

MINUTES AND PROCEEDINGS OF A REGULAR MEETING OF THE BUTLER COUNTY BOARD OF SUPERVISORS HELD ON JUNE 11, 2024.

Meeting called to order at 9:00 A.M. by Chairman Wayne Dralle with member Greg Barnett present. Motioned by Dralle, second by Barnett to move item 7 before item 6. All ayes. Motioned carried. Moved by Barnett second by Dralle to approve the agenda with the item order change. All ayes. Motion carried.

Minutes of the previous meeting were read. Motioned by Barnett, second by Dralle to approve the minutes as read. All ayes. Motion carried.

No public comment was received.

Board reviewed final FY24 BOS meeting date and first FY25 BOS meeting date. Leslie Groen, Auditor, discussed the scheduling and a final FY24 BOS meeting was set for June 28, 2024. There will be no BOS meeting on July 2, 2024. Motioned by Barnett, second by Dralle to approve the final FY24 meeting date.

Board reviewed Resolution 2006-2024 Butler County Right to Use Lease Asset Policy. Groen outlined the Resolution. Motioned by Barnett, second by Dralle to approve Resolution 2006-2024. Roll call was taken and Resolution #2006-2024.

RESOLUTION # 2006-2024 BUTLER COUNTY RIGHT-TO-USE LEASE ASSET POLICY

GASB Statement No. 87, "Leases", is effective beginning July 1, 2021. (FY2022). GASB 87 requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. For counties reporting on the accrual basis of accounting, the cumulative effect, if any, may require a restatement of beginning net position, fund balance, or fund net position (as applicable). This means leases in existence on June 30, 2021, will need to be reported as the beginning balance (July 1, 2021) for leases of FY2022.

A right-to-use lease asset is an intangible capital asset. The asset represents the right to use an underlying asset identified in a lease contract, as specified for a period of time.

Butler County will recognize the intangible right-to-use lease asset when:

- (a) The contract conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. (GASB 87, paragraph 4)
- (b) The minimum noncancelable contract term is greater than twelve months.
- (c) The contract does not transfer ownership of the underlying asset.
- (d) The underlying asset is used to conduct county business. (This will not apply to custodial funds.)

The following leases are not GASB 87 leases and are excluded from this policy:
(GASB 87, paragraph 8)

- (a) Leases of intangible assets, including rights to explore for or to exploit natural resources such as oil, gas, and minerals and similar nonregenerative resources; licensing contracts for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights; and licensing contracts for computer software.
- (b) Leases of biological assets, including timber, living plants, and living animals.
- (c) Leases of inventory.
- (d) Contracts that meet the definition of a service concession arrangements (as specified in GASB 60, paragraph 4).
- (e) Leases of assets financed with outstanding conduit debt, unless both the underlying asset and the conduit debt are reported by the lessor.
- (f) Supply contracts, such as power purchase agreements.

Threshold for Capitalization of Right-To-Use Lease Assets

The establishment of a right-to-use lease asset capitalization threshold policy has been recommended. The policy should be approved by the Board of Supervisors. The threshold is to be consistently applied by all departments and offices of Butler County for financial reporting purposes and should overall capture most right-to-use lease contracts. All right-to-use lease assets at or above \$5,000 must be reported.

As a general rule, the threshold should be applied to individual lease contracts.

Right-to-use lease asset classifications:

The lessee is required to disclose the amount of lease assets (and the related amortization) by major classes of underlying assets, separately from other capital assets. (GASB 87, paragraph 37)

At a minimum, the following major classes of underlying lease assets will be disclosed by Butler County.

- Right-to-use leased land.
- Right-to-use leased buildings.
- Right-to-use leased equipment.

- Right-to-use leased improvements other than buildings.

Measurement and amortization:

Measurement: A lessee should initially measure the lease asset as the sum of the following: (GASB 87, paragraph 30)

- (a) The amount of the initial measurement of the lease right-to-use asset. (A lessee should measure the lease liability and right-to-use asset at the present value of payments expected to be made during the lease term. (GASB 87, paragraph 21)) (For the year of implementation, the lease liability and right-to-use asset should be measured as of July 1, 2021.)
- (b) Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term
- (c) Initial direct costs that are ancillary charges necessary to place the lease asset into service.

Amortization: A lease asset should be amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset (except if the lessee is reasonably certain a purchase option will be exercised). The amortization of the lease asset should be reported as amortization expense. (GASB 87, paragraph 31).

At a minimum, amortization should be calculated on a monthly basis.

WHEREAS, for the purposes of GASB 87 Accounting and Financial Reporting, it is necessary for Butler County to establish and approve a Right-To-Use Lease Asset Policy.

IN ADDITION, the establishment of a right-to-use lease asset capitalization threshold is to be included and to be approved by the board.

BE IT RESOLVED, that Butler County establishes and this Butler County Right-To-Use Lease Asset Policy, including the right-to-use lease asset capitalization threshold of \$5,000.00.

The roll was called and the vote thereon was:

AYES: Wayne Dralle NAYS: None ABSENT: Rusty Eddy
Greg Barnett

THEREFORE, be it resolved that the motion was carried.

WHEREUPON the Resolution was declared duly adopted this 11th day of June 2024.

Wayne Dralle
Chair, Board of Supervisors

ATTEST:
Leslie Groen, County Auditor

Board reviewed Resolution 2007-2024 Butler County Right to Use Subscription Asset Policy. Motioned by Barnett, second by Dralle to approve Resolution 2007-2024. Roll call was taken: Ayes – Dralle, Barnett. Nays – None.

**RESOLUTION #2007-2024
BUTLER COUNTY RIGHT-TO-USE SUBSCRIPTION
ASSET POLICY**

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements", is effective beginning July 1, 2022. (FY2023). GASB 96 requires a government end user (government) to recognize a subscription liability and an intangible right-to-use subscription asset.

For counties reporting on the accrual basis of accounting, the cumulative effect, if any, may require a restatement of beginning net position, fund balance, or fund net position (as applicable). This means subscription-based information technology arrangements (SBITA or subscription) in existence on June 30, 2022, will need to be reported as the beginning balance (July 1, 2022) for leases of FY2023.

A right-to-use subscription asset is an intangible capital asset. The asset represents the right to use an underlying asset identified in a subscription contract, as specified for a period of time. Butler County will recognize the intangible right-to-use subscription asset when:

- (a) The contract conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.
- (b) The minimum noncancelable contract term is greater than twelve months.
- (c) The contract does not transfer ownership of the underlying asset.
- (d) The underlying asset is used to conduct county business. (This will not apply to custodial funds.)

Threshold for Capitalization of Right-To-Use SBITA Assets

The establishment of a right-to-use subscription asset capitalization threshold policy has been recommended. The policy should be approved by the Board of Supervisors. The threshold is to be consistently applied by all departments and offices of Butler County for financial reporting purposes and should overall capture most right-to-use subscription contracts. All right-to-use subscription assets at or above \$100,000.00 must be reported.

As a general rule, the threshold should be applied to individual subscription contracts.

Right-to-use lease asset classifications:

The government is required to disclose the amount of subscription assets (and the related amortization) separately from other capital assets.

Measurement and amortization:

Measurement: A government should initially measure the subscription asset as the sum of the following:

- (a) The amount of the initial measurement of the subscription right-to-use asset. (A lessee should measure the subscription liability and right-to-use asset at the present value of payments expected to be made during the lease term.) (For the year of implementation, the subscription liability and right-to-use asset should be measured as of July 1, 2022.)
- (b) Subscription payments made to the vendor at or before the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term
- (c) Initial direct costs that are ancillary charges necessary to place the subscription asset into service.

Amortization: A subscription asset should be amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying asset. The amortization of the lease asset should be reported as amortization expense.

At a minimum, amortization should be calculated on a monthly basis.

WHEREAS, for the purposes of GASB 96 Accounting and Financial Reporting, it is necessary for Butler County to establish and approve a Right-To-Use Subscription Asset Policy.

IN ADDITION, the establishment of a right-to-use subscription asset capitalization threshold is to be included and to be approved by the board.

BE IT RESOLVED, that Butler County establishes this Butler County Right-To-Use Subscription Asset Policy, including the right-to-use subscription asset capitalization threshold of \$100,000.00.

The roll was called, and the vote thereon was:

AYES: Wayne Dralle
Greg Barnett

NAYS: None

ABSENT: Rusty Eddy

THEREFORE, be it resolved that the motion was carried.

WHEREUPON the Resolution was declared duly adopted this 11th day of June 2024.

Wayne Dralle
Chair, Board of Supervisors

ATTEST:
Leslie Groen, County Auditor

During Engineer's update, John Riherd provide the following updates: The Greene bridge will have concrete poured this week but the city will be advised not to open before Greene River Days. A damage assessment was sent into FEMA regarding the washed-out roads last month. He indicated that there were 65 locations that required attention during the flooding. Riherd also mentioned that he had a conversation with Dan Gillis about flooding in New Hartford and a study is being completed regarding how it could be better managed. He has met with the City of Shell Rock and the railroad to continue discussion on a project and potential grant. Riherd has also met with the City of Dumont about replacing T16 that goes through Dumont. The county pays 70% and since Dumont has a wide, main road it will be a fair amount of cost for the city.

Board canvassed the results of the June 4, 2024, Primary Election. The following local candidates were nominated from the Primary Election to be on the General Election ballot in November:

- County Supervisor District 1: Greg Barnett - Republican
- County Auditor: Leslie Groen - Republican
- County Sheriff: Jason S Johnson - Republican

Motioned by Barnett, second by Dralle to approve claims. All ayes. Motion carried.

Motioned by Barnett, second by Dralle to adjourn the regular meeting at 9:59 A.M. to June 18, 2024 at 9:00 A.M. All ayes. Motion carried.

The above and foregoing is a true and correct copy of the minutes and proceedings of a regular adjourned meeting of the Board of Supervisors of Butler County, Iowa on June 11, 2024.

Attest: Leslie Groen
Butler County Auditor

Wayne Dralle
Chairman of the Board of Supervisors