year 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, Muscatine County had approximately \$74.1 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 \$246,000.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2024	2023
Land	\$ 2,479	2,352
Intangibles, road network	1,196	1,196
Construction in progress	1,013	998
Buildings	24,354	24,727
Improvements other than buildings	310	242
Equipment and vehicles	6,551	6,349
Right-to-use leased assets	23	9
Right-to-use subscription assets	52	105
Infrastructure	38,094	38,340
Total	\$ 74,072	74,318

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 \$4,511,249 in fiscal year 2024 and total accumulated depreciation/amortization of \$61,876,722 at June 30, 2024. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At the end of fiscal year 2024, Muscatine County had \$9,737,443 of general obligation notes/bonds and other debt outstanding, compared to \$9,121,171 at the end of fiscal year 2023.

Muscatine County's outstanding debt increased as a result of a bond issuance in July 2023 for various capital projects improving County buildings. 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 \$11,774,058, including development agreements of \$2,036,615, outstanding lease agreements of \$23,463, and subscription-based IT agreements of \$53,980 is significantly below its constitutional debt limit of approximately \$195 million. Additional information about the County's long-term debt is presented in Note 6 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 2025 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 3.4% versus 3.1% a year ago. This compares with the State's unemployment rate of 2.8% and the national rate of 4.1%. The amount available for appropriation in the fiscal year 2025 operating budget is approximately \$75.9 million, a decrease of 4.8% from the final fiscal year 2024 budget. Muscatine County's operating fund balances are expected to decrease approximately \$23.4 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, 2024

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 50,438,485
Held by component units	92,698
Receivables:	
Property tax:	
Delinquent	48,538
Succeeding year	18,282,000
Succeeding year tax increment financing	75,000
Interest and penalty on property tax	140,605
Accounts	10,828
Opioid settlement	1,057,479
Accrued interest	105,158
Due from other governments	1,250,112
Inventories	262,467
Prepaid expenses	20,197
Capital assets not being depreciated/amortized	4,687,734
Capital assets, net of accumulated depreciation/amortization	<u>69,384,249</u>
Total assets	<u>145,855,550</u>
Deferred Outflows of Resources	
Pension related deferred outflows	3,100,837
OPEB related deferred outflows	<u>127,024</u>
Total deferred outflows of resources	<u>3,227,861</u>

Muscatine County
Statement of Net Position
June 30, 2024

	Governmental Activities
Liabilities	
Accounts payable	2,838,780
Accrued interest payable	23,724
Salaries and benefits payable	165,275
Due to other governments	38,372
Unearned revenue	5,227,394
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreement	6,506
IT subscription liability	53,980
General obligation bonds/notes	1,415,000
Compensated absences	791,385
Total OPEB liability	68,276
Portion due or payable after one year:	
Lease agreement	16,957
Net pension liability	3,075,985
General obligation bonds/notes	8,245,000
Compensated absences	728,130
Total OPEB liability	1,136,670
Total liabilities	23,831,434
Deferred Inflows of Resources	
Unavailable property tax revenue	18,446,100
Unavailable tax increment financing revenue	75,000
Pension related deferred inflows	350,415
OPEB related deferred inflows	30,396
Total deferred inflows of resources	18,901,911
Net Position	
Net investment in capital assets	69,163,052
Restricted for:	
Supplemental levy purposes	3,344,357
Rural services purposes	1,613,076
Secondary roads purposes	10,804,590
Conservation land acquisition	318,065
Debt service	2,186,607
Opioid abatement	1,450,147
Other purposes	3,697,478
Unrestricted	13,772,694
Total net position	\$ 106,350,066

See notes to financial statements.

Muscatine County

Muscatine County

Statement of Activities

Year ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 15,194,636	1,158,230	3,821,624	(10,214,782)
Physical health and social services	1,478,981	85,971	315,726	(1,077,284)
County environment and education	3,641,008	49,595	46,843	(3,544,570)
Roads and transportation	7,872,866	32,006	4,126,176	(3,714,684)
Governmental services to residents	989,503	438,874	59,100	(491,529)
Administration	4,258,788	558,122	477,887	(3,222,779)
Non-program	566,248	792,980	-	226,732
Interest on long-term debt	312,891	-	533,573	220,682
Total	\$ 34,314,921	3,115,778	9,380,929	(21,818,214)
General Revenues:				
Property and other county tax levied for:				
General purposes				16,560,384
Debt service				1,183,942
Tax increment financing				80,404
Penalty and interest on property tax				127,538
State tax credits and replacements				1,188,406
Local option sales tax				2,404,931
Unrestricted investment earnings				2,835,708
Gain on disposition of capital assets				146,284
American Rescue Plan Act				2,006,170
Miscellaneous				243,712
Total general revenues				26,777,479
Change in net position				4,959,265
Net position beginning of year				101,390,801
Net position end of year				\$ 106,350,066

See notes to financial statements.

Muscatine County
Balance Sheet
Governmental Funds

June 30, 2024

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments			
County Treasurer	\$ 23,214,954	1,653,806	10,459,331
Held by component units	-	-	-
Receivables:			
Property tax:			
Delinquent	38,902	6,436	-
Succeeding year	14,655,000	2,621,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	140,605	-	-
Accounts	9,898	175	755
Opioid settlement	-	-	-
Accrued interest	105,158	-	-
Due from other governments	248,813	20,687	611,340
Inventories	-	-	262,467
Prepaid expenditures	20,197	-	-
Total assets	\$ 38,433,527	4,302,104	11,333,893
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,083,348	3,288	209,783
Salaries and benefits payable	136,774	-	28,336
Due to other governments	37,025	958	389
Unearned revenue	5,227,394	-	-
Total liabilities	<u>7,484,541</u>	<u>4,246</u>	<u>238,508</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	14,782,100	2,647,000	-
Succeeding year tax increment financing	-	-	-
Other	179,507	27,123	9,951
Total deferred inflows of resources	<u>14,961,607</u>	<u>2,674,123</u>	<u>9,951</u>
Fund balances:			
Nonspendable:			
Inventories	-	-	262,467
Prepaid expenditures	20,197	-	-
Restricted for:			
Supplemental levy purposes	3,358,887	-	-
Rural services purposes	-	1,623,735	-
Secondary roads purposes	-	-	10,822,967
Conservation land acquisition	318,065	-	-
Debt service	-	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	-	-	-
Committed:			
Capital projects	-	-	-
Debt service	-	-	-
Assigned:			
Building maintenance	1,268,550	-	-
Unassigned	11,021,680	-	-
Total fund balances	<u>15,987,379</u>	<u>1,623,735</u>	<u>11,085,434</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 38,433,527	4,302,104	11,333,893

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,968,732	10,986,706	748,629	49,032,158
-	-	92,698	92,698
3,200	-	-	48,538
1,006,000	-	-	18,282,000
-	-	75,000	75,000
-	-	-	140,605
-	-	-	10,828
-	-	1,057,479	1,057,479
-	-	-	105,158
225,675	35,631	266	1,142,412
-	-	-	262,467
-	-	-	20,197
3,203,607	11,022,337	1,974,072	70,269,540
-	64,289	8,072	2,368,780
-	-	165	165,275
-	-	-	38,372
-	-	-	5,227,394
-	64,289	8,237	7,799,821
1,017,000	-	-	18,446,100
-	-	75,000	75,000
3,200	-	1,057,479	1,277,260
1,020,200	-	1,132,479	19,798,360
-	-	-	262,467
-	-	-	20,197
-	-	-	3,358,887
-	-	-	1,623,735
-	-	-	10,822,967
-	-	-	318,065
674,153	-	-	674,153
-	5,405,302	-	5,405,302
-	-	392,668	392,668
-	-	440,688	440,688
-	5,552,746	-	5,552,746
1,509,254	-	-	1,509,254
-	-	-	1,268,550
-	-	-	11,021,680
2,183,407	10,958,048	833,356	42,671,359
3,203,607	11,022,337	1,974,072	70,269,540

Muscatine County

Muscatine County

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

June 30, 2024

Total governmental fund balances (page 21) \$ 42,671,359

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 \$135,948,705 and the accumulated depreciation/amortization is \$61,876,722. 74,071,983

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. 1,277,260

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. 1,044,027

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	\$ 3,227,861	
Deferred inflows of resources	<u>(380,811)</u>	2,847,050

Long-term liabilities, including lease agreements payable, bonds/notes payable, compensated absences payable, net pension liability, total OPEB liability, IT subscription liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (15,561,613)

Net position of governmental activities (page 17) \$ 106,350,066

See notes to financial statements.

Muscatine County

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

Year ended June 30, 2024

	General	Special Revenue	
		Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 13,694,686	2,864,186	-
Local option sales tax	-	-	2,404,931
Tax increment financing	-	-	-
Interest and penalty on property tax	139,607	-	-
Intergovernmental	7,548,988	230,862	4,126,176
Licenses and permits	17,425	67,701	31,748
Charges for service	1,077,633	915	258
Use of money and property	3,676,158	-	-
Miscellaneous	375,301	-	19,705
Total revenues	26,529,798	3,163,664	6,582,818
Expenditures:			
Operating:			
Public safety and legal services	14,105,066	-	-
Physical health and social services	1,268,605	170,411	-
County environment and education	1,218,147	434,113	-
Roads and transportation	-	-	6,835,024
Governmental services to residents	956,453	2,068	-
Administration	4,008,188	-	-
Debt service	-	-	-
Capital projects	2,063,077	-	1,032,912
Total expenditures	23,619,536	606,592	7,867,936
Excess (deficiency) of revenues over (under) expenditures	2,910,262	2,557,072	(1,285,118)
Other financing sources (uses):			
Transfers in	31,245	1,333	2,420,000
Transfers out	(3,948,283)	(2,151,245)	-
General obligation notes issued	-	-	-
Lease agreement proceeds	19,850	-	-
Total other financing sources (uses)	(3,897,188)	(2,149,912)	2,420,000
Change in fund balances	(986,926)	407,160	1,134,882
Fund balances beginning of year	16,974,305	1,216,575	9,950,552
Fund balances end of year	\$ 15,987,379	1,623,735	11,085,434

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,184,269	-	-	17,743,141
-	-	-	2,404,931
-	-	80,404	80,404
-	-	-	139,607
607,897	-	222,064	12,735,987
-	-	-	116,874
-	-	5,303	1,084,109
-	-	17,231	3,693,389
-	35,631	83,968	514,605
1,792,166	35,631	408,970	38,513,047
-	-	71,811	14,176,877
-	-	-	1,439,016
-	-	148,747	1,801,007
-	-	-	6,835,024
-	-	1,915	960,436
-	-	-	4,008,188
2,650,971	-	-	2,650,971
-	965,574	-	4,061,563
2,650,971	965,574	222,473	35,933,082
(858,805)	(929,943)	186,497	2,579,965
-	4,178,400	-	6,630,978
(531,450)	-	-	(6,630,978)
-	3,000,000	-	3,000,000
-	-	-	19,850
(531,450)	7,178,400	-	3,019,850
(1,390,255)	6,248,457	186,497	5,599,815
3,573,662	4,709,591	646,859	37,071,544
2,183,407	10,958,048	833,356	42,671,359

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, 2024

Change in fund balances - Total governmental funds (page 25) \$ 5,599,815

**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. Depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 4,099,096	
Right-to-use subscription asset	19,850	
Depreciation/amortization expense	<u>(4,511,249)</u>	(392,303)

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.

146,284

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	1,185	
Other	<u>(179,310)</u>	(178,125)

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	(3,019,850)	
Repaid	<u>2,403,578</u>	(616,272)

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.

1,152,368

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	35,694	
Pension expense	(574,258)	
OPEB expense	(93,813)	
Interest on long-term debt	<u>(6,920)</u>	(639,297)

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.

(113,205)

Change in net position of governmental activities (page 19) \$ 4,959,265

See notes to financial statements.

Muscatine County

Statement of Net Position
Proprietary Funds

June 30, 2024

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 1,406,327
Due from other governments	<u>107,700</u>
Total assets	<u>1,514,027</u>
Liabilities	
Accounts payable	<u>470,000</u>
Net Position	
Restricted for:	
Employee health	930,841
County insurance	<u>113,186</u>
Total net position	<u>\$ 1,044,027</u>

See notes to financial statements.

Exhibit H

Muscatine County

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

Year ended June 30, 2024

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 3,105,087
Reimbursements from employees and others		<u>485,753</u>
Total operating revenues		3,590,840
Operating expenses:		
Health claims and administrative services	\$ 3,561,438	
Loss contingencies and deductibles	<u>144,769</u>	<u>3,706,207</u>
Operating loss		(115,367)
Non-operating revenues:		
Interest income		<u>2,162</u>
Net loss		(113,205)
Net position beginning of year		<u>1,157,232</u>
Net position end of year		<u>\$ 1,044,027</u>

See notes to financial statements.

Muscatine County

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2024

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds	\$ 3,105,087
Cash received from employees and others	572,387
Cash paid to suppliers for services	<u>(3,896,621)</u>
Net cash used by operating activities	<u>(219,147)</u>
Cash flows from investing activities:	
Interest on investments	<u>2,162</u>
Net decrease in cash and cash equivalents	(216,985)
Cash and cash equivalents beginning of year	<u>1,623,312</u>
Cash and cash equivalents end of year	<u>\$ 1,406,327</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (115,367)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets and liabilities:	
Accounts receivable	109,218
Due from other governments	(107,700)
Accounts payable	<u>(105,298)</u>
Net cash used by operating activities	<u>\$ (219,147)</u>

See notes to financial statements.

Muscatine County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2024

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 6,044,418
Other County officials	2,713,823
Receivables:	
Property tax:	
Delinquent	156,436
Succeeding year	57,062,000
Accounts	388,167
Assessments	392,928
Due from other governments	<u>88,706</u>
Total assets	<u>\$ 66,846,478</u>

Liabilities

Accounts payable	148,786
Salaries and benefits payable	26,301
Due to other governments	2,598,124
Trusts payable	3,160,047
Stamped warrants payable	338,869
Notes payable	131,250
Compensated absences	<u>178,624</u>
Total liabilities	<u>6,582,001</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>57,062,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 3,202,477</u>
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See notes to financial statements.

Muscatine County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2024

Additions:	
Property and other county tax	\$ 57,088,560
911 surcharge	287,292
State tax credits	3,353,148
Office fees and collections	789,061
Auto licenses, use tax, postage and drivers license fees	14,510,475
Assessments	785,294
Trusts	6,585,898
Miscellaneous	<u>5,524,758</u>
Total additions	<u>88,924,486</u>
Deductions:	
Agency remittances:	
To other funds	850,016
To other governments	80,861,598
Trusts paid out	<u>6,738,228</u>
Total deductions	<u>88,449,842</u>
Change in net position	474,644
Net position beginning of year	<u>2,727,833</u>
Net position end of year	<u>\$ 3,202,477</u>

See notes to financial statements.

Muscatine County

Notes to Financial Statements

June 30, 2024

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

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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in April 2023.

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

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

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Right-to-use 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:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Infrastructure	10 - 65
Buildings and improvements	20 - 50
Intangibles	2 - 20
Right-to-use 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 noncancellable leases 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 payments 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, 2024. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, 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 and tax increment financing receivables that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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

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

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

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

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, 2024, disbursements did not exceed the budgeted amounts.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$23,858,505. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Services	\$ 31,245
Special Revenue: Secondary Roads	General	300,000
	Special Revenue: Rural Services	2,120,000
		<u>2,420,000</u>
Rural Services	General	1,333
Capital Projects	General	3,646,950
	Debt Service	531,450
		<u>4,178,400</u>
Total		<u>\$ 6,630,978</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,351,862	127,604	-	2,479,466
Intangibles, road network	1,195,713	-	-	1,195,713
Construction in progress	298,812	659,053	463,500	494,365
Construction in progress, road network	699,254	1,012,791	1,193,855	518,190
Total capital assets not being depreciated/amortized	<u>4,545,641</u>	<u>1,799,448</u>	<u>1,657,355</u>	<u>4,687,734</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	40,692,778	609,954	-	41,302,732
Improvements other than building	418,027	108,052	-	526,079
Equipment and vehicles	16,611,122	2,247,220	1,472,518	17,385,824
Right-to-use assets	19,639	19,850	7,013	32,476
Right-to-use subscription asset	157,381	-	-	157,381
Intangibles	372,167	-	-	372,167
Infrastructure, road network	67,096,789	1,193,855	-	68,290,644
Infrastructure, other	2,985,963	207,705	-	3,193,668
Total capital assets being depreciated/amortized	<u>128,353,866</u>	<u>4,386,636</u>	<u>1,479,531</u>	<u>131,260,971</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	15,966,416	982,372	-	16,948,788
Improvements other than building	175,673	40,482	-	216,155
Equipment and vehicles	10,261,656	1,781,849	1,209,019	10,834,486
Right-to-use assets	10,636	6,177	7,013	9,800
Right-to-use subscription asset	52,460	52,460	-	104,920
Intangibles	372,167	-	-	372,167
Infrastructure, road network	30,607,460	1,513,101	-	32,120,561
Infrastructure, other	1,135,037	134,808	-	1,269,845
Total accumulated depreciation/amortization	<u>58,581,505</u>	<u>4,511,249</u>	<u>1,216,032</u>	<u>61,876,722</u>
Total capital assets being depreciated/amortized, net	<u>69,772,361</u>	<u>(124,613)</u>	<u>263,499</u>	<u>69,384,249</u>
Governmental activities capital assets, net	<u>\$ 74,318,002</u>	<u>1,674,835</u>	<u>1,920,854</u>	<u>74,071,983</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 1,267,962
Physical health and social services	26,247
County environment and education	266,126
Roads and transportation	2,535,929
Governmental services to residents	30,991
Administration	<u>383,994</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 4,511,249</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2024 is as follows:

Fund	Description	Amount
General	Services	\$ 37,025
Special Revenue:		
Rural Services	Services	958
Secondary Roads	Services	389
		<u>1,347</u>
Total for governmental funds		<u>\$ 38,372</u>
Custodial:		
County Assessor	Collections	119
Schools		234,235
Community Colleges		17,134
Corporations		195,385
Townships		4,683
Auto License and Use Tax		1,061,074
Drainage Districts		950,030
All other		<u>60,803</u>
Total for custodial funds		<u>\$ 2,523,463</u>

(6) Long-Term Liabilities

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

	General Obligation Notes	General Obligation Bonds	General Obligation Urban Renewal Refunding Bonds	Lease Agreements	Subscription Liability	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning	\$ 4,415,000	950,000	3,640,000	9,243	106,928	1,555,209	1,794,843	1,064,376	13,535,599
Increases	3,000,000	-	-	19,850	-	958,180	1,281,142	223,555	5,482,727
Decreases	835,000	950,000	560,000	5,630	52,948	993,874	-	82,985	3,480,437
Balance end of year	<u>\$ 6,580,000</u>	<u>-</u>	<u>3,080,000</u>	<u>23,463</u>	<u>53,980</u>	<u>1,519,515</u>	<u>3,075,985</u>	<u>1,204,946</u>	<u>15,537,889</u>
Due within one year	<u>\$ 835,000</u>	<u>-</u>	<u>580,000</u>	<u>6,506</u>	<u>53,980</u>	<u>791,385</u>	<u>-</u>	<u>68,276</u>	<u>2,335,147</u>

Notes Payable

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

Year Ending June 30,	Interest Rate	County Building Improvement Note (2020)			Interest Rates	County Levee Improvement Note (2022)		
		Principal	Interest	Total		Principal	Interest	Total
2025	1.95%	\$ 200,000	23,725	223,725	2.85%	\$ 335,000	76,380	411,380
2026	1.95	200,000	19,771	219,771	2.85	335,000	66,832	401,832
2027	1.95	200,000	15,817	215,817	2.85	335,000	57,286	392,286
2028	1.95	200,000	11,895	211,895	2.85	335,000	47,738	382,738
2029	1.95	200,000	7,908	207,908	2.85	335,000	38,190	373,190
2030-2033	1.95	200,000	3,954	203,954	2.85	1,005,000	57,286	1,062,286
Total		\$ 1,200,000	83,070	1,283,070		\$ 2,680,000	343,712	3,023,712

Year Ending June 30,	Interest Rates	County Purpose Note (2023)			Totals		
		Principal	Interest	Total	Principal	Interest	Total
2025	4.15%	\$ 300,000	112,050	412,050	\$ 835,000	212,155	1,047,155
2026	4.15	300,000	99,600	399,600	835,000	186,203	1,021,203
2027	4.15	300,000	87,150	387,150	835,000	160,253	995,253
2028	4.15	300,000	74,700	374,700	835,000	134,333	969,333
2029	4.15	300,000	62,250	362,250	835,000	108,348	943,348
2030-2033	4.15	1,200,000	124,500	1,324,500	2,405,000	185,740	2,590,740
Total		\$ 2,700,000	560,250	3,260,250	\$ 6,580,000	987,032	7,567,032

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, 2024, the County paid principal of \$200,000 and interest of \$27,755 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, 2024, the County paid principal of \$335,000 and interest of \$85,928 on the notes.

On July 3, 2023, the County issued \$3,000,000 of general obligation county purpose note with an interest rate of 4.15% per annum. The notes were issued for the purpose of undertaking capital projects such as equipping the County Attorney Office Facility, multiple projects involving the County jail, and constructing the Deep Lake Parks maintenance building and constructing a satellite building for the County Engineer's Office. During the year ended June 30, 2024, the County paid principal of \$300,000 and interest of \$108,246 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. During the year ended June 30, 2024, the County paid the remaining principal of \$950,000 and interest of \$4,644 on the bonds.

General Obligation Urban Renewal Refunding 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, 2024 general obligation urban renewal bonds indebtedness is as follows:

Year Ending June 30,	Interest Rates	County Refunding Bonds (2016B)		
		Principal	Interest	Total
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		\$ 3,080,000	213,037	3,293,037

During the year ended June 30, 2024, the County paid \$560,000 of principal and \$79,398 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, 2024, the County paid principal of \$2,323 and interest of \$68 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, 2024, the County paid principal of \$2,927 and interest of \$109 on the agreement.

On April 8, 2024, the County entered into a noncancelable lease agreement for a new postage machine. An initial lease liability was recorded in the amount of \$19,850. The agreement requires monthly payments of \$380 over five years with an estimated implicit interest rate of 1.95% and final payment due on May 25, 2029. During the year ended June 30, 2024, the County paid principal of \$380 and interest of \$3 on the agreement.

Future principal and interest lease payments as of June 30, 2024 are as follows:

Year Ending June 30,	Jail Copier			Postage Machine		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 2,985	51	3,036	\$ 3,521	1,039	4,560
2026	1,008	4	1,012	3,732	828	4,560
2027	-	-	-	3,957	603	4,560
2028	-	-	-	4,194	366	4,560
2029	-	-	-	4,066	114	4,180
Total	<u>\$ 3,993</u>	<u>55</u>	<u>4,048</u>	<u>\$ 19,470</u>	<u>2,950</u>	<u>22,420</u>

Year Ending June 30,	Totals		
	Principal	Interest	Total
2025	\$ 6,506	1,090	7,596
2026	4,740	832	5,572
2027	3,957	603	4,560
2028	4,194	366	4,560
2029	4,066	114	4,180
Total	<u>\$ 23,463</u>	<u>3,005</u>	<u>26,468</u>

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, 2024, principal and interest paid were \$52,948 and \$2,085, respectively. Future principal and interest lease payments as of June 30, 2024 are as follows:

Year Ending June 30,	Maintenance Agreement		
	Principal	Interest	Total
2025	<u>\$ 53,980</u>	<u>1,053</u>	<u>55,033</u>

(7) 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 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 8.51% of covered payroll, for a total rate of 17.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2024 totaled \$1,152,368.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the County reported a liability of \$3,075,985 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the County's proportion was 0.068148% which was an increase of 0.020642% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$574,258. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,091,573	16,374
Changes of assumptions	-	216,740
Net difference between projected and actual earnings on IPERS' investments	706,844	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	150,052	117,301
County contributions subsequent to the measurement date	1,152,368	-
Total	<u>\$ 3,100,837</u>	<u>350,415</u>

\$1,152,368 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ (35,765)
2026	(406,639)
2027	1,662,950
2028	319,305
2029	58,203
Total	<u>\$ 1,598,054</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 10,722,267	3,075,985	(3,334,304)

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, 2024.

(8) 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>181</u>
Total	<u>184</u>

Total OPEB Liability – The County's total OPEB liability of \$1,204,946 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2024)	2.60% per annum.
Rates of salary increase (effective June 30, 2024)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2024)	4.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2024)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 General Headcount Weighted Mortality Table fully generation using Scale MP-2021. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 1,064,376</u>
Changes for the year:	
Service cost	92,486
Interest	46,383
Changes in benefit terms	(1,282)
Differences between expected and actual experiences	(13,427)
Changes in assumptions	84,686
Benefit payments	<u>(68,276)</u>
Net changes	<u>140,570</u>
Total OPEB liability end of year	<u>\$ 1,204,946</u>

Changes of assumptions reflect a change in the discount rate from 4.13% in fiscal year 2023 to 4.21% in fiscal year 2024.

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.21%) or 1% higher (5.21%) than the current discount rate.

	<u>1% Decrease (3.21%)</u>	<u>Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
Total OPEB liability	\$ 1,296,135	1,204,946	1,118,062

Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
 – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 1,054,756	1,204,946	1,385,239

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the County recognized OPEB expense of \$93,813. At June 30, 2024, 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	\$ 37,423	(28,152)
Changes in assumptions	89,601	(2,244)
Total	\$ 127,024	(30,396)

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
2025	\$ 12,406
2026	11,590
2027	12,944
2028	12,944
2029	12,944
Thereafter	33,800
	\$ 96,628

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 803 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement liability. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2024 were \$284,276.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2024, no liability has been recorded in the County's financial statements. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$500,000, 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.

(10) 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, 2024 was \$3,065,087.

Amounts payable from the Internal Service, Health Insurance Trust Fund at June 30, 2024 total \$470,000, 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 \$930,841 at June 30, 2024 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	\$ 571,750
Incurred claims (including claims incurred but not reported at June 30, 2024)	3,561,438
Payment on claims during the fiscal year	<u>(3,663,188)</u>
Unpaid claims end of year	<u>\$ 470,000</u>

(11) 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.

(12) Development Agreements

In November 2010, the County entered into a development agreement with Svenskt Stal Aktiebolag Iowa, Inc (SSAB). Under the agreement, SSAB agreed to construct a research and development center, and the County agreed to provide a combination of property tax abatement and tax increment rebates. The total to be paid by the County under the agreement is not to exceed \$2,650,000. During the year \$54,769 was rebated and as of June 30, 2024, a total of \$631,619 had been rebated under the agreement, leaving an outstanding balance at June 30, 2024 of \$2,018,381.

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 \$25,635 was rebated and as of June 30, 2024, a total of \$231,766 had been rebated under the agreement, leaving an outstanding balance at June 30, 2024 of \$18,234.

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

(13) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

County Tax Abatements

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2024, \$34,102 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Muscatine and the City of Durant offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2024 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Muscatine	Urban renewal and economic development projects	\$ 300,359
	Chapter 404 tax abatement program	25,697
City of West Liberty	Urban renewal and economic development projects	22,170
City of Wilton	Urban renewal and economic development projects	18,136
City of Durant	Chapter 404 tax abatement program	24,137

(14) Jointly Governed Organizations

The County participates in the Muscatine County Joint Communications (MUSCOM) Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County’s financial statements as part of the Custodial Funds because of the County’s fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2024:

Additions:		
Contributions from Muscatine County		\$ 2,254,624
Miscellaneous		406
Total additions		<u>2,255,030</u>
Deductions:		
Salaries	\$ 782,399	
Benefits	266,445	
Office supplies	3,753	
Educational materials	156	
Postage and publications	574	
Telephone and internet	4,475	
Travel	749	
Capital projects	47,709	
Training	4,954	
Equipment replacement	225	
Maintenance and rentals	612,608	
Insurance	40,360	
Radio system fees	298,949	
Miscellaneous	1,216	2,064,572
Net		190,458
Balance beginning of year		<u>954,799</u>
Balance end of year		<u>\$ 1,145,257</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, 2024:

Additions:			
Forfeiture		\$	53,285
Intergovernmental grants			44,300
Restitution			27,832
Interest			<u>9</u>
Total additions			125,426
Deductions:			
Drug buys	\$	24,000	
Forfeiture		9,950	
Grant payments		<u>48,300</u>	<u>82,250</u>
Net			43,176
Balance beginning of year			<u>36,609</u>
Balance end of year			<u>\$ 79,785</u>

(15) Industrial Development Revenue Notes

In May 2013, the County issued \$6,000,000 of industrial development revenue notes under the provisions of Chapter 419 of the Code of Iowa on behalf of the Lutheran Homes Society. The notes and related interest are not a liability of the County but are payable solely and only from the revenues derived by the property constructed by the Lutheran Homes Society. The outstanding principal balance was \$4,676,957 as of June 30, 2024.

(16) 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 2024, the County was repaid the remaining outstanding loan balance of \$15,000.

(17) 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, 2024 is \$131,250.

(18) Construction Commitments

The County has entered into various contracts, with the larger projects totaling \$3,270,718 for the Courthouse Roof/Tower Repair and the Jail Exterior Insulated Metal Panel Installation. As of June 30, 2024, costs of \$412,224 on the projects have been incurred. The \$2,858,494 balance remaining on the projects at June 30, 2024 will be paid from capital project and ARPA funds as work on the projects progress.

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, 2024

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property tax	\$ 17,380,007	-	17,380,007
Tax increment financing and other county tax	139,607	-	139,607
Interest and penalty on property tax	2,779,958	-	2,779,958
Intergovernmental	10,616,985	-	10,616,985
Licenses and permits	111,159	-	111,159
Charges for service	1,093,763	-	1,093,763
Use of money and property	3,748,280	653	3,747,627
Miscellaneous	635,758	63,001	572,757
Total receipts	<u>36,505,517</u>	<u>63,654</u>	<u>36,441,863</u>
Disbursements:			
Public safety and legal services	14,077,558	34,937	14,042,621
Physical health and social services	1,442,669	-	1,442,669
County environment and education	1,753,330	544	1,752,786
Roads and transportation	6,695,625	-	6,695,625
Governmental services to residents	959,243	-	959,243
Administration	3,786,188	-	3,786,188
Debt service	2,731,375	-	2,731,375
Capital projects	2,375,943	-	2,375,943
Total disbursements	<u>33,821,931</u>	<u>35,481</u>	<u>33,786,450</u>
Excess (deficiency) of receipts over (under) disbursements	2,683,586	28,173	2,655,413
Other financing sources, net	3,011,000	-	3,011,000
Change in balances	5,694,586	28,173	5,666,413
Balance beginning of year	43,430,270	64,525	43,365,745
Balance end of year	<u>\$ 49,124,856</u>	<u>92,698</u>	<u>49,032,158</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual Variance
17,395,921	17,395,921	(15,914)
120,000	120,000	19,607
2,666,795	2,666,795	113,163
13,084,295	14,036,931	(3,419,946)
90,100	90,100	21,059
1,080,500	1,080,500	13,263
1,168,425	3,348,425	399,202
237,000	292,000	280,757
35,843,036	39,030,672	(2,588,809)
14,969,311	15,057,915	1,015,294
1,782,650	1,898,858	456,189
2,133,698	1,977,535	224,749
8,292,700	8,292,700	1,597,075
1,028,828	1,054,428	95,185
4,460,780	4,938,380	1,152,192
2,775,981	2,777,726	46,351
24,351,785	23,751,243	21,375,300
59,795,733	59,748,785	25,962,335
(23,952,697)	(20,718,113)	23,373,526
3,011,000	3,011,000	-
(20,941,697)	(17,707,113)	23,373,526
37,686,476	37,686,476	5,679,269
16,744,779	19,979,363	29,052,795

Muscatine County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2024

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 36,505,517	2,007,530	38,513,047
Expenditures	33,821,931	2,111,151	35,933,082
Net	2,683,586	(103,621)	2,579,965
Other financing sources, net	3,011,000	8,850	3,019,850
Beginning fund balances	43,430,270	(6,358,726)	37,071,544
Ending fund balances	<u>\$ 49,124,856</u>	<u>(6,453,497)</u>	<u>42,671,359</u>

See accompanying independent auditor's report.

Muscatine County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2024

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 blended component units, 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 decreased budgeted disbursements by approximately \$47,000. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2024, disbursements 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 Ten Years*
(In Thousands)

Required Supplementary Information

	2024	2023	2022	2021
County's proportion of the net pension liability (asset)	0.068148%	0.047506%	1.174182% **	0.089693%
County's proportionate share of the net pension liability (asset)	\$ 3,076	1,795	(4,054)	6,301
County's covered payroll	\$ 12,557	12,003	11,448	10,885
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.50%	14.95%	-35.41%	57.89%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%	82.90%

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

** Overall plan net pension asset.

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
0.079180%	0.082360%	0.091945%	0.090860%	0.082257%	0.076187%
4,585	5,212	6,125	5,718	4,064	3,022
9,790	9,275	9,497	9,110	8,939	8,908
46.83%	56.19%	64.49%	62.77%	45.46%	33.92%
84.45%	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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 1,152	1,162	1,123	1,079
Contributions in relation to the statutorily required contribution	<u>(1,152)</u>	<u>(1,162)</u>	<u>(1,123)</u>	<u>(1,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 12,467	12,557	12,003	11,448
Contributions as a percentage of covered payroll	9.24%	9.25%	9.36%	9.43%

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
1,038	1,004	904	875	845	833
(1,038)	(1,004)	(904)	(875)	(845)	(833)
-	-	-	-	-	-
10,885	9,790	9,275	9,497	9,110	8,939
9.54%	10.26%	9.75%	9.21%	9.28%	9.32%

Muscatine County

Muscatine County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Muscatine County

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

For the Last Seven Years
Required Supplementary Information

	2024	2023	2022	2021
Service cost	\$ 92,486	87,231	63,735	58,647
Interest cost	46,383	41,354	21,301	24,804
Difference between expected and actual experiences	(14,709)	48,115	(27,531)	(26,024)
Changes in assumptions	84,686	(2,884)	20,765	30,091
Benefit payments	(68,276)	(65,949)	(61,031)	(43,856)
Net change in total OPEB liability	140,570	107,867	17,239	43,662
Total OPEB liability beginning of year	1,064,376	956,509	939,270	895,608
Total OPEB liability end of year	\$ 1,204,946	1,064,376	956,509	939,270
Covered-employee payroll	\$ 12,913,972	12,965,731	11,610,443	10,309,235
Total OPEB liability as a percentage of covered-employee payroll	9.3%	8.2%	8.2%	9.1%

See accompanying independent auditor's report.

2020	2019	2018
50,771	44,927	35,301
28,883	28,349	27,157
49,591	26,046	(84,748)
10,895	22,755	37,921
(33,006)	(42,020)	(60,426)
107,134	80,057	(44,795)
788,474	708,417	753,212
895,608	788,474	708,417
9,966,636	9,933,233	9,775,040
9.0%	7.9%	7.2%

Muscatine County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2024

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2024	4.21%
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, 2024

	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	\$ 43,082	119,931	72,982	82,350
Cash held by component unit	-	-	-	-
Receivables:				
Due from other governments	-	-	-	266
Opioid settlement	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Total assets	\$ 43,082	119,931	72,982	82,616
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,459	-	-	6,313
Salaries payable	-	165	-	-
Total liabilities	1,459	165	-	6,313
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	41,623	119,766	72,982	76,303
Total fund balance	41,623	119,766	72,982	76,303
Total liabilities, deferred inflows of resources and fund balances	\$ 43,082	119,931	72,982	82,616

See accompanying independent auditor's report.

Revenue						
County Attorney's Forfeiture	Tax Increment Financing	Local Government Opioid Abatement	Reserve Police Officers	Conservation Foundation	Total	
37,616	-	392,668	-	-	748,629	
-	-	-	29,064	63,634	92,698	
-	-	-	-	-	266	
-	-	1,057,479	-	-	1,057,479	
-	75,000	-	-	-	75,000	
37,616	75,000	1,450,147	29,064	63,634	1,974,072	
300	-	-	-	-	8,072	
-	-	-	-	-	165	
300	-	-	-	-	8,237	
-	75,000	-	-	-	75,000	
-	-	1,057,479	-	-	1,057,479	
-	75,000	1,057,479	-	-	1,132,479	
-	-	392,668	-	-	392,668	
37,316	-	-	29,064	63,634	440,688	
37,316	-	392,668	29,064	63,634	833,356	
37,616	75,000	1,450,147	29,064	63,634	1,974,072	

Muscatine County

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

Year ended June 30, 2024

	County Recorder's Records Management	Resource Enhancement and Protection	County Sheriff's Forfeiture	Special Drug Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	18,452	-	-
Charges for service	5,303	-	-	-
Use of money and property	-	5,785	-	-
Miscellaneous	-	-	3,474	7,949
Total revenues	<u>5,303</u>	<u>24,237</u>	<u>3,474</u>	<u>7,949</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	8,071	18,186
County environment and education	-	67,799	-	-
Governmental services to residents	1,915	-	-	-
Total expenditures	<u>1,915</u>	<u>67,799</u>	<u>8,071</u>	<u>18,186</u>
Excess (deficiency) of revenues over (under) expenditures	3,388	(43,562)	(4,597)	(10,237)
Fund balances beginning of year	<u>38,235</u>	<u>163,328</u>	<u>77,579</u>	<u>86,540</u>
Fund balances end of year	<u>\$ 41,623</u>	<u>119,766</u>	<u>72,982</u>	<u>76,303</u>

See accompanying independent auditor's report.

Revenue						
County	Tax	Local	Reserve			
Attorney's	Increment	Government	Police	Conservation		
Forfeiture	Financing	Opioid	Officers	Foundation		Total
		Abatement				
-	80,404	-	-	-	-	80,404
-	-	203,612	-	-	-	222,064
-	-	-	-	-	-	5,303
280	-	10,513	653	-	-	17,231
9,544	-	-	33,855	29,146	-	83,968
9,824	80,404	214,125	34,508	29,146	-	408,970
10,617	-	-	34,937	-	-	71,811
-	80,404	-	-	544	-	148,747
-	-	-	-	-	-	1,915
10,617	80,404	-	34,937	544	-	222,473
(793)	-	214,125	(429)	28,602	-	186,497
38,109	-	178,543	29,493	35,032	-	646,859
37,316	-	392,668	29,064	63,634	-	833,356

Schedule 3

Muscatine County

Combining Schedule of Net Position
Proprietary Funds

June 30, 2024

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Assets			
Cash and cash equivalents	\$ 1,293,141	113,186	1,406,327
Due from other governments	107,700	-	107,700
	<u>1,400,841</u>	<u>113,186</u>	<u>1,514,027</u>
Liabilities			
Accounts payable	470,000	-	470,000
Net Position			
Restricted for:			
Employee health	930,841	-	930,841
County insurance	-	113,186	113,186
Total net position	<u>\$ 930,841</u>	<u>113,186</u>	<u>1,044,027</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, 2024

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Operating revenues:			
Reimbursements from operating funds	\$ 3,065,087	40,000	3,105,087
Reimbursements from others	354,432	131,321	485,753
Total operating revenues	<u>3,419,519</u>	<u>171,321</u>	<u>3,590,840</u>
Operating expenses:			
Health claims and administrative services	3,561,438	-	3,561,438
Loss contingencies and deductibles	-	144,769	144,769
Total operating expenses	<u>3,561,438</u>	<u>144,769</u>	<u>3,706,207</u>
Operating income (loss)	(141,919)	26,552	(115,367)
Non-operating revenues:			
Interest income	2,162	-	2,162
Net loss	(139,757)	26,552	(113,205)
Net position beginning of year	1,070,598	86,634	1,157,232
Net position end of year	<u>\$ 930,841</u>	<u>113,186</u>	<u>1,044,027</u>

See accompanying independent auditor's report.

Muscatine County

Muscatine County
Combining Schedule of Cash Flows
Proprietary Funds

Year ended June 30, 2024

	Internal Service - Health Insurance Trust	Internal Service - County Insurance Trust	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 3,065,087	40,000	3,105,087
Cash received from employees and others	354,432	217,955	572,387
Cash paid to suppliers for services	<u>(3,751,852)</u>	<u>(144,769)</u>	<u>(3,896,621)</u>
Net cash provided (used) by operating activities	<u>(332,333)</u>	<u>113,186</u>	<u>(219,147)</u>
Cash flows from investing activities:			
Interest on investments	<u>2,162</u>	<u>-</u>	<u>2,162</u>
Net increase (decrease) in cash and cash equivalents	(330,171)	113,186	(216,985)
Cash and cash equivalents beginning of year	<u>1,623,312</u>	<u>-</u>	<u>1,623,312</u>
Cash and cash equivalents end of year	<u>\$ 1,293,141</u>	<u>113,186</u>	<u>1,406,327</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (141,919)	26,552	(115,367)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	-	109,218	109,218
Due from other funds	19,036	-	19,036
Due from other governments	(107,700)	-	(107,700)
Accounts payable	(101,750)	(3,548)	(105,298)
Due to other funds	<u>-</u>	<u>(19,036)</u>	<u>(19,036)</u>
Net cash provided (used) by operating activities	<u>\$ (332,333)</u>	<u>113,186</u>	<u>(219,147)</u>

See accompanying independent auditor's report.

Muscatine County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,489	863,560	234,235	17,134
Other County officials	59,477	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	901	2,065	84,532	6,152
Succeeding year	-	324,000	664,000	30,235,000	2,170,000
Accounts	35,620	-	-	-	-
Assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 95,097	327,390	1,529,625	30,553,767	2,193,286
Liabilities					
Accounts payable	\$ -	-	5,251	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other governments	41,466	2,489	119	234,235	17,134
Trusts payable	53,631	-	-	-	-
Stamped warrants payable	-	-	-	-	-
Notes payable	-	-	-	-	-
Compensated absences	-	-	63,238	-	-
Total liabilities	95,097	2,489	68,608	234,235	17,134
Deferred Inflow of Resources					
Unavailable revenues	-	324,000	664,000	30,235,000	2,170,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	901	797,017	84,532	6,152

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Drainage Districts	Community Services	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
195,385	4,683	1,135,735	1,202,882	-	1,272,864	-	1,115,451	6,044,418
-	-	-	-	2,578,561	-	75,785	-	2,713,823
60,511	1,885	-	-	-	-	-	390	156,436
23,029,000	611,000	-	-	-	-	-	29,000	57,062,000
-	-	-	338,869	-	-	-	13,678	388,167
392,928	-	-	-	-	-	-	-	392,928
-	-	-	174	-	-	4,000	84,532	88,706
23,677,824	617,568	1,135,735	1,541,925	2,578,561	1,272,864	79,785	1,243,051	66,846,478
-	-	-	119,856	-	16,498	-	7,181	148,786
-	-	-	1,920	-	19,194	-	5,187	26,301
195,385	4,683	1,135,735	950,030	1,540	305	-	15,003	2,598,124
-	-	-	-	2,577,021	-	-	529,395	3,160,047
-	-	-	338,869	-	-	-	-	338,869
-	-	-	131,250	-	-	-	-	131,250
-	-	-	-	-	91,610	-	23,776	178,624
195,385	4,683	1,135,735	1,541,925	2,578,561	127,607	-	580,542	6,582,001
23,029,000	611,000	-	-	-	-	-	29,000	57,062,000
453,439	1,885	-	-	-	1,145,257	79,785	633,509	3,202,477

Muscatine County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Additions:					
Property and other county tax	\$ -	317,037	726,929	29,976,917	2,193,512
911 surcharge	-	-	-	-	-
State tax credits	-	21,919	50,067	1,483,370	108,104
Office fees and collections	784,268	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	2,193,640	-	-	-	-
Miscellaneous	-	-	740	26,550	-
Total additions	2,977,908	338,956	777,736	31,486,837	2,301,616
Deductions:					
Agency remittances:					
To other funds	409,537	-	-	-	-
To other governments	374,907	338,941	675,987	31,481,823	2,301,096
Trusts paid out	2,193,464	-	-	-	-
Total deductions	2,977,908	338,941	675,987	31,481,823	2,301,096
Changes in net position	-	15	101,749	5,014	520
Net position beginning of year	-	886	695,268	79,518	5,632
Net position end of year	\$ -	901	797,017	84,532	6,152

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Drainage Districts	Community Services	Joint Communications Center	Muscatine County Drug Task Force	Other	Total
22,884,540	627,594	-	-	-	-	-	362,031	57,088,560
-	-	-	-	-	-	-	287,292	287,292
1,658,268	29,841	-	-	-	-	-	1,579	3,353,148
-	-	-	-	-	-	-	4,793	789,061
-	-	14,510,475	-	-	-	-	-	14,510,475
238,795	-	-	546,499	-	-	-	-	785,294
-	-	-	-	4,392,258	-	-	-	6,585,898
-	-	-	59,703	10,190	2,255,030	125,426	3,047,119	5,524,758
24,781,603	657,435	14,510,475	606,202	4,402,448	2,255,030	125,426	3,702,814	88,924,486
-	-	440,479	-	-	-	-	-	850,016
24,675,540	657,326	14,069,996	606,202	10,190	2,064,572	48,300	3,556,718	80,861,598
-	-	-	-	4,392,258	-	33,950	118,556	6,738,228
24,675,540	657,326	14,510,475	606,202	4,402,448	2,064,572	82,250	3,675,274	88,449,842
106,063	109	-	-	-	190,458	43,176	27,540	474,644
347,376	1,776	-	-	-	954,799	36,609	605,969	2,727,833
453,439	1,885	-	-	-	1,145,257	79,785	633,509	3,202,477

Muscatine County

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

For the Last Ten Years

	2024	2023	2022	2021
Revenues:				
Property and other county tax	\$ 17,743,141	16,762,797	17,745,020	17,821,645
Local option sales tax	2,404,931	2,387,093	2,280,440	2,309,771
Tax increment financing	80,404	78,728	80,489	80,979
Interest and penalty on property tax	139,607	132,398	132,023	175,796
Intergovernmental	12,735,987	12,630,333	12,215,448	13,156,684
Licenses and permits	116,874	117,218	112,714	157,119
Charges for service	1,084,109	1,187,076	1,177,414	1,193,969
Use of money and property	3,693,389	2,543,385	1,219,079	1,326,966
Miscellaneous	514,605	585,238	429,108	907,919
Total	\$ 38,513,047	36,424,266	35,391,735	37,130,848
Expenditures:				
Operating:				
Public safety and legal services	\$ 14,176,877	13,505,344	13,123,916	12,182,840
Physical health and social services	1,439,016	1,488,116	1,370,401	1,494,891
Mental health	-	-	2,081,678	869,662
County environment and education	1,801,007	1,711,488	1,500,562	1,644,091
Roads and transportation	6,835,024	8,247,731	5,723,469	6,087,793
Governmental services to residents	960,436	951,397	974,161	992,098
Administration	4,008,188	3,939,622	3,681,522	3,528,542
Debt service	2,650,971	3,299,429	2,210,916	2,332,092
Capital projects	4,061,563	2,520,112	3,037,424	4,026,105
Total	\$ 35,933,082	35,663,239	33,704,049	33,158,114

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
17,560,295	15,598,013	15,976,080	16,078,839	15,451,678	15,270,600
1,855,100	2,070,774	1,868,551	1,834,732	1,742,843	1,748,584
86,870	86,325	87,444	88,317	76,889	38,696
70,272	158,030	123,955	135,312	140,335	137,528
11,345,024	10,644,978	9,916,962	9,367,575	9,583,356	7,930,172
85,997	99,481	106,446	110,629	96,334	98,809
1,106,293	1,096,519	1,232,865	1,122,809	1,092,826	994,284
1,436,362	1,486,993	1,099,398	805,212	754,263	543,784
405,131	643,283	305,998	285,938	439,513	588,395
33,951,344	31,884,396	30,717,699	29,829,363	29,378,037	27,350,852
12,025,204	11,517,204	10,053,308	9,364,305	9,466,411	8,917,179
1,272,794	1,066,511	1,085,437	1,123,752	1,052,397	1,078,192
1,246,440	1,437,479	1,540,680	2,318,210	3,677,254	3,013,461
1,345,478	1,418,799	1,263,242	1,271,784	1,283,865	1,127,924
7,766,379	6,297,873	6,019,011	6,623,286	6,039,385	5,984,880
921,887	851,978	861,780	828,728	782,245	743,278
3,228,629	3,067,190	2,836,858	2,872,291	2,773,214	2,781,434
2,109,763	1,893,360	1,918,335	2,355,330	8,600,742	1,808,964
3,413,537	2,082,330	2,506,326	3,457,540	4,205,733	1,544,236
33,330,111	29,632,724	28,084,977	30,215,226	37,881,246	26,999,548



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

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

To the Officials of Muscatine County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Muscatine County, Iowa, as of and for the year ended June 30, 2024, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 17, 2025.

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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item 2024-002 and 2024-003 to be significant deficiencies.

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, 2024 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

February 17, 2025

Muscatine County

Schedule of Findings

Year ended June 30, 2024

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2024-001 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Community Services
(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 Community Services

Cause – The above offices have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County Recorder’s Office and the Community Services 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 and the Community Services 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, 2024

Responses-

Recorder – We will take your advice into consideration moving forward.

Community Services – We understand that our department is small, and we do our best to segregate duties. This is only an issue if staff is out sick or on vacation.

Conclusion – Response accepted.

2024-002 Journal Entries

Criteria – An independent review of journal entries helps prevent losses from employee error or dishonesty and maximizes the accuracy of the financial statements.

Condition – One of three journal entries observed did not have proper independent review.

Cause – Procedures are designed to require employees to document the review and approval of journal entries; however, the procedure was not followed.

Effect – Lack of independent review of journal entries could adversely affect the County's ability to prevent or detect and correct misstatements, errors, or misappropriations on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Journal entries should be supported, and the support should be provided to an independent person for review and approval.

Response – In the future we will have an independent person review all journal entries and initial and date to document review.

Conclusion – Response accepted.

2024-003 Debit Card – Muscatine County Volunteer Sheriff's Patrol

Criteria – Internal controls over safeguarding assets constitutes a process, effected by an entity's governing body, management and other personnel designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The Sheriff's Patrol has a debit card available for use. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. In addition, there is no process for prior approval of purchases made with a debit card.

Causes – Officials have been unaware of the repercussions of allowing the use of debit cards.

Effect – Allowing the use of debit cards could result in unauthorized transactions and the opportunity for misappropriations.

Muscatine County

Schedule of Findings

Year ended June 30, 2024

Recommendation – The Volunteer Sheriff’s Patrol should prohibit the use of debit cards for purchases.

Response – The Sheriff’s Patrol (SP) unit maintains one debit card which remains in the custody/ control of the unit’s treasurer. The SP unit is governed by a four-person board made up of a president, vice-president, secretary, and treasurer. That group meets as a board, and full membership unit, twice a month. Board members review debits and account balances while preparing the Treasurer’s report for the unit’s meetings. Only current board members are authorized by the unit, and the bank, to utilize the card.

Conclusion – Response acknowledged. The Sheriff’s Patrol should prohibit the use of debit cards.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Muscatine County
 Schedule of Findings
 Year ended June 30, 2024

Findings Related to Required Statutory Reporting:

- 2024-A Certified Budget – Disbursements during the year ended June 30, 2024 did not exceed the amounts budgeted.
- 2024-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- 2024-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2024-D Business Transaction – The following business transaction between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Susan Spencer, girlfriend of transport officer	Sew/repair jail items	\$ 1,562

The transactions with Susan Spencer do 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.

- 2024-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.
- 2024-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.
- 2024-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2024-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- 2024-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 2024-J Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Muscatine County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
William R. Bamber, CPA, Senior Auditor
Dillon J. Hoit, Staff Auditor
Sydney L. Steffen, Staff Auditor
Jon J. Wilson, Assistant Auditor