

September 7, 2004

The Board of Supervisors of Shelby County, Iowa, met pursuant to law and rules of said board in regular session at 9:00 a.m. in the Supervisors Chambers of the Shelby County Courthouse with the following members present:, Roger Schmitz, Chairman; Richard Ferry, Vice-Chairman; and Marsha J. Carter, Clerk. Absent: Gayle Petersen.

It was moved by Ferry, seconded by Schmitz, to approve the agenda with the addition of Approval of Resolution To Apply For Housing Assistance Funds AND the following items contained in the Consent Agenda:

- A. Minutes of August 17 and 30, 2004
- B. Office Reports – None
- C. Committee Reports

AYES: Schmitz, Ferry

NAYES: None

It was moved by Ferry, seconded by Schmitz, to approve the Claims of August 26, 2004, as listed in the Claims Register. AYES: Schmitz, Ferry NAYES: None

Now being the time for the Public Hearing on the Weed Destruction Costs of \$550.00 against the property in Section 8 of Center Township, AKA the old dump ground, the Chairman did open the hearing. Carter stated they had received no written or oral comments regarding this matter. Carter also stated that the certified letter that was sent to the land owner, informing him of this hearing. It was moved by Ferry, seconded by Schmitz, to close the hearing and to authorize the Treasurer to assess the \$550.00 in Weed Destruction Costs against the property. AYES: Schmitz, Ferry NAYES: None

A discussion was held on the status of the easements for the Western Ventures Sewer Project, which are necessary to go forward with the Shelby County Cookers Project. Schmitz informed the Board that negotiations had taken place with the land owners. The permanent easements would cover less than three (3) acres of land, or approximately 5,000 running feet. Shelby County offered \$5,000 per acre, or approximately \$15,000 plus damages. The landowners proposed \$11 per running foot, or approximately \$55,000 plus damages. Representatives of Shelby County DevelopSource, Harlan Industrial Foundation, and Shelby County Cookers were present to support the Board in whatever decision was necessary to keep the Shelby County Cookers Project on target, even if the landowners proposal was more than anticipated. It was moved by Ferry, seconded by Schmitz, to approve payment of \$11 per running foot for the sewer easement. Actual footages for each landowner will be based on the survey documents. AYES: Schmitz, Ferry NAYES: None

It was moved by Ferry, seconded by Schmitz, to authorize the Chairman to sign the Subrecipient Loan Agreement between Shelby County and Shelby County Cookers and the Iowa Department of Economic Development Community Development Block Grant (CDBG) Program - Economic Development Set-Aside Contract as approved by the County Attorney. AYES: Schmitz, Ferry NAYES: None

Bryan Swain, attorney representing Concerned, Inc., appeared before the Board to present a Petition for the Abatement of Taxes. On June 1, 2004, Concerned purchased the real estate described as follows: Lots 2 and 3; and Parcel C of Lot 4 as described in Survey recorded as Instrument No. 1509-03; all in Harlan Building Corporation's Fourth Industrial Park Replat to the City of Harlan, Shelby County, Iowa. Since Concerned is a tax exempt charitable organization, an application for tax exempt status has been filed with the County Assessor's Office, but because of the date of purchase, the exemption will not be effective until January 1, 2005 for taxes payable in FY2006. It was moved by Ferry, seconded by Schmitz, to abate the taxes for one month of the FY2005 real estate taxes in the amount of \$2,727.54 and to abate the taxes for FY2006 in the amount of \$33,276.00 plus/minus any changes made in assessments or tax rates. AYES: Schmitz, Ferry NAYES: None

Dean Wilke, Surveyor, appeared before the Board to request that he be considered for any future survey work needed by the County.

Lonnie Maguire, Community Services Director, appeared before the Board to inform them that she had received notice that the Clerk of Court's Office will continue to find placement for persons committed under Chapter 125 (substance abuse) or Chapter 229 (mental illness) until October 15, 2004. As Maguire had reported at the last meeting, this is an extension from the original date of September 1. No solution has been found statewide for this issue, and she will continue to keep the Board updated on this situation.

It was moved by Ferry, seconded by Schmitz, to approve the following resolution:

RESOLUTION NO. 2004-31
SHELBY COUNTY CAPITAL ASSET POLICY

The financial reporting procedures adopted by Shelby County reflect the implementation of the Governmental Accounting Standards Board (GASB) Statement 34 which establishes new requirements for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to people who use governmental financial information such as managers, legislative officials, creditors, financial analysts, citizen groups and the general public. GASB 34 requires the following:

- Management's discussion and analysis (MD&A), which will provide an analysis of Shelby County's financial activities for a fiscal year based on currently known facts, decisions and conditions.
- Government-wide financial statement, which will display information about the government as a whole. This statement will measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting.
- Fund financial statement, which will display information about the major funds individually and the nonmajor funds in the aggregate. Financial statements will be presented using the current financial resources measurement focus and the modified accrual basis of accounting.
- Notes to the financial statements.
- Required supplementary information (other and MD&A), which will include required budgetary comparison information.

Capital Asset Capitalization

Capital assets are major assets that are used in governmental operations and that benefit more than a single fiscal period. Effective July 1, 2003, Shelby County will report the following major categories of capital assets that have an estimated life of three years or more.

- Machinery and equipment including vehicles
- Building and improvements
- Land
- Land improvements
- Infrastructure
- Construction in progress

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

Capital assets are to be reported at historical cost. This should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition. The historical cost should include the cost of any subsequent additions or improvements, which could extend the expected useful life of the asset but exclude the cost of repairs or routine maintenance. Items acquired to extend the life of a previously acquired asset are not required to be inventoried but are added to the historical cost of the asset and capitalized. Maintenance costs are to be expensed rather than capitalized. The independent judgment of capital improvement versus repair or maintenance will be distinguished through a quantifiable measurement by the Shelby County Engineer on a case-by-case basis. Trade-in value, if any, should be included in an asset's cost. Example: purchase cost + trade-in value of old asset = total cost of asset. A trade-in can be defined as exchanging an existing asset as part of an agreement to acquire a new asset. Any additional cash paid as part of such an agreement must be reported as an expenditure in the appropriate governmental fund.

Capital assets that are being depreciated will be reported net of accumulated depreciation in the statement of net assets. Depreciation expense will be reported in the statement of activities.

The capital asset thresholds for financial reporting purposes are as follows:

- Equipment \$ 5,000
- Land and buildings \$25,000
- Infrastructure \$50,000

Individual assets with an initial cost of \$500 or more but less than \$5,000 will be maintained on an inventory list or video archive for public accountability and insurance purposes. The \$500 - \$5,000 internal management control will not be reflected in the financial statements.

Any donated capital assets will be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.

A physical count of Shelby County’s inventory will be done on an annual basis at the discretion of the Auditor.

Each Department Head or Elected Official shall, upon request, report to the Auditor the following information for new purchases: cost, date of purchase, and location of item. The Auditor may ask for input regarding estimated useful life and estimated salvage value.

Depreciation Method for Capital Assets

Depreciation expense will be measured by the straight line depreciation method which is historical cost less estimated salvage value divided over the estimated useful life of the asset.

Formula = (Historical Cost – Salvage Value) / Estimated Useful Life

A full year’s depreciation will be taken in the year of acquisition for the capital assets of machinery, equipment, vehicles, buildings and building improvements.

Land and construction in progress are not depreciated.

Estimated Useful Lives of Capital Assets

The standards for estimating the useful lives of capital assets are based on professional judgments and industry averages, therefore determined to be objectively reasonable. Shelby County will have a subsequent review of estimated useful lives of capital assets once established to reflect changes in the condition of the asset or its use.

A range approach is used as a matter of policy, with specific estimated useful lives attached to specific assets when recorded in order to facilitate depreciation and tracking.

The following ranges are proposed as guidelines in setting estimated useful lives or asset reporting:

- Machinery and Equipment 03-20 years
- Vehicles 03-15 years
- Buildings and Improvements 25-50 years
- Land Improvements 10-50 years
- Infrastructure 10-65 years

Salvage Value of Capital Assets

Salvage value, as used in the depreciation formula, is the historical cost of the asset multiplied by 5% or 10% depending on professional judgment. Shelby County will have a subsequent review of an asset’s salvage value to reflect necessary changes. Infrastructure, as defined in this document, will have no salvage value.

Infrastructure

Shelby County has followed the guideline developed by the Iowa County Engineers Associate (ICEA) Cost Accounting Committee and approved by the Iowa County Finance Board for GASB 34 infrastructure reporting system.

The following terms have specialized meanings within the infrastructure depreciation framework:

Construction-in-progress (CIP): Prior to completion of a project, all payments made therefore will be classified as “CIP” amounts. This means no depreciation until work is complete.

Original Cost: The total amount paid to complete the improvement. Equals the total of all partial payments and the final payment. When a project is finished, the accumulated CIP is reduced to zero and that amount is then added into the original cost category.

Estimated Life: This is an estimate of how many years the infrastructure asset will be in service. Many will end up remaining in service beyond the estimated lifetimes set. The estimated life is only a basis for calculating annual depreciation installments – not a binding prediction.

Net Book Value (NBV): If a project is incomplete, NBV equals the current CIP amount. If placed into service NBV equals the asset’s original cost minus the current accumulated depreciation.

Network: A group of assets providing particular types of service.

Sub-system: Group of assets that make up a portion of a network.

Infrastructure Class and Sub-System

Infrastructure will consist of three classes: Roadways, Bridges and Culverts, and ROW.

Roadways will consist of four sub-systems: Paved, Hard Surfaced, Gravel and Earth.

Criteria

County road infrastructure improvements should be reported if they meet all of the following criteria:

- Is expected to have a service life of at least 10 years.
 - Included bridges, grading, pavements, etc.
 - Excludes seal coats, rock replacement, pavement markings, etc.
- Is classified as construction.
 - Excludes maintenance items.
- Equals or exceeds the day labor cost limit listed in the Code of Iowa (currently \$65,000).

Recommended Lifetimes of Infrastructure

Based on the recommended values from the ICEA:

- | | |
|------------------------------|-------------------------------|
| • Right-of-way | not depreciated |
| • Bridges | 40-65 years |
| • Culverts | 40-65 years |
| • Grading | 50 years |
| • Paving and surfacing | 10-30 years |
| • Roadside construction | included in grading or paving |
| • Traffic control and safety | 25 years |

Retroactive Reporting of Infrastructure Assets

Shelby County is not required to provide retroactive reporting of infrastructure assets; however, the Shelby County Engineer, in conjunction with the State Department of Transportation Office, will provide an estimated lump sum balance of infrastructure assets as of July 1, 2004.

Passed and approved this 7th day of September, 2004.

AYES: Schmitz, Ferry NAYES: None

It was moved by Ferry, seconded by Schmitz, to approve the following resolution:

RESOLUTION NO. 2004-32

RESOLUTION AUTHORIZING SOUTHWEST IOWA PLANNING COUNCIL TO APPLY FOR HOUSING ASSISTANCE FUNDS FROM THE FEDERAL HOME LOAN BANK

WHEREAS; Shelby County has found a need for housing rehabilitation in the county; and,

WHEREAS; the SW Iowa Housing Assistance Project that will be administered by Southwest Iowa Planning Council meets the housing needs according to the latest Shelby County Housing Study and Regional Housing Plan

NOW THEREFORE, BE IT RESOLVED BY THE COUNTY SUPERVISORS OF THE COUNTY OF SHELBY, as follows:

SECTION 1: Shelby County Supervisors approve the submission of an application to Federal Home Loan Bank by Southwest Iowa Planning Council to complete housing repairs for income eligible households.

SECTION 2: This project will be available throughout Shelby County.

Passed and approved this 7th day of September, 2004.

AYES: Schmitz, Ferry NAYES: None

The County Engineer gave a secondary road project update.

It was moved by Ferry, seconded by Schmitz, to approve the Project Agreement Between Shelby and the US Department of Agriculture Natural Resources Conservation Service to construct two (2) grade stabilization structures in the Mill-Picayune watershed, Sites M-11-2 and M-11-3, Grove Township, Section 6, and to appoint Dan Ahart, County Engineer, as the contracting officer. AYES: Schmitz, Ferry, Petersen NAYES: None

It was moved by Ferry, seconded by Schmitz, to approve the costs for the road upgrade, Section 10, Center Township, Quince, with Craig Christensen participating in the costs at \$1800.00. AYES: Schmitz, Ferry NAYES: None

It was moved by Ferry, seconded by Schmitz, to approve the Department of Transportation Agreement for Project STP-S-CO-83(37)—5E-83, 10 miles, M-47 Irwin South at a cost of \$2.2 million--\$1.2 million from Federal STP Funds and \$1 million from Farm to Market Funds. AYES: Schmitz, Ferry NAYES: None

It was moved by Ferry, seconded by Schmitz, to approve the following resolution as recommended by the County Engineer:

RESOLUTION NO. 2004-33

RESOLUTION OF SUPPORT

FOR A METHOD OF SECONDARY ROAD AND FARM-TO-MARKET ROAD USE TAX ALLOCATION AS PROPOSED BY THE SECONDARY ROAD FUND DISTRIBUTION ADVISORY COMMITTEE PER SECTION 312.3C OF THE CODE OF IOWA

Whereas, the former method of determining inter-county allocations of Secondary Roads and Farm-to-Market Road Use Tax revenues, known as the Quadrennial Needs Study, was discontinued by SF 2192, 2002 Iowa Acts, and,

Whereas, the Secondary Road Fund Distribution Advisory Committee, pursuant to the mandate of Iowa Code Section 312.3C, had developed and recommended a new method known as the “Factor Breakdown Method”, and,

Whereas, after due study, Shelby County has determined that the proposed method will provide a base level of funding for all counties and will allow for the allocation of funds to shift as population, system size, and traffic change, and,

Whereas, the proposed method has been endorsed by the Executive Boards of the Iowa County Engineers Association and the Iowa State Association of County Supervisors,

Now Therefore Be It Resolved, that Shelby County, Iowa, hereby endorses the adoption of the Factor Breakdown Method by the Legislature as presented by the Secondary Road Fund Distribution Advisory Committee, to become effective in FY 2007 and be phased in over a five year period.

Passed and approved this 7th day of September, 2004.

AYES: Schmitz, Ferry NAYES: None

There being no further business appearing, the Chairman declared the meeting adjourned at 10:15 a.m.

Roger Schmitz, Chairman

ATTEST:

Marsha J. Carter
Clerk to the Board of Supervisors

NOTE: These minutes are as recorded by the Clerk to the Board of Supervisors and are subject to Board approval at the next regular meeting.