



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
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Rob Sand
Auditor of State

NEWS RELEASE

Contact: Brian Brustkern
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FOR RELEASE

July 21, 2025

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$25,545,133 for the year ended June 30, 2024, a 7.9% increase over the prior year. Expenses for County operations for the year ended June 30, 2024 totaled \$19,928,133, a 7.7% increase over the prior year. The significant increase in the revenues is primarily due to increased property tax revenues and contributions from the Iowa Department of Transportation. The significant increase in expenses is primarily due to the installation of fiber optic cable.

AUDIT FINDINGS:

Sand reported ten findings relating to the receipt and expenditure of taxpayer funds. They are found on pages 84 through 90 of this report. The findings address issues such as a lack of segregation of duties, adjustments needed to properly record receivables in the County's financial statements, lack of current and delinquent property tax reconciliations, related party business transactions in which the County did not seek a bid and noncompliance with Chapter 403 of the Code of Iowa pertaining to the proper use of tax increment financing revenues. Sand provided the County with recommendations to address each of these findings.

Nine of the findings discussed above are repeated from the prior year. The County Board of Supervisors and other County officials have a fiduciary responsibility to provide oversight of the County'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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MILLS COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2024

Mills County



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

Rob Sand
Auditor of State

July 1, 2025

Officials of Mills County
Glenwood, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Mills 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 Mills 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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Mills County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lonnie Mayberry	Board of Supervisors	Jan 2025
Carol Vinton	Board of Supervisors	Jan 2025
Richard Crouch	Board of Supervisors	Jan 2027
Carol Robertson	County Auditor	(Retired Aug 2023)
Ami Peterson (Appointed Aug 2023)	County Auditor	Nov 2024
Jill Ford	County Treasurer	Jan 2027
Lu Anne Christiansen	County Recorder	Jan 2027
Travis Oetter	County Sheriff	Jan 2025
DeShawne Bird-Sell	County Attorney	Nov 2024
Christina Govig	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Mills 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 Mills 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 Mills 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 Mills 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 the Mills 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 Mills 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 Mills County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 58 through 70 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 Mills 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 5, 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 5 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 July 1, 2025 on our consideration of Mills 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 Mills County’s internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

July 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mills 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

- Revenues of the County's governmental activities increased 7.9%, or approximately \$1,880,000, from fiscal year 2023 to fiscal year 2024. Property tax revenues increased approximately \$1,043,000 due to increased tax rates. Capital grants, contributions and restricted interest increased approximately \$720,000 due to contributions from the Iowa Department of Transportation for farm-to-market road projects.
- Program expenses of the County's governmental activities increased 7.7%, or approximately \$1,431,000, in fiscal year 2024 compared to fiscal year 2023. County environment and education expenses increased approximately \$362,000, or 25.4%, roads and transportation expenses increased approximately \$527,000, or 7.3% and administrative expenses increased 251,000, or 9.4%.
- The County's net position increased 10.3%, or approximately \$5,617,000, from June 30, 2023 to June 30, 2024.

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 Mills 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 Mills 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 Mills 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 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 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, and 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) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. 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. Mills County’s net position at the end of fiscal year 2024 totaled approximately \$60.4 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	2024	2023
Current and other assets	\$ 30,556,112	28,149,983
Capital assets	54,553,135	52,024,117
Total assets	85,109,247	80,174,100
Deferred outflows of resources	1,594,156	936,899
Long-term liabilities	11,397,017	11,812,806
Other liabilities	1,363,136	2,230,161
Total liabilities	12,760,153	14,042,967
Deferred inflows of resources	13,584,284	12,326,066
Net position:		
Invested in capital assets	46,797,712	45,678,775
Restricted	11,322,684	9,824,028
Unrestricted	2,238,570	(760,837)
Total net position	\$ 60,358,966	54,741,966

Net position of Mills County’s governmental activities increased 10.3% (approximately \$60.4 million compared to approximately \$54.7 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 \$1,119,000, or 2.5%, over the prior year. This increase is primarily due to infrastructure contributed by the Iowa Department of Transportation.

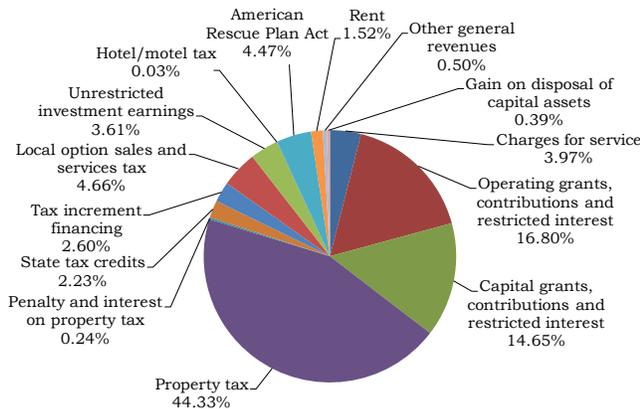
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,499,000, or 15.3%, over the prior year.

Unrestricted net position, the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from a deficit balance of approximately \$761,000 at June 30, 2023 to approximately \$2,239,000 at the end of this year. This increase is due to a decrease in pension related deferred inflows and an increase in pension related deferred outflows.

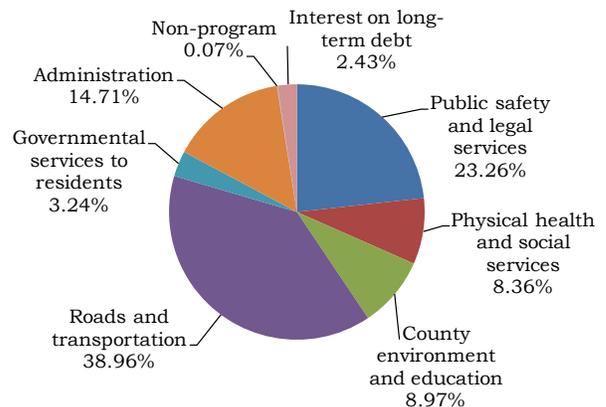
Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2024	2023
Revenues:		
Program revenues:		
Charges for service	\$ 1,013,276	1,173,531
Operating grants, contributions and restricted interest	4,291,325	4,914,369
Capital grants, contributions and restricted interest	3,741,539	3,021,272
General revenues:		
Property tax	11,323,730	10,280,994
Penalty and interest on property tax	60,873	53,361
State tax credits	569,037	537,145
Tax increment financing	664,115	735,727
Local option sales and services tax	1,190,335	1,215,365
Hotel/motel tax	7,662	-
Unrestricted investment earnings	923,388	377,294
Rent	388,982	148,015
Gain on disposal of capital assets	99,400	117,527
American Rescue Plan Act	1,142,762	1,076,232
Other general revenues	128,709	14,451
Total revenues	25,545,133	23,665,283
Program expenses:		
Public safety and legal services	4,635,842	4,543,048
Physical health and social services	1,665,219	1,565,496
County environment and education	1,787,774	1,425,340
Roads and transportation	7,766,531	7,239,180
Governmental services to residents	645,007	585,522
Administration	2,930,958	2,679,769
Non-program	13,225	8,183
Interest on long-term debt	483,577	450,523
Total expenses	19,928,133	18,497,061
Change in net position	5,617,000	5,168,222
Net position beginning of year	54,741,966	49,573,744
Net position end of year	\$ 60,358,966	54,741,966

Revenue by Source



Expenses by Program



Mills County increased the rural services property tax levy rate by \$0.58814 per \$1,000 taxable valuation for fiscal year 2024 and increased the county-wide property tax levy rate \$0.84212 per \$1,000 of taxable valuation for fiscal year 2024. The general supplemental levy rate increased \$0.26895 per \$1,000 of taxable valuation from fiscal year 2023 to fiscal year 2024. The county-wide assessed property taxable valuation increased \$19,192,925 from fiscal year 2023 to fiscal year 2024 and the rural assessed property taxable valuation increased \$23,997,329 from fiscal year 2023 to fiscal year 2024. The debt service levy rate decreased \$0.01497 per \$1,000 of taxable valuation. The general basic levy remained at \$3.50000 per \$1,000 of taxable valuation. These changes resulted in an overall increase in property revenue of approximately \$1,043,000, or 10.1%, over the prior year.

Charges for service decreased approximately \$160,000, or 13.7%, due to a decrease in building permits, zoning permits and soil administration fees. Operating grants, contributions and restricted interest decreased approximately \$623,000, or 12.7%, due to no CDBG reimbursements received in fiscal year 2024. Capital grants, contributions and restricted interest increased approximately \$720,000, or 23.8%, due to more contributed capital from the Iowa Department of Transportation for infrastructure projects.

The cost of all governmental activities this year was approximately \$19.9 million compared to approximately \$18.5 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$10.9 million because some of the cost was paid by those who directly benefited from the programs (approximately \$1,013,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,033,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2024 from approximately \$9,109,000 to approximately \$9,046,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Mills County completed the year, its governmental funds reported a combined fund balance of approximately \$14.7 million, an increase of approximately \$1.5 million from last year's total of approximately \$13.2 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund, the operating fund for Mills County, ended fiscal year 2024 with a balance of \$5,942,294. This is an increase of \$373,069 from the fiscal year 2023 ending balance. Revenues increased approximately \$421,000 over fiscal year 2023, primarily due to an increase in property tax revenues. Expenditures decreased approximately \$254,000 from fiscal year 2023, primarily due to a decrease in county environment and education expenditures for property acquisitions related to the CDBG disaster resiliency project.

The Special Revenue, Rural Services Fund ended fiscal year 2024 with a fund balance of \$1,716,182 compared to the fiscal year 2023 ending fund balance of \$1,300,176. Revenues increased \$558,877 over fiscal year 2023, with property and other county tax increasing approximately \$597,000 as a result of the increased property tax levy rate. Expenditures decreased approximately \$30,000 from fiscal year 2023 due to less vehicle and vehicle upfit purchases.

The Special Revenue, Secondary Roads Fund ended fiscal year 2024 with a fund balance of \$3,677,399 compared to the fiscal year 2023 ending fund balance of \$3,370,482. Secondary Roads Fund revenues remained consistent compared to the prior year. Expenditures decreased \$690,851 from fiscal year 2023, primarily due to the completion of a road project in fiscal year 2023.

BUDGETARY HIGHLIGHTS

Over the course of the year, Mills County amended its budget one time. The amendment was made on February 27, 2024 and resulted in an increase in budgeted miscellaneous receipts from K-9 donations and asset sales. Disbursements in the public safety and legal services, county environment and education, government services to residents and administration functions increased due to an increase in insurance costs, the purchase of a new generator and election expenses not accounted for in the budget.

The County's actual receipts were \$257,611 more than the amended budget, a variance of 1.3%. The County received \$478,726 more than budgeted for use of money and property revenues primarily related to the increase in interest rates and the purchase of three CDs in fiscal year 2024.

Total actual disbursements were \$3,825,260 less than the amended budget, a variance of 15.8%. Actual disbursements for the public safety and legal services, county environment and education and roads and transportation functions were under the amended budget by \$753,705, 742,234 and \$860,412, respectively. This was primarily due to budget expenditure estimates that were in excess of reasonable amounts.

The County did not exceed the budgeted amount in any function for the year ended June 30, 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, Mills County had approximately \$54.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$2,529,018, or 4.9%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2024	2023
Land	\$ 4,214,120	4,214,120
Intangibles, road network	933,140	933,140
Construction in progress	5,200,220	4,453,992
Buildings	13,858,350	13,283,205
Improvements other than buildings	110,323	112,950
Equipment and vehicles	5,564,761	5,286,745
Right-to-use leased equipment	-	5,848
Right-to-use subscription asset	20,037	40,071
Infrastructure, other	24,652,184	23,694,046
Total	\$ 54,553,135	52,024,117
This year's major additions included:		
Building improvements	\$ 921,700	
Capital assets contributed by other entities	3,057,248	
Fiber optic network infrastructure	1,547,973	
Sheriff equipment	227,831	
Secondary roads equipment	936,350	
Total	\$ 6,691,102	

The County had depreciation/amortization expense of \$2,470,725 in fiscal year 2024 and total accumulated depreciation/amortization of \$18,621,671 at June 30, 2024.

More detailed information about the County's capital assets is presented in Note 5 to financial statements.

Long-Term Debt

At June 30, 2024, Mills County had \$7,738,180 of long-term debt outstanding compared to \$8,668,147 of outstanding long-term debt at June 30, 2023, as shown below.

	Outstanding Debt of Governmental Activities at Year End	
	June 30,	
	2024	2023
Lease agreements	\$ -	6,010
Subscription liability	20,335	40,369
Equipment purchase agreement	27,845	41,768
General obligation bonds	6,690,000	7,345,000
General obligation urban renewal revenue bonds	1,000,000	1,235,000
Total	\$ 7,738,180	8,668,147

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. Mills County's constitutional debt limit is approximately \$91.0 million. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Mills County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2025 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.0% versus 2.9% a year ago. This compares with the State's unemployment rate of 3.1% and the national rate of 4.1%.

These indicators were taken into account when adopting the budget for fiscal year 2025. Revenues in the operating budget are \$26,604,058, an increase of 30.1% from the final fiscal year 2024 budget. Property tax slightly increased due to an increase in property tax rates for fiscal year 2025. Intergovernmental receipts increased as a result of the County's various grant programs. Mills County will use these receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to increase approximately \$5,418,000 from the final fiscal year 2024 budget, primarily due to an anticipated increase in capital projects and roads and transportation disbursements. The County has added no major new programs or initiatives to the fiscal year 2025 budget.

If these estimates are realized, the County's budgetary operating balance is expected to increase by the close of fiscal year 2025.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Mills 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 Amber Farnan by email at afarnan@millscountyiowa.gov, by mail at the Mills County Auditor's Office, 418 Sharp Street, Glenwood, Iowa 51534 or by telephone at 712-527-3146.

Basic Financial Statements

Exhibit A

Mills County
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 15,084,755
Receivables:	
Property tax:	
Delinquent	24,983
Succeeding year	11,692,000
Succeeding year tax increment financing	900,000
Penalty and interest on property tax	73,561
Accounts	1,550
Accrued interest	180,772
Opioid settlement	516,150
Due from other governments	976,705
Lease receivable	459,559
Inventories	542,476
Prepaid insurance	103,601
Capital assets, not being depreciated/amortized	10,347,480
Capital assets, net of accumulated depreciation/amortization	<u>44,205,655</u>
Total assets	<u>85,109,247</u>
Deferred Outflows of Resources	
Pension related deferred outflows	1,532,167
OPEB related deferred outflows	<u>61,989</u>
Total deferred outflows of resources	<u>1,594,156</u>
Liabilities	
Accounts payable	710,803
Accrued interest payable	17,243
Salaries and benefits payable	297,051
Due to other governments	88,052
Unearned revenues	249,987
Long-term liabilities:	
Portion due or payable within one year:	
IT subscription liability	20,335
General obligation bonds	675,000
General obligation urban renewal bonds	240,000
Equipment purchase agreement	13,923
Compensated absences	340,540
Total OPEB liability	9,372
Portion due or payable after one year:	
General obligation bonds	6,015,000
General obligation urban renewal bonds	760,000
Equipment purchase agreement	13,922
Compensated absences	408,270
Net pension liability	2,471,430
Total OPEB liability	<u>429,225</u>
Total liabilities	<u>12,760,153</u>

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Lease related	459,559
Unavailable property tax revenue	11,692,000
Unavailable tax increment financing revenues	900,000
Pension related deferred inflows	255,368
OPEB related deferred inflows	<u>277,357</u>
Total deferred inflows of resources	<u>13,584,284</u>
Net Position	
Net investment in capital assets	46,797,712
Restricted for:	
Supplemental levy purposes	2,190,034
Rural services purposes	1,666,253
Secondary roads purposes	3,432,806
Debt service	1,254,390
Capital projects	93,482
Opioid abatement	675,277
Other purposes	2,010,442
Unrestricted	<u>2,238,570</u>
Total net position	<u>\$ 60,358,966</u>

See notes to financial statements.

Mills County

Mills 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	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 4,635,842	141,145	16,758	-	(4,477,939)
Physical health and social services	1,665,219	83,034	1,076,563	-	(505,622)
County environment and education	1,787,774	110,295	14,252	-	(1,663,227)
Roads and transportation	7,766,531	143,655	3,183,752	3,741,539	(697,585)
Governmental services to residents	645,007	387,650	-	-	(257,357)
Administration	2,930,958	135,874	-	-	(2,795,084)
Non-program	13,225	11,623	-	-	(1,602)
Interest on long-term debt	483,577	-	-	-	(483,577)
Total	\$ 19,928,133	1,013,276	4,291,325	3,741,539	(10,881,993)
General Revenues:					
Property and other county tax levied for:					
General purposes					10,507,347
Debt service					816,383
Tax increment financing					664,115
Penalty and interest on property tax					60,873
State tax credits and replacements					569,037
Local option sales and services tax					1,190,335
Hotel/motel tax					7,662
Unrestricted investment earnings					923,388
Rent					388,982
Gain on sale of capital assets					99,400
American Rescue Plan Act					1,142,762
Miscellaneous					128,709
Total general revenues					16,498,993
Change in net position					5,617,000
Net position beginning of year					54,741,966
Net position end of year					\$ 60,358,966

See notes to financial statements.

Mills County
Balance Sheet
Governmental Funds

June 30, 2024

	General	Special Revenue	
		Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 6,079,248	1,746,555	2,976,964
Receivables:			
Property tax:			
Delinquent	14,171	9,111	-
Succeeding year	7,158,000	3,828,000	-
Succeeding year tax increment financing	-	-	-
Penalty and interest on property tax	73,561	-	-
Accrued interest	180,571	-	-
Opioid settlement	-	-	-
Advance to other funds	-	-	-
Due from other governments	262,935	10,267	348,694
Lease receivable	-	-	-
Inventories	-	-	542,476
Prepaid insurance	103,601	-	-
Total assets	\$ 13,872,087	5,593,933	3,868,134
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 108,662	10,765	81,679
Salaries and benefits payable	173,144	26,711	93,440
Due to other governments	69,272	3,164	15,616
Advance from other funds	-	-	-
Unearned revenues	249,987	-	-
Total liabilities	601,065	40,640	190,735
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	7,158,000	3,828,000	-
Succeeding year tax increment financing	-	-	-
Other	170,728	9,111	-
Lease related	-	-	-
Total deferred inflows of resources	7,328,728	3,837,111	-
Fund balances:			
Nonspendable:			
Inventories	-	-	542,476
Prepays	103,601	-	-
Restricted for:			
Supplemental levy purposes	2,117,876	-	-
Rural services purposes	-	1,716,182	-
Secondary roads purposes	-	-	3,134,923
Drainage warrants/drainage improvement certificates	-	-	-
Conservation land acquisition/capital improvements	184,039	-	-
Debt service	-	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	-	-	-
Unassigned	3,536,778	-	-
Total fund balances	5,942,294	1,716,182	3,677,399
Total liabilities, deferred inflows of resources and fund balances	\$ 13,872,087	5,593,933	3,868,134

See notes to financial statements.

Nonmajor	Total
3,481,117	14,283,884
1,701	24,983
706,000	11,692,000
900,000	900,000
-	73,561
201	180,772
516,150	516,150
93,481	93,481
354,809	976,705
459,559	459,559
-	542,476
-	103,601
<u>6,513,018</u>	<u>29,847,172</u>
500,670	701,776
3,756	297,051
-	88,052
93,481	93,481
-	249,987
<u>597,907</u>	<u>1,430,347</u>
706,000	11,692,000
900,000	900,000
479,576	659,415
459,559	459,559
<u>2,545,135</u>	<u>13,710,974</u>
-	542,476
-	103,601
-	2,117,876
-	1,716,182
-	3,134,923
7,050	7,050
-	184,039
1,252,689	1,252,689
93,482	93,482
197,402	197,402
1,819,353	1,819,353
-	3,536,778
<u>3,369,976</u>	<u>14,705,851</u>
<u>6,513,018</u>	<u>29,847,172</u>

Mills County

Mills County

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

June 30, 2024

Total governmental fund balances (page 21) \$ 14,705,851

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 \$73,174,806 and the accumulated depreciation/amortization is \$18,621,671. 54,553,135

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. 659,415

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 793,394

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,594,156	
Deferred inflows of resources	<u>(532,725)</u>	1,061,431

Long-term liabilities, including general obligation bonds payable, general obligation urban renewal bonds payable, compensated absences payable, equipment purchase agreement payable, IT subscription payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (11,414,260)

Net position of governmental activities (page 17) \$ 60,358,966

See notes to financial statements.

Mills County

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

Year ended June 30, 2024

	<u>Special Revenue</u>		
	<u>General</u>	<u>Rural Services</u>	<u>Secondary Roads</u>
Revenues:			
Property and other county tax	\$ 6,625,995	3,881,817	-
Tax increment financing	-	-	-
Local option sales and services tax	-	-	-
Penalty and interest on property tax	56,849	-	-
Intergovernmental	2,296,459	239,720	3,895,456
Licenses and permits	11,897	121,601	65,851
Charges for service	483,976	-	46,871
Use of money and property	938,241	-	-
Miscellaneous	176,039	9,517	78,386
Total revenues	<u>10,589,456</u>	<u>4,252,655</u>	<u>4,086,564</u>
Expenditures:			
Operating:			
Public safety and legal services	3,895,683	766,845	-
Physical health and social services	1,678,333	79,951	-
County environment and education	475,778	290,816	-
Roads and transportation	-	-	7,224,741
Governmental services to residents	665,641	699	-
Administration	3,325,153	-	-
Debt service	-	-	-
Capital projects	-	-	5,405
Total expenditures	<u>10,040,588</u>	<u>1,138,311</u>	<u>7,230,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>548,868</u>	<u>3,114,344</u>	<u>(3,143,582)</u>
Other financing sources (uses):			
Sale of capital assets	17,000	-	-
Transfers in	-	-	3,450,499
Transfers out	(192,799)	(2,698,338)	-
Total other financing sources (uses)	<u>(175,799)</u>	<u>(2,698,338)</u>	<u>3,450,499</u>
Change in fund balances	373,069	416,006	306,917
Fund balances beginning of year	<u>5,569,225</u>	<u>1,300,176</u>	<u>3,370,482</u>
Fund balances end of year	<u>\$ 5,942,294</u>	<u>1,716,182</u>	<u>3,677,399</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
816,740	11,324,552
664,115	664,115
1,197,997	1,197,997
-	56,849
75,565	6,507,200
-	199,349
2,008	532,855
389,393	1,327,634
134,318	398,260
<u>3,280,136</u>	<u>22,208,811</u>
-	4,662,528
19,313	1,777,597
958,638	1,725,232
-	7,224,741
-	666,340
-	3,325,153
1,375,537	1,375,537
-	5,405
<u>2,353,488</u>	<u>20,762,533</u>
<u>926,648</u>	<u>1,446,278</u>
-	17,000
-	3,450,499
<u>(559,362)</u>	<u>(3,450,499)</u>
<u>(559,362)</u>	<u>17,000</u>
367,286	1,463,278
<u>3,002,690</u>	<u>13,242,573</u>
<u>3,369,976</u>	<u>14,705,851</u>

Mills 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) \$ 1,463,278

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

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

Expenditures for capital assets	\$ 1,843,095	
Capital assets contributed by the Iowa Department of Transportation	3,057,248	
Depreciation/amortization expense	<u>(2,470,725)</u>	2,429,618

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. 99,400

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	(822)	
Other	<u>168,873</u>	168,051

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. 929,967

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. 660,644

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	(3,935)	
OPEB expense	(19,938)	
Pension expense	(242,155)	
Interest on long term debt	<u>1,960</u>	(264,068)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 130,110

Change in net position of governmental activities (page 19) \$ 5,617,000

See notes to financial statements.

Mills County
Statement of Net Position
Proprietary Fund
June 30, 2024

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 800,871
Accounts receivable	<u>1,550</u>
Total assets	802,421
Liabilities	
Accounts payable	<u>9,027</u>
Net Position	
Restricted for employee health	<u>\$ 793,394</u>

See notes to financial statements.

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

Year ended June 30, 2024

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 200,394
Reimbursements from insurance	<u>12,722</u>
Total operating revenues	213,116
Operating expenses:	
Medical claims	<u>83,006</u>
Operating income	130,110
Net position beginning of year	<u>663,284</u>
Net position end of year	<u><u>\$ 793,394</u></u>

See notes to financial statements.

Mills County
Statement of Cash Flows
Proprietary Fund
June 30, 2024

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 200,394
Cash received from insurance reimbursements	12,714
Cash paid to suppliers for services	(97,425)
Net cash provided by operating activities	115,683
Cash and cash equivalents beginning of year	685,188
Cash and cash equivalents end of year	\$ 800,871
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 130,110
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(8)
Accounts payable	(14,419)
Net cash provided by operating activities	\$ 115,683

See notes to financial statements.

Mills County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2024

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 10,147,586
Other County officials	109,403
Property tax receivable:	
Delinquent	39,095
Succeeding year	25,215,000
Special assessments	68,634
Due from other governments	<u>42,558</u>
Total assets	<u>35,622,276</u>

Liabilities

Accounts payable	96,715
Salaries and benefits payable	12,349
Due to other governments	814,767
Trusts payable	89,551
Compensated absences	<u>24,727</u>
Total liabilities	<u>1,038,109</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>25,215,000</u>
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Net Position

Restricted for individuals, organizations and other governments	<u>\$ 9,369,167</u>
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See notes to financial statements.

Mills County
Statement of Changes in Fiduciary Net Position
Custodial Funds

Year Ended June 30, 2024

Additions:	
Property and other county tax	\$ 23,396,813
911 surcharge	180,793
State tax credits	1,231,307
Office fees and collections	533,421
Auto licenses, use tax and postage	7,630,018
Assessments	544,633
Trusts	854,721
Miscellaneous	<u>2,096,555</u>
Total additions	<u>36,468,261</u>
Deductions:	
Agency remittances:	
To other funds	511,299
To other governments	33,569,035
Trusts paid out	<u>854,609</u>
Total deductions	<u>34,934,943</u>
Change in net position	1,533,318
Net position beginning of year	<u>7,835,849</u>
Net position end of year	<u>\$ 9,369,167</u>

See notes to financial statements.

Mills County

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies

Mills 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, Mills 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 financial burdens on the County.

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

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the Special Revenue Funds.

One drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Mills County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the drainage district can be obtained from the Mills County Auditor's Office.

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: Mills County Assessor's Conference Board, Mills County Emergency Management Commission, Mills County Joint 911 Service Board and Rolling Prairie Case Management 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: Missouri River Authority, Hungry Canyons, Juvenile Detention Center, Adult Correctional Facility, Resource Conservation and Development (Golden Hills), Metropolitan Area Planning Agency, Southwest Iowa Planning Council, West Central Development and Southwest Iowa Drug Task Force.

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 unit. 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 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 roads construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is 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 Fund is 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 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 – Property tax 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.

Penalty and Interest on Property Tax Receivable – Penalty and interest on property tax receivable represents the amount of penalty and interest 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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not 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. Special assessments receivable represent assessments which have been made but have not been collected. Special assessments receivable represents remaining assessments which are payable but not yet due.

Advance to and Advance from Other Funds – During the year ended June 30, 2018, the Debt Service Fund borrowed funds from the Capital Projects Fund and a balance was still owed at June 30, 2024. Therefore, the balances of the interfund activity have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets are tangible and intangible assets, which include property, furniture and equipment and infrastructure assets 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 initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles, road network	50,000
Right-to-use subscription assets	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000
Right-to-use leased assets	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10
Intangibles	5 - 20
Right-to-use-leased assets	2 - 20
Right-to-use-subscription assets	2 - 20

Leases – **County as Lessee** – Mills County is the lessee for a noncancellable lease of equipment. The County has recognized a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. The County recognized 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 Mills County determines the discount rate it used to discount the expected lease payments to present value, lease term and lease payments.

Mills 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.

County as Lessor – Mills County is a lessor for a noncancellable lease of farmland and fiber optic cables. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Mills County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Mills County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Subscription-Based Information Technology Arrangements (SBITA) – Mills 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 Mills County determines the discount rate it uses to discount the expected payments to present value, term and payments.

Mills 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 from 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, sick leave and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in 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 Mills 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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

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.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health 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 amount budgeted in any function.

(2) Cash, Cash Equivalents 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 192,799
	Special Revenue:	
	Rural Services	2,698,338
	Local Option Sales and Services Tax	<u>559,362</u>
Total		<u>\$ 3,450,499</u>

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

(4) Advance to and Advance from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Debt Service	<u>\$ 93,481</u>

During the year ended June 30, 2018, the Debt Service Fund borrowed \$277,295 from the Capital Projects Fund to make the necessary debt service payments on the County's general obligation debt.

(5) 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	\$ 4,214,120	-	-	4,214,120
Intangibles, road network	933,140	-	-	933,140
Construction in progress	4,453,992	3,072,926	2,326,698	5,200,220
Total capital assets not being depreciated/amortized	9,601,252	3,072,926	2,326,698	10,347,480
Capital assets being depreciated/amortized:				
Buildings	16,306,500	921,700	-	17,228,200
Improvements other than buildings	228,225	-	-	228,225
Equipment and vehicles	12,533,752	1,164,181	432,055	13,265,878
Right-to-use leased equipment	23,987	-	23,987	-
Right-to-use subscription asset	60,107	-	-	60,107
Infrastructure	29,877,282	2,167,634	-	32,044,916
Total capital assets being depreciated/amortized	59,029,853	4,253,515	456,042	62,827,326
Less accumulated depreciation/amortization for:				
Buildings	3,023,295	346,555	-	3,369,850
Improvements other than buildings	115,275	2,627	-	117,902
Equipment and vehicles	7,247,007	886,165	432,055	7,701,117
Right-to-use leased assets	18,139	5,848	23,987	-
Right-to-use subscription asset	20,036	20,034	-	40,070
Infrastructure	6,183,236	1,209,496	-	7,392,732
Total accumulated depreciation/amortization	16,606,988	2,470,725	456,042	18,621,671
Total capital assets being depreciated/amortized, net	42,422,865	1,782,790	-	44,205,655
Governmental activities capital assets, net	\$ 52,024,117	4,855,716	2,326,698	54,553,135

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 359,786
Physical health and social services	7,793
County environment and education	79,339
Roads and transportation	1,534,929
Administration	480,180
Nonprogram	8,698
Total depreciation/amortization expense - governmental activities	<u>\$ 2,470,725</u>

(6) Lease Receivable

The County owns farmland. Effective March 1, 2023, the County entered into two five-year lease agreements with citizens to rent the farmland. The County is to receive land rent annually, in varying amounts, with an implicit rate of 3.00%. During the year ended June 30, 2024, the County received principal of \$68,304 and interest of \$10,756.

On July 5, 2022, the County entered into a lease agreement for renting of the County’s fiber optic cables. The agreement requires quarterly payments of \$11,963 over five years, with an implicit rate of 3.00%. During the year ended June 30, 2024, the County received principal of \$42,941 and interest of \$4,911.

Governmental activities future principal and interest lease receivables as of June 30, 2024, are as follows:

Year Ending June 30,	Land			Fiber Optics		
	Principal	Interest	Total	Principal	Interest	Total
2025	73,004	8,656	81,660	44,244	3,608	47,852
2026	78,235	6,415	84,650	45,587	2,265	47,852
2027	87,017	3,963	90,980	46,970	882	47,852
2028	84,502	1,268	85,770	-	-	-
	<u>\$ 322,758</u>	<u>20,302</u>	<u>343,060</u>	<u>\$ 136,801</u>	<u>6,755</u>	<u>143,556</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	117,248	12,264	129,512
2026	123,822	8,680	132,502
2027	133,987	4,845	138,832
2028	84,502	1,268	85,770
	<u>\$ 459,559</u>	<u>27,057</u>	<u>486,616</u>

(7) 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	\$ 69,272
Special Revenue:		
Rural Services	Services	3,164
Secondary Roads	Services	<u>15,616</u>
Total for governmental funds		<u>\$ 88,052</u>
Custodial:		
Schools	Collections	\$ 116,843
Community Colleges		10,939
Corporations		53,250
Auto License and Use Tax		581,087
All other		<u>52,648</u>
Total for custodial funds		<u>\$ 814,767</u>

(8) Long-Term Liabilities

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

	Lease Agreements	Subscription Liability	General Obligation Bonds	General Obligation Urban Renewal Bonds	Direct Borrowing Equipment Purchase Agreement	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 6,010	40,369	7,345,000	1,235,000	41,768	744,875	1,907,006	492,778	11,812,806
Increases	-	-	-	-	-	390,934	564,424	7,683	963,041
Decreases	6,010	20,034	655,000	235,000	13,923	386,999	-	61,864	1,378,830
Balance end of year	-	20,335	6,690,000	1,000,000	27,845	748,810	2,471,430	438,597	11,397,017
Due within one year	\$ -	20,335	675,000	240,000	13,923	340,540	-	9,372	1,299,170

Lease Agreements

On April 26, 2019, the County entered into a lease agreement for a copier for the Public Health department. An initial lease liability was recorded in the amount of \$11,167. The agreement requires monthly payments of \$342 over 60 months with an initial payment made May 26, 2019, with an implicit interest rate of 3.00% and the final payment due April 25, 2024. During the year ended June 30, 2024, the County paid principal of \$3,375 and interest of \$45.

On October 9, 2018, the County entered into a lease agreement for a copier for the Sheriff's Office. An initial lease liability was recorded in the amount of \$12,820. The agreement requires monthly payments of \$443 over 63 months with an initial payment made October 9, 2018, with an implicit interest rate of 3.00% and the final payment due December 1, 2023. During the year ended June 30, 2024, the County paid principal of \$2,635 and interest of \$23.

There are no future principal and interest lease payments as of June 30, 2024.

IT Subscription Liability

On April 17, 2018, the County entered into an IT subscription license and services information technology agreement with Pictometry International Corporation for geographic information system software. An initial IT subscription liability was recorded in the amount of \$117,727. The agreement requires annual payments of \$20,090 over the first three years and \$20,640 over the next three years with an initial payment made July 15, 2019 for \$20,090, 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 \$20,034 and \$606, respectively. Future principal and interest lease payments as of June 30, 2024 are as follows:

Year Ending June 30,	Pictometry		
	Principal	Interest	Total
2025	\$ 20,335	305	20,640

General Obligation Bonds

On October 26, 2016, the County issued \$4,580,000 of general obligation refunding bonds, with interest rates ranging from 2.05% to 3.00% per annum, for a crossover refunding of \$4,380,000 of general obligation bonds dated September 1, 2013. The bonds were called on June 1, 2020. During the year ended June 30, 2024, the County paid principal of \$330,000 and interest of \$77,365 on the bonds.

On December 29, 2016, the County issued \$5,390,000 of general obligation county communication equipment bonds, with interest rates ranging from 3.00% to 3.40% per annum, for the purpose of purchasing public safety and emergency services communication equipment for the County and other governmental entities in Mills County. During the year ended June 30, 2024, the County paid principal of \$325,000 and interest of \$115,405 on the bonds.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30,	Refunding			Communication Equipment		
	Issued Oct 26, 2016			Issued Dec 29, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.00%	\$ 340,000	70,765	3.00%	\$ 335,000	105,655
2026	2.00	345,000	63,965	3.00	340,000	95,605
2027	2.00	350,000	57,065	3.00	355,000	85,405
2028	2.05	360,000	50,065	3.00	365,000	74,755
2029	2.05	365,000	42,685	3.00	375,000	63,805
2030-2033	2.05-2.45	1,545,000	91,483	3.10-3.40	1,615,000	135,605
Total		\$ 3,305,000	376,028		\$ 3,385,000	560,830

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 675,000	176,420	851,420
2026	685,000	159,570	844,570
2027	705,000	142,470	847,470
2028	725,000	124,820	849,820
2029	740,000	106,490	846,490
2030-2033	3,160,000	227,088	3,387,088
Total	\$ 6,690,000	936,858	7,626,858

General Obligation Urban Renewal Bonds

On October 23, 2018, the County issued \$2,250,000 of general obligation road improvement urban renewal bonds for the purpose of paying a portion of costs on an urban renewal project within the Highway 34/I-29 urban renewal area, consisting of the construction and improving county roads, with interest rates from 3.00% to 3.05% per annum. During the year ended June 30, 2024, the County paid principal of \$235,000 and interest of \$37,668 on the urban renewal bonds.

Annual debt service requirements to maturity for the general obligation urban renewal bonds are as follows:

Year Ending June 30,	Issued Oct 23, 2018			
	Interest Rates	Principal	Interest	Total
2025	3.05%	\$ 240,000	30,500	270,500
2026	3.05	245,000	23,180	268,180
2027	3.05	255,000	15,708	270,708
2028	3.05	260,000	7,930	267,930
Total		\$ 1,000,000	77,318	1,077,318

Equipment Purchase Agreement – Direct Borrowing

During the year ended June 30, 2022, the County entered into an interest free equipment purchase agreement to purchase two storage servers. The agreement is payable over 5 years with annual installments of \$13,923, with the final payment of \$13,922 due by June 30, 2026. In the event of a default, certain remedies, including the payment of the remaining principal balance, may be required. During the year ended June 30, 2024, the County paid principal of \$13,923.

Future equipment purchase payments as of June 30, 2024 are as follows:

Year Ending June 30,	Storage Servers
2025	\$ 13,923
2026	13,922
Total	\$ 27,845

(9) 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 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 and 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 were \$660,644.

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 \$2,471,430 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 0.054754%, which was an increase of 0.004279% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$242,155. 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	\$ 467,669	11,345
Changes of assumptions	-	64,799
Net difference between projected and actual earnings on IPERS' investments	374,069	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	29,785	179,224
County contributions subsequent to the measurement date	660,644	-
Total	\$ 1,532,167	255,368

\$660,644 reported as deferred outflows of resources related to pensions resulting from 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	\$ (102,542)
2026	(283,506)
2027	837,359
2028	142,783
2029	22,061
Total	\$ 616,155

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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)	\$ 6,576,525	2,471,430	(969,732)

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.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical and prescription drug 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 Mills 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 and prescription drug 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	1
Active employees	<u>119</u>
Total	<u>120</u>

Total OPEB Liability – The County's total OPEB liability of \$438,597 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 Pub-2010 headcount weighted mortality table fully generational 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>\$ 492,778</u>
Changes for the year:	
Service cost	62,981
Interest	22,509
Differences between expected and actual experiences	(147,354)
Changes in assumptions	29,417
Benefit payments	<u>(21,734)</u>
Net changes	<u>(54,181)</u>
Total OPEB liability end of year	<u>\$ 438,597</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	\$ 470,350	438,597	408,758

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	\$ 387,701	438,597	499,331

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 \$19,938. 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	\$ 22,303	249,289
Changes in assumptions	39,686	28,068
Total	\$ 61,989	277,357

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	\$ (34,984)
2026	(34,985)
2027	(36,364)
2028	(27,283)
2029	(27,287)
Thereafter	(54,465)
	<u>\$ (215,368)</u>

(11) 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 \$250,861.

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 Pool or reinsurance coverage since the Pool's inception.

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

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

(12) Employee Group Health Fund

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with Secure Benefits Systems. The agreement is renewable on an annual basis. The deductible for single and family coverage for a calendar year was \$500 and \$1,000, respectively. After the deductible is met, the County will pay directly or reimburse any eligible employee for 60% (80% of any in-network physician) of any additional claims for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any calendar year for deductibles and co-insurance was \$1,000 for single coverage and \$2,000 for family coverage. After an employee has reached the maximum deductible and co-insurance, the County will pay directly or reimburse the employee for 100% of any additional claims for services covered by the contract, but subject to deductible or co-insurance provisions of the contract, up to \$6,350 for single coverage and \$12,700 for family coverage.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Secure Benefits Systems from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2024 was \$200,394.

The amounts payable from the Employee Group Health Fund at June 30, 2024 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained and it is not required to obtain an actuarial opinion. These amounts are not expected to be material to the financial statements.

(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, \$107,951 of property tax was diverted from the County under the County's urban renewal development agreement.

Required Supplementary Information

Mills 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	Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 13,166,579	-	13,166,579
Penalty and interest on property tax	56,849	-	56,849
Intergovernmental	5,393,980	-	5,393,980
Licenses and permits	193,873	-	193,873
Charges for service	500,860	-	500,860
Use of money and property	1,009,572	-	1,009,572
Miscellaneous	382,434	1,082	381,352
Total receipts	20,704,147	1,082	20,703,065
Disbursements:			
Public safety and legal services	4,660,297	-	4,660,297
Physical health and social services	1,769,028	-	1,769,028
County environment and education	1,347,343	-	1,347,343
Roads and transportation	7,256,228	-	7,256,228
Governmental services to residents	663,373	-	663,373
Administration	3,368,826	-	3,368,826
Debt service	1,375,537	-	1,375,537
Capital projects	5,405	-	5,405
Total disbursements	20,446,037	-	20,446,037
Excess (deficiency) of receipts over (under) disbursements	258,110	1,082	257,028
Other financing sources, net	30,781	-	30,781
Change in balances	288,891	1,082	287,809
Balance beginning of year	13,994,993	5,968	13,989,025
Balance end of year	\$ 14,283,884	7,050	14,276,834

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
13,057,043	13,057,043	109,536
66,568	66,568	(9,719)
5,691,641	5,695,241	(301,261)
272,950	272,950	(79,077)
484,480	484,480	16,380
530,846	530,846	478,726
325,926	338,326	43,026
<u>20,429,454</u>	<u>20,445,454</u>	<u>257,611</u>
5,260,374	5,414,002	753,705
2,218,044	2,218,044	449,016
2,079,892	2,089,577	742,234
8,116,640	8,116,640	860,412
740,718	802,048	138,675
3,640,726	3,740,726	371,900
1,490,260	1,490,260	114,723
400,000	400,000	394,595
<u>23,946,654</u>	<u>24,271,297</u>	<u>3,825,260</u>
(3,517,200)	(3,825,843)	4,082,871
-	12,000	18,781
(3,517,200)	(3,813,843)	4,101,652
<u>10,606,044</u>	<u>10,606,044</u>	<u>3,382,981</u>
<u>7,088,844</u>	<u>6,792,201</u>	<u>7,484,633</u>

Mills County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2024

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 20,704,147	1,504,664	22,208,811
Expenditures	20,446,037	316,496	20,762,533
Net	258,110	1,188,168	1,446,278
Other financing sources, net	30,781	(13,781)	17,000
Beginning fund balances	13,994,993	(752,420)	13,242,573
Ending fund balances	<u>\$ 14,283,884</u>	<u>421,967</u>	<u>14,705,851</u>

See accompanying independent auditor's report.

Mills County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2024

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit, the Internal Service Fund 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, one budget amendment increased budgeted disbursements by \$324,643. The budget amendment is 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 did not exceed the amount budgeted in any function.

Mills County

Schedule of 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)	0.054754%	0.050475%	0.341481% **	0.063806%
County's proportionate share of the net pension liability (asset)	\$ 2,471	1,907	(1,179)	4,482
County's covered payroll	\$ 6,760	6,557	6,339	6,126
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.55%	29.08%	-18.60%	73.16%
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
0.063314%	0.063629%	0.067529%	0.066446%	0.066662%	0.067327%
3,666	4,027	4,498	4,182	3,293	2,670
6,167	5,876	5,828	5,519	5,450	5,290
59.45%	68.53%	77.18%	75.77%	60.42%	50.47%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

Mills County

Schedule of County Contributions

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

Required Supplementary Information

	2024	2023	2022	2021
Statutorily required contribution	\$ 661	631	615	598
Contributions in relation to the statutorily required contribution	(661)	(631)	(615)	(598)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 7,099	6,760	6,557	6,339
Contributions as a percentage of covered payroll	9.31%	9.33%	9.38%	9.43%

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
581	588	532	530	502	500
(581)	(588)	(532)	(530)	(502)	(500)
-	-	-	-	-	-
6,126	6,167	5,876	5,828	5,519	5,450
9.48%	9.53%	9.05%	9.09%	9.10%	9.17%

Mills County

Mills 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%.

Mills 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	\$ 62,981	59,466	67,669	63,340
Interest cost	22,509	18,830	12,204	14,202
Difference between expected and actual experiences	(147,354)	27,879	(96,645)	(40,996)
Changes in assumptions	29,417	(1,376)	(40,450)	14,820
Benefit payments	(21,734)	(25,646)	(37,320)	(27,355)
Net change in total OPEB liability	(54,181)	79,153	(94,542)	24,011
Total OPEB liability beginning of year	492,778	413,625	508,167	484,156
Total OPEB liability end of year	\$ 438,597	492,778	413,625	508,167
Covered-employee payroll	\$ 7,218,026	6,635,252	6,372,214	6,522,403
Total OPEB liability as a percentage of covered-employee payroll	6.1%	7.4%	6.5%	7.8%

See accompanying independent auditor's report.

2020	2019	2018
57,786	53,399	43,805
19,265	18,484	17,358
(78,573)	-	(67,467)
5,925	11,039	5,629
(22,443)	(9,817)	(22,396)
(18,040)	73,105	(23,071)
502,196	429,091	452,162
484,156	502,196	429,091
5,600,608	5,663,498	5,485,228
8.6%	8.9%	7.8%

Mills 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:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022:

- Changed mortality assumptions to the SOA Public Plan 2010 headcount weighted mortality table fully generational using Scale MP-2021.

The 2020 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2020:

- Changed mortality assumptions to the SOA Public Plan 2010 headcount weighted mortality table fully generational using Scale MP-2019.

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

Mills County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

	Local Option Sales and Services Tax	Resource Enhancement and Protection	County Recorder's Records Management	Special Urban Renewal Revenue
Assets				
Cash, cash equivalents and pooled investments	\$ 1,323,323	62,582	16,793	1,078,157
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Succeeding year tax increment financing	-	-	-	900,000
Accrued interest	-	-	201	-
Opioid settlement	-	-	-	-
Lease receivable	-	-	-	-
Advance to other funds	-	-	-	-
Due from other governments	104,809	-	-	-
Total assets	\$ 1,428,132	62,582	16,994	1,978,157
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 250,000	-	-	-
Salaries and benefits payable	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	250,000	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	900,000
Other	-	-	-	-
Lease related	-	-	-	-
Total deferred inflows of resources	-	-	-	900,000
Fund balances:				
Restricted for:				
Drainage warrants/drainage improvement certificates	-	-	-	-
Debt service	-	-	-	1,078,157
Capital projects	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	1,178,132	62,582	16,994	-
Total fund balances	1,178,132	62,582	16,994	1,078,157
Total liabilities, deferred inflows of resources and fund balances	\$ 1,428,132	62,582	16,994	1,978,157

See accompanying independent auditor's report.

Revenue							
County Conservation	Drainage District	Local Government Opioid Abatement	Fiber Revenues	Impact Fund	Debt Service	Capital Projects	Total
375,675	7,050	159,127	110,379	80,017	268,013	1	3,481,117
-	-	-	-	-	1,701	-	1,701
-	-	-	-	-	706,000	-	706,000
-	-	-	-	-	-	-	900,000
-	-	-	-	-	-	-	201
-	-	516,150	-	-	-	-	516,150
322,758	-	-	136,801	-	-	-	459,559
-	-	-	-	-	-	93,481	93,481
-	-	-	250,000	-	-	-	354,809
698,433	7,050	675,277	497,180	80,017	975,714	93,482	6,513,018
670	-	-	250,000	-	-	-	500,670
3,756	-	-	-	-	-	-	3,756
-	-	-	-	-	93,481	-	93,481
4,426	-	-	250,000	-	93,481	-	597,907
-	-	-	-	-	706,000	-	706,000
-	-	-	-	-	-	-	900,000
-	-	477,875	-	-	1,701	-	479,576
322,758	-	-	136,801	-	-	-	459,559
322,758	-	477,875	136,801	-	707,701	-	2,545,135
-	7,050	-	-	-	-	-	7,050
-	-	-	-	-	174,532	-	1,252,689
-	-	-	-	-	-	93,482	93,482
-	-	197,402	-	-	-	-	197,402
371,249	-	-	110,379	80,017	-	-	1,819,353
371,249	7,050	197,402	110,379	80,017	174,532	93,482	3,369,976
698,433	7,050	675,277	497,180	80,017	975,714	93,482	6,513,018

Mills County

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

Year ended June 30, 2024

	Special			
	Local Option Sales and Services Tax	Resource Enhancement and Protection	County Recorder's Records Management	Urban Renewal Revenue
Revenues:				
Property and other county tax	\$ -	-	-	-
Tax increment financing	-	-	-	664,115
Local option sales and services tax	1,197,997	-	-	-
Intergovernmental	-	11,352	-	22,441
Charges for service	-	-	2,008	-
Use of money and property	-	-	201	-
Miscellaneous	-	-	-	-
Total revenues	1,197,997	11,352	2,209	686,556
Expenditures:				
Operating:				
Physical health and social services	-	-	-	-
County environment and education	659,412	645	-	-
Debt service	-	-	-	527,267
Total expenditures	659,412	645	-	527,267
Excess of revenues over expenditures	538,585	10,707	2,209	159,289
Other financing uses:				
Transfers out	(559,362)	-	-	-
Change in fund balances	(20,777)	10,707	2,209	159,289
Fund balances beginning of year	1,198,909	51,875	14,785	918,868
Fund balances end of year	\$ 1,178,132	62,582	16,994	1,078,157

See accompanying independent auditor's report.

Revenue							
County Conservation	Drainage District	Local Government Opioid Abatement	Fiber Revenues	Impact Fund	Debt Service	Capital Projects	Total
-	-	-	-	-	816,740	-	816,740
-	-	-	-	-	-	-	664,115
-	-	-	-	-	-	-	1,197,997
-	-	-	-	-	41,772	-	75,565
-	-	-	-	-	-	-	2,008
83,115	-	210	305,867	-	-	-	389,393
-	1,082	133,236	-	-	-	-	134,318
83,115	1,082	133,446	305,867	-	858,512	-	3,280,136
-	-	19,313	-	-	-	-	19,313
48,581	-	-	250,000	-	-	-	958,638
-	-	-	-	-	848,270	-	1,375,537
48,581	-	19,313	250,000	-	848,270	-	2,353,488
34,534	1,082	114,133	55,867	-	10,242	-	926,648
-	-	-	-	-	-	-	(559,362)
34,534	1,082	114,133	55,867	-	10,242	-	367,286
336,715	5,968	83,269	54,512	80,017	164,290	93,482	3,002,690
371,249	7,050	197,402	110,379	80,017	174,532	93,482	3,369,976

Mills County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2024

		County Offices	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$	-	1,902	420,663	116,843
Other County officials		109,403	-	-	-
Property tax receivable:					
Delinquent		-	571	1,243	27,822
Succeeding year		-	275,000	595,000	17,512,000
Special assessments		-	-	-	-
Due from other governments		-	-	-	-
Total assets	\$	109,403	277,473	1,016,906	17,656,665
Liabilities					
Accounts payable		-	-	76,992	-
Salaries and benefits payable		-	-	10,097	-
Due to other governments		19,852	1,902	-	116,843
Trusts payable		89,551	-	-	-
Compensated absences		-	-	24,727	-
Total liabilities	\$	109,403	1,902	111,816	116,843
Deferred Inflows of Resources					
Unavailable revenues	\$	-	275,000	595,000	17,512,000
Net Position					
Restricted for individuals, organizations and other governments	\$	-	571	310,090	27,822

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
10,939	53,250	2,636	581,087	7,757,467	1,561	1,201,238	10,147,586
-	-	-	-	-	-	-	109,403
3,285	4,957	1,213	-	-	-	4	39,095
1,884,000	4,373,000	574,000	-	-	-	2,000	25,215,000
-	-	-	-	-	68,634	-	68,634
-	-	-	-	-	-	42,558	42,558
1,898,224	4,431,207	577,849	581,087	7,757,467	70,195	1,245,800	35,622,276
-	-	-	-	-	-	19,723	96,715
-	-	-	-	-	-	2,252	12,349
10,939	53,250	2,636	581,087	-	1,561	26,697	814,767
-	-	-	-	-	-	-	89,551
-	-	-	-	-	-	-	24,727
10,939	53,250	2,636	581,087	-	1,561	48,672	1,038,109
1,884,000	4,373,000	574,000	-	-	-	2,000	25,215,000
3,285	4,957	1,213	-	7,757,467	68,634	1,195,128	9,369,167

Mills County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	266,929	581,051	16,584,510
911 surcharges	-	-	-	-
State tax credits	-	13,780	29,212	768,779
Office fees and collections	530,921	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	854,721	-	-	-
Miscellaneous	-	-	1,000	-
Total additions	<u>1,385,642</u>	<u>280,709</u>	<u>611,263</u>	<u>17,353,289</u>
Deductions:				
Agency remittances:				
To other funds	266,149	-	-	-
To other governments	264,884	280,811	726,895	17,360,189
Trusts paid out	854,609	-	-	-
Total deductions	<u>1,385,642</u>	<u>280,811</u>	<u>726,895</u>	<u>17,360,189</u>
Changes in net position	-	(102)	(115,632)	(6,900)
Net position beginning of year	-	673	425,722	34,722
Net position end of year	<u>\$ -</u>	<u>571</u>	<u>310,090</u>	<u>27,822</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
1,555,546	3,867,464	515,102	-	-	-	26,211	23,396,813
-	-	-	-	-	-	180,793	180,793
70,527	326,557	22,452	-	-	-	-	1,231,307
-	-	-	-	-	-	2,500	533,421
-	-	-	7,630,018	-	-	-	7,630,018
-	-	-	-	342,923	15,618	186,092	544,633
-	-	-	-	-	-	-	854,721
-	120	-	-	1,541,823	-	553,612	2,096,555
1,626,073	4,194,141	537,554	7,630,018	1,884,746	15,618	949,208	36,468,261
-	-	-	245,150	-	-	-	511,299
1,626,648	4,201,529	537,517	7,384,868	567,536	9,762	608,396	33,569,035
-	-	-	-	-	-	-	854,609
1,626,648	4,201,529	537,517	7,630,018	567,536	9,762	608,396	34,934,943
(575)	(7,388)	37	-	1,317,210	5,856	340,812	1,533,318
3,860	12,345	1,176	-	6,440,257	62,778	854,316	7,835,849
3,285	4,957	1,213	-	7,757,467	68,634	1,195,128	9,369,167

Mills 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	\$ 11,324,552	10,284,815	10,987,758	10,341,730
Tax increment financing	664,115	735,727	404,468	648,403
Local option sales and services tax	1,197,997	1,215,365	1,078,929	1,066,207
Penalty and interest on property tax	56,849	62,679	66,641	92,102
Intergovernmental	6,507,200	6,899,600	12,262,326	18,538,786
Licenses and permits	199,349	338,501	265,861	917,177
Charges for service	532,855	489,129	534,024	540,151
Use of money and property	1,327,634	525,309	242,527	319,601
Miscellaneous	398,260	516,351	342,030	456,183
Total	\$ 22,208,811	21,067,476	26,184,564	32,920,340
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,662,528	4,685,967	4,521,598	4,297,139
Physical health and social services	1,777,597	1,670,388	1,771,816	1,743,658
Mental health	-	-	450,436	374,848
County environment and education	1,725,232	1,623,608	4,547,945	12,011,087
Roads and transportation	7,224,741	7,198,275	6,309,590	8,346,945
Governmental services to residents	666,340	628,706	665,503	675,144
Administration	3,325,153	3,506,418	3,532,318	3,747,798
Debt service	1,375,537	1,322,698	1,128,488	1,212,038
Capital projects	5,405	742,722	282,059	383,392
Total	\$ 20,762,533	21,378,782	23,209,753	32,792,049

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
9,895,606	10,560,141	8,980,757	7,671,724	7,722,247	7,624,136
515,402	428,068	372,942	364,305	161,342	268,005
851,356	728,308	601,806	643,362	584,360	619,091
27,154	57,062	48,683	64,784	54,095	60,206
7,912,161	5,760,921	5,473,533	5,084,348	5,597,956	4,987,426
548,930	185,363	316,849	327,843	214,365	269,393
476,727	501,053	496,126	516,350	434,180	454,886
287,622	172,173	132,354	120,254	99,667	107,617
444,673	1,069,084	382,297	251,967	242,923	271,703
20,959,631	19,462,173	16,805,347	15,044,937	15,111,135	14,662,463
3,713,341	4,068,024	3,448,741	3,298,526	3,167,497	2,921,757
2,208,394	2,090,923	2,118,573	1,592,938	1,723,112	1,643,560
275,734	313,895	441,846	397,124	491,072	2,064,325
1,681,133	1,739,420	1,363,054	1,213,925	1,350,658	814,524
9,467,708	6,018,775	4,853,258	5,658,872	5,075,898	4,555,966
585,576	538,717	535,830	491,575	534,660	519,112
2,486,285	2,011,619	1,820,808	1,504,490	1,401,177	1,336,065
1,340,716	1,296,099	1,079,267	634,356	538,533	535,436
504,669	3,249,037	710,543	3,055,015	1,233,204	1,775,918
22,263,556	21,326,509	16,371,920	17,846,821	15,515,811	16,166,663



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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 Mills 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 Mills 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 July 1, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mills 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 Mills County's internal control. Accordingly, we do not express an opinion on the effectiveness of Mills 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 deficiencies described in the accompanying Schedule of Findings as items 2024-001 through 2024-003 to be material weaknesses.

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 deficiency described in the accompanying Schedule of Findings as item 2024-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mills 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. However, we noted certain immaterial instances of noncompliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Mills 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 Mills 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.

Mills County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mills County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Mills 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 Mills 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

July 1, 2025

Mills 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) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. That independent opener should list checks received in the mail, then forward the mail on to the accounting personnel for processing. Later, the independent mail opener should trace receipts from the listing to proper recording in the accounting records and proper deposit.	Treasurer
(2) Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash.	Treasurer
(3) Collection, deposit preparation and reconciliation functions are not segregated from the recording and accounting for cash receipts.	Conservation
(4) Depositing, reconciling and recording of receipts is done by the change fund custodian. Additionally, the change fund is not the responsibility of one individual.	Treasurer

Cause – The County offices noted above 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 each County office’s 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.

Mills County

Schedule of Findings

Year ended June 30, 2024

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

Treasurer – Everyone in the office is in accounting at some point. We do list all checks and when they clear on spread sheet. We try to have one person do the deposit and the other one check it the next day. We have changed to paperless balancing everyone tries to initial what part of the accounting they have done.

Conservation – Conservation has been trying to have two employees present when camping envelopes are collected to segregate duties.

Conclusion – Responses acknowledged. Each office should continue to review and monitor control activities to obtain the maximum internal control possible.

2024-002 Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of receivables were not properly recorded in the County's financial statements. In addition, material errors in the accrual classification of receivables and payables were identified. Adjustments were subsequently made by the County to properly include and classify these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established to require independent review of year-end cut-off and accrual classifications to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all receivables and payables are identified and properly reported in the County's financial statements and should ensure all accrual classifications are proper.

Mills County

Schedule of Findings

Year ended June 30, 2024

Responses –

Treasurer – The County will make sure the receivables are identified, coded and properly reported in the County's financial statements.

Auditor – We will review revenue statements and distribution statements to try and identify possible errors and get them corrected as soon as possible.

Conclusion – Responses accepted.

2024-003 Square Payment System

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 dishonest and maximizes the accuracy of the County's financial statements.

Condition – The County uses a Square Payments Processing System at the Conservation Department in order to process credit card payments. Use of Square presents significant risks as it allows users to change the bank account assigned to the device at any time, through the Square Dashboard. Users can also transfer money from the Square account to a Cash App. Cash App is a mobile payment service developed by Square, Inc., allowing users to transfer money to one another using a mobile phone application.

Payments collected through the Conservation's Square Payment Processing System are not reconciled to deposit and accounting records and are not reviewed by an independent person for accuracy nor completeness.

Cause – County policies do not require and procedures have not been established to require receipts received per the Square Dashboard to be compared to the deposit and accounting records by an independent person.

Effect – Anyone with access to the Square account would have the ability to change the bank account assigned to the device and would have the ability to transfer funds. In addition, without review, the County could find that reimbursements from the Square System are not to the agreed upon terms nor for the required amount.

Recommendation – The County should implement a policy and written procedures for usage of these types of electronic payment systems. A reconciliation of the Square Payment System's daily activity on the Square Dashboard to the deposit detail and accounting records should be performed. In addition, someone independent from the collection process should be reviewing the Square Dashboard and the reconciliations. This review should be documented by the signature or initials of the independent reviewer and the date of the review.

Mills County

Schedule of Findings

Year ended June 30, 2024

Response – There is no written policy at this time. When cabin reservations are made – the reservation is automatically emailed to both the Naturalist and the Director. A reservation then triggers a Square deposit to the County Treasurer and an email from Square, stating the deposit, that is automatically emailed to both the Naturalist and the Director. We try our best to have two sets of eyes on every movement that happens through Square.

Conclusion – Response acknowledged. The County should perform a reconciliation of the Square Payment System’s daily activity to the accounting records. This reconciliation should be reviewed by an independent person and evidenced by their signature or initials and the date of the review.

2024-004 Current and Delinquent Property Tax Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling current and delinquent property tax collections to tax billings and amounts becoming or remaining delinquent to ensure the accuracy of current and delinquent property tax collections and receivables.

Condition – The County did not have procedures in place to ensure current and delinquent tax reconciliations by tax district were prepared timely. In addition, amounts on the delinquent tax reconciliation were not supported.

Cause – Policies have not been established and procedures have not been implemented to timely reconcile current and delinquent property tax to ensure the accuracy of property tax collections and receivables.

Effect – Since current and delinquent property tax reconciliations were not performed timely or supported, misstatements of current and delinquent property tax collections and/or receivables may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – Current and delinquent property tax reconciliations should be prepared timely and amounts on the reconciliations should be supported.

Response – I have struggled with this since I took office as there were no notes or information on how to do it. I have visited with other Treasurer’s about their reporting form. The State Auditor in 2021 was able to find a form from a different county, but I have had trouble finding items I need to put on the form. I think a simpler form would be better, but I think 2025 is now correct.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Mills County

Schedule of Findings

Year ended June 30, 2024

Other 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 Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Carol Vinton, Board of Supervisors, nephew is owner of Vinton Enterprises	Residential repairs and dump trucking	\$ 7,555

The transactions with Vinton Enterprises may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa since the total cumulative transactions were greater than \$6,000 during the fiscal year ended June 30, 2024, and the transactions were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The County will consider bidding out these services in the future.

Conclusion – Response accepted.

- 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 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.

Mills County

Schedule of Findings

Year ended June 30, 2024

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 Department of Management on or before December 1. However, the reported total tax increment financing debt outstanding was understated, and revenues were not properly broken out between revenue types.

Recommendation – The County should ensure the amounts reported on the Levy Authority Summary agree with the County’s records.

Response – I will double check all figures and ensure that all amounts reported and/or certified match what is reported to the State.

Conclusion – Response accepted.

2024-K Tax Increment Financing (TIF) – For the year ended June 30, 2024, the County Auditor did not prepare a reconciliation for each urban renewal area within each City which reconciles TIF receipts with total outstanding TIF debt.

Recommendation – In accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa, the County Auditor is, “to provide for the division of taxes in each subsequent year without further certification until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund.” To assist in meeting this requirement, the County Auditor should prepare a reconciliation of each urban renewal area’s TIF receipts and certified TIF debt.

Response – Each year after the urban renewal report is submitted, I will prepare the reconciliation for each TIF district and distribute them to the correct taxing authority. A copy of this reconciliation will be placed in a binder that is kept in the Auditor’s office.

Conclusion -Response accepted.

2024-L Tax Increment Financing – LMI Set Aside – The County’s development agreement provides for a 37.2% set aside for low and moderate income (LMI) housing assistance. As of June 30, 2024, the County has not set aside any funds for LMI housing assistance. Per Chapter 403.22(3)(d) of the Code of Iowa, the County may use any other sources which are legally available to provide LMI assistance.

Recommendation – The County should investigate alternatives to comply with the LMI set aside requirement per Chapter 403.22(3) of the Code of Iowa. If necessary, other potential sources of funds may be used to meet the low and moderate income family housing assistance requirement.

Response – If not already done, I will ensure an LMI fund is set up for each project and transfer LMI funds to them as we pay out on each development agreement on or about December 1 and June 1 of each year.

Conclusion – Response accepted.

Mills County

Schedule of Findings

Year ended June 30, 2024

2024-M Tax Increment Financing – During the year ended June 30, 2008, the County entered into a development agreement with Oak Ranch Development, LLC that called for the County to make two payments a year starting on December 1, 2009 for eleven fiscal years ending on June 1, 2020 or until the total amount of principal and interest has been paid, whichever occurs first. The County continued to collect TIF for this agreement in fiscal year 2021, 2022, and 2023 after the agreement had ended. Per discussion with County personnel, TIF collections continued in order to meet the LMI set aside requirement, noted in Comment 2024-L above. The County also made two additional payments to the developer in fiscal year 2021 after the agreement ended.

Recommendation – As noted in Comment 2024-L, because the development agreement ended, the County should investigate alternatives to comply with the LMI set-aside utilizing other potential sources of funds. Also, because the period of the development agreement ended, the County should seek reimbursement from the developer for any payments made after the agreement ended.

Response – If the reimbursement was not made prior, I will work with the developer to get those funds reimbursed. Additionally, I have created timelines for each TIF district with clear end dates and maximum TIF dollars allowed.

Conclusion – Response accepted.

2024-N Tax Increment Financing – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. The County did not complete the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF, as noted below. Chapter 403.19 of the Code of Iowa allows a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the county until the amount of certified indebtedness is paid.

The County entered into a development agreement in November 2021 for a total of \$1,800,000. This agreement was not certified by the County on the County's TIF debt certification form.

Recommendation – The County should review its procedures to ensure TIF debt is properly certified.

Response – I will ensure that TIF debt is certified correctly and copies of TIF certs kept with each TIF binder. I will send the certification to each developer, so they also have a copy.

Conclusion – Response accepted.

Mills County

Staff

This audit was performed by:

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Nichole D. Tucker, Senior Auditor II
Ariel N. Dennler, Staff Auditor
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