



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

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

Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

November 12 2025

Contact: Brian Brustkern  
515/281-5834

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$15,960,348 for the year ended June 30, 2024, a 14.6% increase over the prior year. Expenses for County operations for the year ended June 30, 2024 totaled \$14,200,665, a 12.1% increase over the prior year. The significant increase in revenues and expenses is due primarily to an increase in various culvert project expenses and related reimbursements from the Iowa Department of Transportation.

**AUDIT FINDINGS:**

Sand reported thirteen findings related to the receipt and expenditure of taxpayer funds. They are found on pages 82 through 90 of this report. The findings address issues such as lack of segregation of duties, material amounts of capital asset and infrastructure additions and deletions, accounts receivable and accounts payable not properly recorded in the County's financial statements and lack of proper bank reconciliations. Sand provided the County with recommendations to address each of these findings.

Eight of the findings pertaining to the County are repeated from the prior year. The County Board of Supervisors 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.](#)

# # #

**MONTGOMERY COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
  
**JUNE 30, 2024**

## **Montgomery County**



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

October 14, 2025

Officials of Montgomery County  
Montgomery, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Montgomery County, Iowa, 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 Montgomery 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". The signature is stylized with a large, looped "R" and a cursive "Sand".

Rob Sand  
Auditor of State

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## Montgomery County

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Randy Cooper	Board of Supervisors	Jan 2025
Donna Robinson	Board of Supervisors	Jan 2025
Michael Olson	Board of Supervisors	Jan 2027
Mark Peterson	Board of Supervisors	Jan 2027
Charla Schmid	Board of Supervisors	Jan 2027
Jill Ozuna	County Auditor	Jan 2025
Jackie Porter	County Treasurer	Jan 2027
Carleen Bruning	County Recorder	Jan 2027
Jon Spunaugle	County Sheriff	Jan 2025
Drew Swanson	County Attorney	Jan 2027
Sharon Dalton	County Assessor	Jan 2028



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Rob Sand  
Auditor of State

### Independent Auditor's Report

To the Officials of Montgomery 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 Montgomery 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 Montgomery 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 Montgomery 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.

##### Emphasis of Matter

As discussed in Note 14 of the financial statements, Montgomery County's beginning net position for governmental activities was restated to retroactively report the change in net position to properly report road infrastructure capital assets not previously reported. Our opinions are not modified with respect to these matters.

##### 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 Montgomery 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 Montgomery 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 Montgomery 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 56 through 68 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 Montgomery 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 October 14, 2025 on our consideration of Montgomery 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 Montgomery County's internal control over financial reporting and compliance.



Brian R. Brustkern, CPA  
Deputy Auditor of State

October 14, 2025

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Montgomery 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

- The County's net position at June 30, 2024 was restated due to material amounts of infrastructure capital assets that should have been reported during the year ending June 30, 2023. The beginning net position for governmental activities was restated by \$1,024,998 to retroactively report the change.
- Revenues of the County's governmental activities decreased 14.6%, or approximately \$2,029,000, during fiscal year 2024. The County recognized approximately \$172,000 of federal grants for the American Rescue Plan Act (ARPA), a decrease of approximately \$815,000. Property tax revenues increased approximately \$478,000, operating grants, contributions and restricted interest increased approximately \$669,000 and capital grants, contributions and restricted interest increased approximately \$1,255,000.
- Program expenses of the County's governmental activities increased 12.1%, or approximately \$1,534,000, during fiscal year 2024. Roads and transportation, public safety and legal services and administration expenses increased approximately \$1,098,000, \$366,000 and \$150,000, respectively, while physical health and social services expenses decreased approximately \$42,000.
- After the restatement, the County's net position increased 4.4%, or approximately \$1,759,000, during fiscal year 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 Montgomery 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 Montgomery 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 Montgomery 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 which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund 2) the Special Revenue Funds, such as Rural Services and Secondary Roads 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general government 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 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. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2024	2023 (As Restated)
Current and other assets	\$ 18,975	16,251
Capital assets	36,633	36,589
Total assets	55,608	52,840
Deferred outflows of resources	1,076	618
Long-term liabilities	6,320	6,315
Other liabilities	831	761
Total liabilities	7,151	7,076
Deferred inflows of resources	8,185	6,793
Net position:		
Net investment in capital assets	32,463	31,581
Restricted	8,047	7,012
Unrestricted	838	996
Total net position	\$ 41,348	39,589

Montgomery County's net position of governmental activities increased 4.4% (approximately \$41.3 million compared to approximately \$39.6 million).

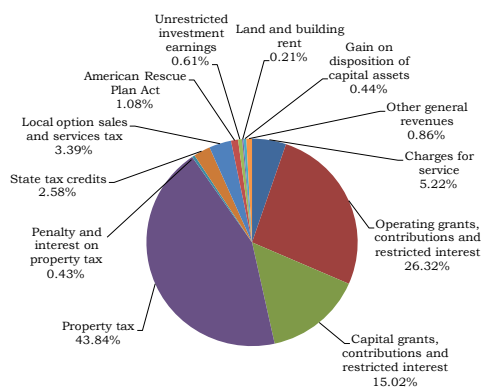
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 2.8%, or approximately \$882,000, over the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,035,000, or 14.8%. This increase was primarily due to an increase in the amounts held at year end in the Special Revenue, Local Government Opioid Abatement and Secondary Roads Funds.

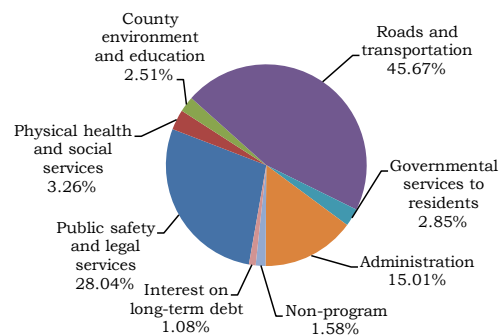
Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased from approximately \$996,000 at June 30, 2023 to approximately \$838,000 at the end of this year.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2024	2023 (As Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 823	736
Operating grants, contributions and restricted interest	4,200	3,531
Capital grants, contributions and restricted interest	2,397	1,142
General revenues:		
Property tax	7,000	6,522
Penalty and interest on property tax	68	54
State tax credits	411	401
Local option sales and services tax	541	506
American Rescue Plan Act	172	987
Unrestricted investment earnings	97	9
Land and building rent	43	29
Gain on disposition of capital assets	70	-
Other general revenues	138	14
Total revenues	15,960	13,931
Program expenses:		
Public safety and legal services	3,982	3,616
Physical health and social services	463	505
County environment and education	356	374
Roads and transportation	6,486	4,363
Governmental services to residents	405	375
Administration	2,131	1,981
Non-program	225	255
Interest on long-term debt	153	172
Total expenses	14,201	11,641
Change in net position	1,759	2,290
Net position beginning of year, as restated	39,589	37,299
Net position end of year	\$ 41,348	39,589

**Revenues by Source**



**Expenses by Program**



Montgomery County's governmental activities net position increased approximately \$1,759,000 during the year. Revenues for governmental activities increased approximately \$2,029,000. Operating grants, contributions and restricted interest increased approximately \$669,000 due to an increase in opioid settlement funds. Capital grants, contributions and restricted interest approximately \$1,255,000, due to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

The County increased property tax rates for fiscal year 2024 an average of 4.6%. This increase was offset by a slight decrease in property valuations across the county. As a result, property tax revenue increased approximately \$478,000 in fiscal year 2024. Based on a significant increase in property valuations, property tax revenue is budgeted to increase by approximately \$1,071,000 next year.

The cost of all governmental activities this year was approximately \$14.2 million compared to approximately \$12.7 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$6.8 million because some of the cost was paid by those who directly benefited from the programs (approximately \$823,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,597,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2024 from approximately \$5,409,000 to approximately \$7,430,000. As discussed above, the County received contributions of roads and bridges paid for by the Iowa Department of Transportation.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Montgomery County completed the year, its governmental funds reported a combined fund balance of approximately \$9.4 million, an increase of approximately \$707,000 from last year's total of approximately \$8.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$286,000, or 4.9%, from the prior year, primarily due to a decrease in federal grants for ARPA, offset by an increase in the property tax levy rate. Expenditures decreased approximately \$386,000, or 6.4%, primarily due to a decrease in expenses related to ARPA funded projects. The ending fund balance decreased approximately \$125,000, or 4.8%, to approximately \$2,490,000.
- There were no significant changes in revenues, expenditures and fund balance of the Special Revenue, Rural Services Fund.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$626,000, or 16.9%. Expenditures increased approximately \$916,000, or 22.3%, over the prior year. Expenditures and revenues increase primarily due to expenditures incurred and related reimbursements from the Iowa Department of Transportation for various culvert projects. The ending fund balance increased approximately \$439,000, or 8.6% to \$5,550,438.
- There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.
- During the year ended June 30, 2024, the County issued \$450,000 of general obligation bonds to help finance a tuckpointing project on the County courthouse. The proceeds from the bond issue were placed in the Capital Projects Fund to account for this project. Bond proceeds of \$288,690 remained in the Capital Projects fund at the end of the year.

# BUDGETARY HIGHLIGHTS

Over the course of the year, Montgomery County amended its budget four times. The first amendment was made on October 10, 2023 and resulted in an increase in budgeted disbursements related to ARPA and veterans administration funds. The second amendment was made on February 2, 2024. This amendment was made to provide for additional disbursements for unexpected wages, mileage, training, special elections and medical examinations. The third amendment was made on March 23, 2024. This amendment was made to account for the Series 2024 bond issuance and resulted in an increase in budgeted long-term debt proceeds and related disbursements for the courthouse tuckpointing project. The final amendment was made on June 11, 2024. This amendment was made to provide for disbursements for additional training, unexpected heating and cooling repair and repairs for two mowers.

The County's receipts were \$498,574 more than budgeted, a variance of 3.8%. The most significant variance resulted from the County receiving more in property and other county tax receipts than anticipated.

Total disbursements were \$1,971,358 less than the amended budget. Actual disbursements for the roads and transportation, capital projects and public safety and legal services functions were \$521,965, \$436,622 and \$364,408, respectively, less than budgeted. This was primarily due to costs being less than anticipated and projects being delayed until the next fiscal year.

# CAPITAL ASSETS AND DEBT ADMINISTRATION

## Capital Assets

At June 30, 2024, Montgomery County had approximately \$36.6 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase (including additions and deletions) of approximately \$44,000, or less than 1.0%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2024	2023
		(As Restated)
Land	\$ 682	682
Intangibles, road network	213	213
Construction in progress	2,204	281
Buildings and improvements	7,116	7,175
Equipment and vehicles	5,605	6,247
Intangibles	-	11
Infrastructure	20,813	21,980
Total	\$ 36,633	36,589
This year's major additions included (in thousands):		
Capital assets contributed by the Iowa Department of Transportation		2,204
Jail control system and camera system		191
Secondary roads snow removal equipment		120
Secondary roads dump truck		159
Secondary roads hoop building		90
Law enforcement center garage addition		90
Total		\$ 2,854

The County had depreciation expense of \$2,586,542 in fiscal year 2024 and total accumulated depreciation of \$21,524,660 at June 30, 2024.



## **Long-Term Debt**

At June 30, 2024, Montgomery County had \$4,620,000 of general obligation bonds outstanding, compared to \$5,110,000 of general obligation bonds outstanding at June 30, 2023.

The \$450,000 increase in debt, as a result of issuing general obligation bonds for the courthouse tuckpointing project, was offset by \$940,000 in principal payments during the fiscal year.

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. Montgomery County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$47 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Montgomery County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2025 budget, tax rates and fees for the various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.4% versus 2.8% 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. Amounts available for appropriation (i.e., actual beginning balance plus next year budgeted revenues) in the operating budget are approximately \$30,108,000, an increase of 37.9% over the final fiscal year 2024 budget (Budgeted CY balance plus CY Budgeted final revenues). Property tax (benefiting from a rate increase and increases in assessed valuations) and miscellaneous receipts (boosted by increased reimbursements from BNSF Railway for bridge replacement projects) are expected to lead this increase. Montgomery County will use these increases in receipts to finance programs that we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise approximately \$6,876,000 as work continues on the courthouse tuckpointing project, increases in roadway and bridge replacement construction projects and increased health care costs. 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 decrease approximately \$1,537,000 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 Montgomery 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 Jill Ozuna at the Montgomery County Auditor's Office, by mail at 105 E. Coolbaugh Street, PO Box 469, Red Oak, Iowa 51566, or by telephone at (712) 623-5127.

## **Basic Financial Statements**

Montgomery County  
Statement of Net Position  
June 30, 2024

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 9,062,292
Cash held by health plan trustee	149,801
Receivables:	
Property tax:	
Delinquent	11,689
Succeeding year	7,925,000
Penalty and interest on property tax	40,199
Accounts	155,070
Opioid settlement	545,656
Accrued interest	16,623
Due from other governments	356,545
Lease receivable	83,027
Inventories	473,733
Prepaid items	155,831
Capital assets not being depreciated	3,098,965
Capital assets, net of accumulated depreciation	<u>33,534,358</u>
<b>Total assets</b>	<u>55,608,789</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	1,054,411
OPEB related deferred outflows	<u>22,010</u>
<b>Total deferred outflows of resources</b>	<u>1,076,421</u>

Montgomery County  
Statement of Net Position  
June 30, 2024

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	401,163
Accrued interest payable	13,171
Salaries and benefits payable	158,073
Due to other governments	60,762
Unearned revenues	198,289
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,025,000
Compensated absences	186,643
Total OPEB Liability	17,041
Portion due or payable after one year:	
General obligation bonds	3,595,000
Compensated absences	108,688
Net pension liability	1,302,272
Total OPEB liability	<u>85,316</u>
<b>Total liabilities</b>	<u>7,151,418</u>
<b>Deferred inflows of resources:</b>	
Lease related	83,027
Unavailable property tax revenue	7,925,000
Pension related deferred inflows	171,865
OPEB related deferred inflows	<u>5,386</u>
<b>Total deferred inflows of resources</b>	<u>8,185,278</u>
<b>Net Position</b>	
Net investment in capital assets	32,463,323
Restricted for:	
Supplemental levy purposes	928,018
Rural services purposes	326,495
Secondary roads purposes	5,488,259
Public safety purposes	83,347
Courthouse repair	130,308
County fair	47,503
Debt service	197,105
Opioid abatement	647,564
Other purposes	198,298
Unrestricted	<u>838,294</u>
<b>Total net position</b>	<u>\$ 41,348,514</u>

See notes to financial statements.

**Montgomery County**

Montgomery County  
Statement of Activities  
Year ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses					
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 3,982,163	212,028	21,250	-	(3,748,885)
Physical health and social services	462,469	48,659	421,845	-	8,035
County environment and education	355,646	17,629	13,619	-	(324,398)
Roads and transportation	6,486,473	26,397	3,716,924	2,396,698	(346,454)
Governmental services to residents	405,391	215,022	-	-	(190,369)
Administration	2,130,665	69,772	26,122	-	(2,034,771)
Non-program	224,512	233,144	513	-	9,145
Interest on long-term debt	153,346	-	-	-	(153,346)
Total	\$ 14,200,665	822,651	4,200,273	2,396,698	(6,781,043)
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes				\$ 5,957,733	
Debt service				1,042,487	
Penalty and interest on property tax				68,367	
State tax credits and replacements				411,323	
Local option sales and services tax				540,937	
American Rescue Plan Act				172,094	
Unrestricted investment earnings				97,349	
Land and building rent				42,255	
Gain on disposition of capital assets				70,000	
Miscellaneous				138,181	
Total general revenues				8,540,726	
Change in net position				1,759,683	
Net position beginning of year, as restated				39,588,831	
Net position end of year				\$ 41,348,514	
See notes to financial statements.					

Montgomery County

Balance Sheet  
Governmental Funds

June 30, 2024

	Special Revenue		
	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 2,763,302	572,649	4,939,248
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	9,425	11	-
Succeeding year	4,656,000	2,147,000	-
Penalty and interest on property tax	40,199	-	-
Accounts	80,202	-	74,868
Opioid settlement	-	-	-
Accrued interest	16,623	-	-
Due from other governments	18,246	-	338,299
Lease receivable	83,027	-	-
Inventories	-	-	473,733
Prepaid items	94,175	-	61,656
<b>Total assets</b>	<b>\$ 7,761,199</b>	<b>2,719,660</b>	<b>5,887,804</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 132,744	6,884	257,428
Salaries and benefits payable	91,323	24,678	42,072
Due to other governments	60,762	-	-
Unearned revenues	198,289	-	-
Total liabilities	483,118	31,562	299,500
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,656,000	2,147,000	-
Other	49,482	6	37,866
Lease related	83,027	-	-
Total deferred inflows of resources	4,788,509	2,147,006	37,866
Fund balances:			
Nonspendable:			
Inventories	-	-	473,733
Prepaid items	94,175	-	61,656
Restricted for:			
Supplemental levy purposes	695,810	152,803	-
Rural services purposes	-	388,289	-
Secondary roads purposes	-	-	5,015,049
Conservation land acquisition	532	-	-
Public safety purposes	83,347	-	-
Courthouse repair	130,308	-	-
County fair	47,503	-	-
Debt service	-	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	-	-	-
Committed for shooting range	230	-	-
Unassigned	1,437,667	-	-
Total fund balances	2,489,572	541,092	5,550,438
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,761,199</b>	<b>2,719,660</b>	<b>5,887,804</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
195,602	288,690	298,683	9,058,174
-	-	4,118	4,118
2,253	-	-	11,689
1,122,000	-	-	7,925,000
-	-	-	40,199
-	-	-	155,070
-	-	545,656	545,656
-	-	-	16,623
-	-	-	356,545
-	-	-	83,027
-	-	-	473,733
-	-	-	155,831
1,319,855	288,690	848,457	18,825,665
750	-	3,357	401,163
-	-	-	158,073
-	-	-	60,762
-	-	-	198,289
750	-	3,357	818,287
1,122,000	-	-	7,925,000
2,237	-	511,953	601,544
-	-	-	83,027
1,124,237	-	511,953	8,609,571
-	-	-	473,733
-	-	-	155,831
-	-	-	848,613
-	-	-	388,289
-	-	-	5,015,049
-	-	-	532
-	-	-	83,347
-	-	-	130,308
-	-	-	47,503
194,868	-	-	194,868
-	288,690	-	288,690
-	-	135,611	135,611
-	-	197,536	197,536
-	-	-	230
-	-	-	1,437,667
194,868	288,690	333,147	9,397,807
1,319,855	288,690	848,457	18,825,665



**Montgomery County**

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

June 30, 2024

**Total governmental fund balances (page 21)** \$ 9,397,807

***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 funds. The cost of capital assets is \$58,157,983 and the accumulated depreciation is \$21,524,660.

36,633,323

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.

601,544

The Internal Service Fund is used by management to charge the costs of the 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 with governmental activities in the Statement of Net Position.

149,801

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

\$ 1,076,421

Deferred inflows of resources

(177,251)

899,170

Long-term liabilities, including bonds payable, compensated absences 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.

(6,333,131)

**Net position of governmental activities (page 17)**

\$ 41,348,514

See notes to financial statements.

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

Year ended June 30, 2024

		Special Revenue	
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 4,029,735	1,926,795	-
Local option sales and services tax	108,187	-	432,750
Penalty and interest on property tax	59,780	-	-
Intergovernmental	767,546	69,868	3,695,905
Licenses and permits	8,463	-	21,425
Charges for service	297,710	2,505	-
Use of money and property	134,159	-	-
Miscellaneous	158,155	-	182,136
Total revenues	5,563,735	1,999,168	4,332,216
Expenditures:			
Operating:			
Public safety and legal services	2,685,854	553,450	-
Physical health and social services	475,041	-	-
County environment and education	265,185	50,586	-
Roads and transportation	-	365,440	4,284,100
Governmental services to residents	423,913	1,092	-
Administration	1,758,310	-	-
Debt service	-	-	-
Capital projects	-	-	744,582
Total expenditures	5,608,303	970,568	5,028,682
Excess (deficiency) of revenues over (under) expenditures	(44,568)	1,028,600	(696,466)
Other financing sources (uses):			
Sale of capital assets	-	-	55,100
Transfers in	-	-	1,080,000
Transfers out	(80,000)	(1,000,000)	-
General obligation bonds issued	-	-	-
Total other financing sources (uses)	(80,000)	(1,000,000)	1,135,100
Change in fund balances	(124,568)	28,600	438,634
Fund balances beginning of year	2,614,140	512,492	5,111,804
Fund balances end of year	\$ 2,489,572	541,092	5,550,438

See notes to financial statements.

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Debt Service	Capital Projects	Nonmajor	Total
1,042,336	-	-	6,998,866
-	-	-	540,937
-	-	-	59,780
59,133	-	-	4,592,452
-	-	-	29,888
-	-	1,560	301,775
-	5,442	3	139,604
-	-	197,130	537,421
1,101,469	5,442	198,693	13,200,723
<hr/>			
-	-	11,018	3,250,322
-	-	-	475,041
-	-	17,780	333,551
-	-	-	4,649,540
-	-	3,037	428,042
-	-	-	1,758,310
1,091,098	-	-	1,091,098
-	268,796	-	1,013,378
1,091,098	268,796	31,835	12,999,282
<hr/>			
10,371	(263,354)	166,858	201,441
<hr/>			
-	-	-	55,100
-	-	-	1,080,000
-	-	-	(1,080,000)
-	450,000	-	450,000
-	450,000	-	505,100
<hr/>			
10,371	186,646	166,858	706,541
184,497	102,044	166,289	8,691,266
194,868	288,690	333,147	9,397,807

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Montgomery 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)** \$ 706,541

***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 expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 411,600	
Capital assets contributed by the Iowa Department of Transportation	2,204,108	
Depreciation expense	<u>(2,586,542)</u>	29,166

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 14,900

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	1,354	
Other	<u>250,506</u>	251,860

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issued	(450,000)	
Repaid	<u>940,000</u>	490,000

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. 412,738

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	(31,371)	
Pension expense	(158,532)	
OPEB expense	3,870	
Interest on long-term debt	<u>(2,248)</u>	(188,281)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 42,759

**Change in net position of governmental activities (page 19)** \$ 1,759,683

See notes to financial statements.

Montgomery County  
Statement of Net Position  
Proprietary Fund

June 30, 2024

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash held by health plan trustee	<u>\$ 149,801</u>
<b>Liabilities</b>	
Accounts payable	<u>-</u>
<b>Net Position</b>	
Restricted for employee health	<u>\$ 149,801</u>

See notes to financial statements.

Montgomery 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	\$	943,825
Reimbursements from employees		187,084
Reimbursements from others		<u>10,085</u>
Total operating revenues		1,140,994
Operating expenses:		
Partially self-funded medical claims	\$	100,969
Insurance premiums		954,803
Administrative and other fees	<u>42,976</u>	<u>1,098,748</u>
Operating income		42,246
Non-operating revenues:		
Interest income		<u>513</u>
Net income		42,759
Net position beginning of year		<u>107,042</u>
Net position end of year		<u><u>\$ 149,801</u></u>
See notes to financial statements.		

Montgomery County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2024

	Internal Service- Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 943,825
Cash received from employees and others	197,169
Cash paid to suppliers for services	<u>(1,113,748)</u>
Net cash provided by operating activities	27,246
Cash flows from investing activities:	
Interest on investments	<u>513</u>
Net increase in cash and cash equivalents	27,759
Cash and cash equivalents beginning of year	<u>122,042</u>
Cash and cash equivalents end of year	<u>\$ 149,801</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 42,246
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	<u>(15,000)</u>
Net cash used by operating activities	<u>\$ 27,246</u>

See notes to financial statements.



Montgomery County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2024

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,845,636
Other County officials	43,001

Receivables:

Property tax:

Delinquent	57,048
Succeeding year	18,741,000

Accounts	8,213
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Accrued interest	5,449
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Special assessments	29,349
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Due from other governments	32,760
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Prepaid items	6,433
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<b>Total assets</b>	<b>20,768,889</b>
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**Liabilities**

Accounts payable	70,546
------------------	--------

Salaries and benefits payable	7,234
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Due to other governments	638,583
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Trusts payable	80,117
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Compensated absences	16,655
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<b>Total liabilities</b>	<b>813,135</b>
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**Deferred Inflows of Resources**

Unavailable property tax revenue	18,741,000
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**Net position**

Restricted for individuals, organizations and other governments	\$ 1,214,754
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See notes to financial statements.

Montgomery County  
Statement of Changes in Fiduciary Net Position  
Custodial Funds

Year Ended June 30, 2024

Additions:	
Property and other county tax	\$ 16,722,807
911 surcharge	158,355
Intergovernmental	915,664
State tax credits	1,196,897
Drivers license fees	29,491
Office fees and collections	303,301
Auto licenses, use tax and postage	4,000,984
Assessments	964
Trusts	698,132
Miscellaneous	<u>37,927</u>
Total additions	<u>24,064,522</u>
Deductions:	
Agency remittances:	
To other funds	267,512
To other governments	22,975,869
Trusts paid out	<u>751,524</u>
Total deductions	<u>23,994,905</u>
Change in net position	69,617
Net position beginning of year	<u>1,145,137</u>
Net position end of year	<u>\$ 1,214,754</u>

See notes to financial statements.

Montgomery County

Notes to Financial Statements

June 30, 2024

**(1) Summary of Significant Accounting Policies**

Montgomery 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, Montgomery 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 Montgomery 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 their operational or financial relationships 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 appropriate fund.

The Montgomery County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to enhance the delivery of services related to informing and educating the public on natural resources, conservation and recreation. Donations received are to be used to purchase items which are not included in the County's budget. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Montgomery County Assessor's Conference Board, Montgomery County Emergency Management Commission and Montgomery County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

In addition, the County is involved in the following jointly governed organizations: East and West Nishnabotna Commission, Fourth Judicial District, Golden Hills Resource Conservation and Development, Sanitary Landfill, Southwest Iowa Planning Council, Montgomery County Economic Development, Nishna Productions, RPA-13, Southwest Iowa Juvenile Detention Center, Southwest Iowa MHDS, Waubonsie Mental Health Center, West Central Community Action and Zion Recovery Services. Financial transactions of these organizations are not included in the County's financial statements.

#### 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 Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

Proprietary 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 in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit 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 receivable represents 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 receivable has 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 it is 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.

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.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000
Right-to-use leased assets	50,000
Right-to-use subscription assets	100,000

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

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Intangibles	2 - 20
Vehicles	3 - 10
Right-to-use leased assets	2 - 20
Right-to-use subscription assets	2 - 20



Leases – County as Lessor – Montgomery County is a lessor for a noncancellable lease of farmland. 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 the County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Montgomery 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.

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.

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, proprietary fund 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 Montgomery 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) while 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 represents 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 receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is 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.

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

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 exceeded the amount budgeted in the debt service function prior to amendment and at year end. In addition, disbursements in certain departments exceeded the amounts appropriated prior to amendments and at year end.

### (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 investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$2,019,018. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

### (3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 80,000
	Special Revenue: Rural Services	1,000,000
		<u>\$ 1,080,000</u>

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

### (4) Capital Assets

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

	As Restated Beginning Balance	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 681,859	-	-	681,859
Intangibles, road network	212,998	-	-	212,998
Construction in progress	281,114	2,204,108	281,114	2,204,108
Total capital assets not being depreciated	1,175,971	2,204,108	281,114	3,098,965
Capital assets being depreciated:				
Buildings	6,975,302	180,300	-	7,155,602
Improvements other than buildings	2,585,372	-	-	2,585,372
Equipment and vehicles	13,606,369	527,314	289,198	13,844,485
Intangibles	87,556	-	-	87,556
Infrastructure, road network	31,386,003	-	-	31,386,003
Total capital assets being depreciated	54,640,602	707,614	289,198	55,059,018
Less accumulated depreciation for:				
Buildings	1,894,972	142,619	-	2,037,591
Improvements other than buildings	490,038	96,825	-	586,863
Equipment and vehicles	7,359,809	1,168,777	289,198	8,239,388
Intangibles	76,612	10,944	-	87,556
Infrastructure, road network	9,405,885	1,167,377	-	10,573,262
Total accumulated depreciation	19,227,316	2,586,542	289,198	21,524,660
Total capital assets being depreciated, net	35,413,286	(1,878,928)	-	33,534,358
Governmental activities capital assets, net	\$ 36,589,257	325,180	281,114	36,633,323

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 808,611
Physical health and social services	1,772
County environment and education	26,461
Roads and transportation	1,586,075
Governmental services to residents	1,570
Administration	162,053
Total depreciation expense - governmental activities	<u>\$ 2,586,542</u>

**(5) County Farm Lease Receivable**

Effective March 1, 2021, the County entered into a three-year lease with a local farmer whereby the farmer operates the farm. The County is to receive \$14,599 in rent semi-annually with an implicit rate of 2.0%. During the year ended June 30, 2024, the County received principal of \$14,313 and interest of \$286.

The County owns the Montgomery County Farm (Farm). Effective March 1, 2024, the County entered into a three-year lease with a local farmer (Farmer) whereby the farmer operates the Farm. The County is to receive \$17,748 in land payments semi-annually with an implicit rate of 4.518%. During the year ended June 30, 2024, the County received principal of \$17,356 and interest of \$392.

Year Ending June 30,	Farm Land			
	Interest Rates	Principal	Interest	Total
2025	4.518%	\$ 32,102	3,394	35,496
2026	4.518	33,569	1,927	35,496
2027	4.518	17,356	392	17,748
Total		\$ 83,027	5,713	88,740

**(6) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 60,762
Custodial:		
County Offices	Collections	\$ 16,984
Agricultural Extension Education		2,053
County Assessor		130,647
Schools		98,660
Community Colleges		6,772
Corporations		61,589
Townships		2,177
Auto License and Use Tax		274,657
County Hospital		20,543
All other		24,501
Total for custodial funds		\$ 638,583

**(7) Long-Term Liabilities**

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

	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 5,110,000	263,960	852,605	87,920	6,314,485
Increases	450,000	323,160	449,667	31,478	1,254,305
Decreases	940,000	291,789	-	17,041	1,248,830
Balance end of year	<u>\$ 4,620,000</u>	<u>295,331</u>	<u>1,302,272</u>	<u>102,357</u>	<u>6,319,960</u>
Due within one year	<u>\$ 1,025,000</u>	<u>186,643</u>	<u>-</u>	<u>17,041</u>	<u>1,228,684</u>

**Bonds Payable**

On February 22, 2018, the County issued \$5,755,000 of general obligation emergency services communication bonds, with interest rates ranging from 2.00% to 4.00% per annum, for the purpose of purchasing emergency services communication equipment for the County. During the year ended June 30, 2024, the County paid principal of \$590,000 and interest of \$98,700 on the bonds.

On March 3, 2022, the County issued \$2,310,000 of general obligation refunding bonds, Series 2023, for the current refunding of \$2,330,000 of the general obligation refunding bonds issued March 5, 2015. The bonds bear interest at 2.00% per annum and mature June 1, 2029. During the year ended June 30, 2024, the County paid principal of \$350,000 and interest of \$39,700 on the bonds.

On April 16, 2024, the County issued \$450,000 of general obligation courthouse improvement bonds, Series 2024, with an interest rate of 4.52% per annum, for the purpose of tuckpointing and related improvements to the courthouse. During the year ended June 30, 2024, the County made no principal or interest payments on the bonds. A summary of the County's June 30, 2024 general obligation bonded indebtedness is as follows:

Year Ending June 30,	General Obligation Emergency Services Communication Bonds			General Obligation Refunding Bonds		
	Issued Feb 22, 2018			Issued Mar 3, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	3.00%	\$ 605,000	81,000	2.00%	\$ 350,000	32,700
2026	3.00	625,000	62,850	2.00	360,000	25,700
2027	3.00	645,000	44,100	2.00	365,000	18,500
2028	3.75	660,000	24,750	2.00	360,000	11,200
2029				2.00	200,000	4,000
Total		<u>\$ 2,535,000</u>	<u>212,700</u>		<u>\$ 1,635,000</u>	<u>92,100</u>

Year Ending June 30,	General Obligation Courthouse Improvement			Total		
	Issued Apr 16, 2024					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2025	4.52%	\$ 70,000	22,872	\$ 1,025,000	136,572	1,161,572
2026	4.52	90,000	17,168	1,075,000	105,718	1,180,718
2027	4.52	95,000	13,102	1,105,000	75,702	1,180,702
2028	4.52	95,000	8,810	1,115,000	44,760	1,159,760
2029	4.52	100,000	4,518	300,000	8,518	308,518
Total		<u>\$ 450,000</u>	<u>66,470</u>	<u>\$ 4,620,000</u>	<u>371,270</u>	<u>4,991,270</u>

**(8) County Emergency Management Commission – Construction Note – Direct Borrowing**

Montgomery County Emergency Management Agency is operated under the authority of Chapter 29C.9 of the Code of Iowa and serves as an agency of the State of Iowa. This agency is administered by the Montgomery County Emergency Management Commission separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

On September 21, 2017, the Montgomery County Emergency Management Commission authorized a \$525,000 bank loan for 10 years at 3.85% interest to be used for the construction of an office and equipment storage facility. The loan requires monthly principal payments of \$3,858 through January 2028, with a final principal payment of \$199,108 due in February 2028. During the year ended June 30, 2024, the Emergency Management Commission paid \$75,000 of principal and interest on the note. Total outstanding principal on the bank loan at June 30, 2024 was \$315,115. The Emergency Management Commission does not have the same Home Rule powers granted to cities and counties and, consequently, its powers come expressly from Chapter 29C of the Code of Iowa.

Based on a review of Chapter 29C of the Code of Iowa and the Attorney General's letter of advice dated December 11, 2017, the Commission did not have statutory authority to enter into this loan obligation. A finding and recommendation pertaining to this noncompliance was provided in the 2018 audit report, including that the Commission should work with members for future borrowing needs.

**(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 a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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 age 55. Sheriffs, Deputies and Protection Occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a Sheriff's, Deputy's or Protection Occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of special service, plus an additional 1.5% of average salary for more than 22 years of special service but not more than 30 years of service.
- The member's highest three-year average salary.

If a Regular member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, Deputies and the County each contributed 8.51% of covered payroll, for a total rate of 17.02%. Protection Occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2024 totaled \$412,738.

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 \$1,302,272 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 0.028852%, which was an increase of 0.006285% over its proportion measured as of June 30, 2022.



For the year ended June 30, 2024, the County recognized pension expense of \$158,532. 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	\$ 347,348	6,425
Changes of assumptions	-	60,995
Net difference between projected and actual earnings on IPERS' investments	245,453	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	48,872	104,445
County contributions subsequent to the measurement date	412,738	-
Total	<u>\$ 1,054,411</u>	<u>171,865</u>

\$412,738 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	\$ (54,549)
2026	(166,173)
2027	562,232
2028	107,200
2029	21,098
Total	<u>\$ 469,808</u>

There were no non-employer contributing entities at 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)	\$ 3,968,716	1,302,272	(933,061)

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](http://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, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Montgomery County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>73</u>
Total	<u>75</u>

Total OPEB Liability – The County's total OPEB liability of \$102,357 was measured as of June 30, 2024 and was determined by an actuarial valuation as of January 1, 2024.

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)	3.00% per annum.
Rates of salary increase (effective June 30, 2024)	2.50% per annum, including inflation.
Discount rate (effective June 30, 2024)	3.26% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2024)	5.0% for all years

Discount Rate – The discount rate used to measure the total OPEB liability was 3.26% 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 RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 87,920
Changes for the year:	
Service cost	7,927
Interest	3,501
Differences between expected and actual experiences	9,114
Changes in assumptions	10,936
Benefit payments	(17,041)
Net changes	14,437
Total OPEB liability end of year	\$ 102,357

Changes of assumptions reflect a change in the discount rate from 2.06% in fiscal year 2023 to 3.26% 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 (2.26%) or 1% higher (4.26%) than the current discount rate.

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$ 109,685	102,357	95,626

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 (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

		Healthcare	
	1%	Cost Trend	1%
	Decrease	Rate	Increase
	(4.00%)	(5.00%)	(6.00%)
Total OPEB liability	\$ 92,458	102,357	114,027

OPEB Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the County recognized OPEB expense (reduction) of (\$3,870). 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	\$ 9,804	5,386
Changes in assumptions	12,206	-
Total	\$ 22,010	5,386

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	\$ 1,743
2026	1,782
2027	1,963
2028	1,963
2029	1,823
Thereafter	7,350
	<u>\$ 16,624</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 \$231,300.

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 claims, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given a 60-day 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 Health Insurance Plan**

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 both employee and County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to automatic renewal provisions. The County assumes a liability for the difference between the employee deductible (\$500 for single and \$1,000 for family) and the County deductible on the policy (\$5,000 for single and \$10,000 for family).

Administrative service fees and plan contributions are paid monthly from the County's operating funds to a separate account administered by Employee Benefit Systems. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution for the year ended June 30, 2024 was \$943,825.

## **(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.

### **Tax Abatements of Other Entities**

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. For these types of projects, the other entities enter into agreements with developers which require the other entities, 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. Additionally, the City of Stanton offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Red Oak	Urban renewal and economic development projects	\$ 6,893
City of Stanton	Chapter 404 tax abatement program	611

**(14) Restatement**

Beginning net position for governmental activities was restated to properly report road infrastructure capital assets not previously reported. The restatement to retroactively report the change in net position, is as follows:

	<u>Governmental Activities</u>
Net position June 30, 2023, as previously reported	\$ 38,563,833
Adjustment to properly report infrastructure	<u>1,024,998</u>
Net position July 1, 2023, as restated	<u>\$ 39,588,831</u>



**Montgomery County**

### **Required Supplementary Information**

Montgomery County

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

Required Supplementary Information

Year ended June 30, 2024

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,527,443	-	7,527,443
Penalty and interest on property tax	59,780	-	59,780
Intergovernmental	5,065,831	-	5,065,831
Licenses and permits	26,400	-	26,400
Charges for service	310,965	-	310,965
Use of money and property	180,893	-	180,893
Miscellaneous	402,542	14,551	387,991
Total receipts	13,573,854	14,551	13,559,303
Disbursements:			
Public safety and legal services	3,843,865	-	3,843,865
Physical health and social services	482,618	-	482,618
County environment and education	326,674	17,780	308,894
Roads and transportation	4,558,334	-	4,558,334
Governmental services to residents	423,116	-	423,116
Administration	1,682,468	-	1,682,468
Debt service	1,090,348	-	1,090,348
Capital projects	1,013,378	-	1,013,378
Total disbursements	13,420,801	17,780	13,403,021
Excess (deficiency) of receipts over (under) disbursements	153,053	(3,229)	156,282
Other financing sources, net	450,000	-	450,000
Change in balances	603,053	(3,229)	606,282
Balance beginning of year	8,459,239	7,347	8,451,892
Balance end of year	\$ 9,062,292	4,118	9,058,174

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Actual
		Variance
7,277,028	7,277,028	250,415
24,700	24,700	35,080
5,095,993	5,095,993	(30,162)
13,850	13,850	12,550
323,670	323,670	(12,705)
49,371	49,371	131,522
276,106	276,106	111,885
13,060,718	13,060,718	498,585
4,154,273	4,208,273	364,408
526,351	536,151	53,533
480,010	480,010	171,116
5,072,799	5,080,299	521,965
528,896	533,546	110,430
1,544,717	2,007,700	325,232
1,078,400	1,078,400	(11,948)
1,000,000	1,450,000	436,622
14,385,446	15,374,379	1,971,358
(1,324,728)	(2,313,661)	2,469,943
-	450,000	-
(1,324,728)	(1,863,661)	2,469,943
8,321,202	8,321,202	130,690
6,996,474	6,457,541	2,600,633

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Montgomery County  
Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
Required Supplementary Information  
Year ended June 30, 2024

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 13,573,854	(373,131)	13,200,723
Expenditures	13,420,801	(421,519)	12,999,282
Net	153,053	48,388	201,441
Other financing sources (uses), net	450,000	55,100	505,100
Beginning fund balances	8,459,239	232,027	8,691,266
Ending fund balances	<u>\$ 9,062,292</u>	<u>335,515</u>	<u>9,397,807</u>

See accompanying independent auditor's report.

Montgomery County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2024

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service 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, four budget amendments increased budgeted disbursements by \$988,933. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2024, disbursements exceeded the amount budgeted in the debt service function prior to amendment and at year end. In addition, disbursements in certain departments exceeded the amounts appropriated prior to amendments and at year end.

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Montgomery County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2024	2023	2022	2021
County's proportion of the net pension liability (asset)	0.028852%	0.022567%	0.321721% **	0.035122%
County's proportionate share of the net pension liability (asset)	\$ 1,302	853	(1,111)	2,467
County's covered payroll	\$ 4,370	3,973	3,979	3,797
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	29.79%	21.47%	-27.92%	64.97%
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.





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Montgomery 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	\$ 413	407	372	376
Contributions in relation to the statutorily required contribution	(413)	(407)	(372)	(376)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 4,447	4,370	3,973	3,979
Contributions as a percentage of covered payroll	9.29%	9.31%	9.36%	9.45%

See accompanying independent auditor's report.



**Montgomery County**

Montgomery 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%.

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Montgomery County

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

For the Past Seven Years  
Required Supplementary Information

	2024	2023	2022	2021
Service cost	\$ 7,927	9,361	9,133	7,084
Interest cost	3,501	1,896	1,926	3,485
Difference between expected and actual experiences	9,114	-	(6,910)	-
Changes in assumptions	10,936	-	422	-
Benefit payments	(17,041)	(12,036)	(13,495)	(10,882)
Net change in total OPEB liability	14,437	(779)	(8,924)	(313)
Total OPEB liability beginning of year	87,920	88,699	97,623	97,936
Total OPEB liability end of year	\$ 102,357	87,920	88,699	97,623
Covered-employee payroll	\$ 4,111,832	4,000,163	3,902,598	3,812,508
Total OPEB liability as a percentage of covered-employee payroll	2.5%	2.2%	2.3%	2.6%

See accompanying independent auditor's report.

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2020	2019	2018
6,911	6,021	5,874
3,438	3,048	2,988
3,234	-	(3,442)
3,576	-	1,501
(7,502)	(6,717)	(7,862)
9,657	2,352	(941)
88,279	85,927	86,868
97,936	88,279	85,927
3,719,520	3,567,565	3,480,551
2.6%	2.5%	2.5%

Montgomery County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2024

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2024	3.26%
Year ended June 30, 2023	2.06%
Year ended June 30, 2022	2.06%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.44%
Year ended June 30, 2018	3.44%
Year ended June 30, 2017	4.50%

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

## **Supplementary Information**



Montgomery County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2024

			Special
	County Recorder's Records Management	Flood and Erosion	Seized and Forfeited Property - County Sheriff
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 10,169	56,719	47,671
Conservation Foundation	-	-	-
Opioid settlement	-	-	-
<b>Total assets</b>	<b>10,169</b>	<b>56,719</b>	<b>47,671</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for:			
Opioid abatement	-	-	-
Other purposes	10,169	56,719	47,671
Total fund balances	10,169	56,719	47,671
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,169</b>	<b>56,719</b>	<b>47,671</b>

See accompanying independent auditor's report.

Revenue			
K-9	Local Government Opioid Abatement	Conservation Foundation	Total
82,216	101,908	-	298,683
-	-	4,118	4,118
-	545,656	-	545,656
82,216	647,564	4,118	848,457
3,357	-	-	3,357
-	511,953	-	511,953
-	135,611	-	135,611
78,859	-	4,118	197,536
78,859	135,611	4,118	333,147
82,216	647,564	4,118	848,457

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

Year ended June 30, 2024

			Special
	County Recorder's Records Management	Flood and Erosion	Seized and Forfeited Property - County Sheriff
Revenues:			
Charges for service	\$ 1,560	-	-
Use of money and property	3	-	-
Miscellaneous	152	-	29,920
Total revenues	1,715	-	29,920
Expenditures:			
Operating:			
Public safety and legal services	-	-	3,398
County environment and education	-	-	-
Governmental services to residents	3,037	-	-
Total expenditures	3,037	-	3,398
Excess (deficiency) of revenues over (under) expenditures	(1,322)	-	26,522
Fund balances beginning of year	11,491	56,719	21,149
Fund balances end of year	\$ 10,169	56,719	47,671

See accompanying independent auditor's report.

Revenue				
K-9	Local Government Opioid Abatement	Conservation Foundation	Total	
-	-	-	1,560	
-	-	-	3	
31,867	120,640	14,551	197,130	
31,867	120,640	14,551	198,693	
7,620	-	-	11,018	
-	-	17,780	17,780	
-	-	-	3,037	
7,620	-	17,780	31,835	
24,247	120,640	(3,229)	166,858	
54,612	14,971	7,347	166,289	
78,859	135,611	4,118	333,147	

Montgomery County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,053	524,233	98,660
Other County officials	43,001	-	-	-
Receivables:				
Property tax:				
Delinquent	-	435	818	21,163
Succeeding year	-	215,000	404,000	10,192,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	1,158	-
<b>Total assets</b>	<b>\$ 43,001</b>	<b>217,488</b>	<b>930,209</b>	<b>10,311,823</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	68,862	-
Salaries and benefits payable	-	-	4,317	-
Due to other governments	16,984	2,053	130,647	98,660
Trusts payable	26,017	-	-	-
Compensated absences	-	-	8,440	-
<b>Total liabilities</b>	<b>\$ 43,001</b>	<b>2,053</b>	<b>212,266</b>	<b>98,660</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenues	-	215,000	404,000	10,192,000
<b>Net Position</b>				
Restricted for individuals, organizations and other governments	\$ -	435	313,943	21,163

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	County Hospital	911 Service	Other	Total
6,772	56,037	2,177	274,657	20,543	639,469	221,035	1,845,636
-	-	-	-	-	-	-	43,001
1,479	28,772	1	-	4,377	-	3	57,048
755,000	4,765,000	247,000	-	2,162,000	-	1,000	18,741,000
-	-	-	-	-	8,213	-	8,213
-	-	-	-	-	5,449	-	5,449
-	5,552	-	-	-	-	23,797	29,349
-	-	-	-	-	32,760	-	32,760
-	-	-	-	-	-	5,275	6,433
763,251	4,855,361	249,178	274,657	2,186,920	685,891	251,110	20,768,889
-	-	-	-	-	604	1,080	70,546
-	-	-	-	-	223	2,694	7,234
6,772	61,589	2,177	274,657	20,543	-	24,501	638,583
-	-	-	-	-	-	54,100	80,117
-	-	-	-	-	-	8,215	16,655
6,772	61,589	2,177	274,657	20,543	827	90,590	813,135
755,000	4,765,000	247,000	-	2,162,000	-	1,000	18,741,000
1,479	28,772	1	-	4,377	685,064	159,520	1,214,754

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

Year ended June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Additions:					
Property and other county tax	\$ -	190,194	396,411	9,140,634	630,778
911 surcharges	-	-	-	-	-
Intergovernmental	-	-	-	-	-
State tax credits	-	12,515	26,386	519,283	35,399
Drivers license fees	-	-	-	-	-
Office fees and collections	303,269	-	32	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	479,545	-	-	-	-
Miscellaneous	2,853	114	-	5,572	364
Total additions	785,667	202,823	422,829	9,665,489	666,541
Deductions:					
Agency remittances:					
To other funds	135,233	-	-	-	-
To other governments	168,036	202,778	422,825	9,663,535	666,323
Trusts paid out	482,398	-	-	-	-
Total deductions	785,667	202,778	422,825	9,663,535	666,323
Changes in net position	-	45	4	1,954	218
Net position beginning of year	-	390	313,939	19,209	1,261
Balances end of year	\$ -	435	313,943	21,163	1,479

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	County Hospital	911 Service	Other	Total
4,179,916	229,823	-	1,903,397	-	51,654	16,722,807
-	-	-	-	158,355	-	158,355
-	-	-	-	-	915,664	915,664
468,918	9,082	-	125,235	-	79	1,196,897
-	-	29,491	-	-	-	29,491
-	-	-	-	-	-	303,301
-	-	4,000,984	-	-	-	4,000,984
-	-	-	-	-	964	964
-	-	-	-	-	218,587	698,132
7,567	-	-	1,145	18,394	1,918	37,927
4,656,401	238,905	4,030,475	2,029,777	176,749	1,188,866	24,064,522
-	-	132,279	-	-	-	267,512
4,653,646	238,904	3,898,196	2,029,307	141,058	891,261	22,975,869
-	-	-	-	-	269,126	751,524
4,653,646	238,904	4,030,475	2,029,307	141,058	1,160,387	23,994,905
2,755	1	-	470	35,691	28,479	69,617
26,017	-	-	3,907	649,373	131,041	1,145,137
28,772	1	-	4,377	685,064	159,520	1,214,754



Montgomery 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	\$ 6,998,866	6,520,997	6,609,202	6,739,140
Local option sales and services tax	540,937	506,254	569,676	477,634
Penalty and interest on property tax	59,780	47,398	47,667	75,232
Intergovernmental	4,592,452	4,905,024	4,372,883	5,563,515
Licenses and permits	29,888	7,308	12,296	12,300
Charges for service	301,775	325,907	384,279	349,401
Use of money and property	139,604	38,054	50,223	62,748
Miscellaneous	537,421	310,017	196,733	130,603
Total	<u>\$ 13,200,723</u>	<u>12,660,959</u>	<u>12,242,959</u>	<u>13,410,573</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,250,322	3,043,255	2,887,360	2,724,894
Physical health and social services	475,041	533,339	488,673	495,003
Mental health	-	-	246,298	250,074
County environment and education	333,551	363,170	410,677	341,598
Roads and transportation	4,649,540	4,367,333	3,996,730	3,847,853
Governmental services to residents	428,042	410,772	413,856	433,996
Administration	1,758,310	2,363,795	1,735,594	1,343,016
Nonprogram	-	-	-	2,861
Debt service	1,091,098	1,070,469	1,136,030	1,252,993
Capital projects	1,013,378	100,735	58,793	1,176,874
Total	<u>\$ 12,999,282</u>	<u>12,252,868</u>	<u>11,374,011</u>	<u>11,869,162</u>

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
6,740,833	6,153,218	5,659,669	5,526,013	5,489,833	5,448,722
418,499	350,051	362,429	356,194	398,799	398,227
32,140	47,810	47,337	40,578	46,332	49,498
4,937,814	4,654,594	3,853,706	3,841,739	3,623,075	3,420,388
14,530	9,236	8,655	11,246	8,447	6,630
311,286	289,881	315,402	300,400	317,137	305,331
172,996	70,360	114,299	94,156	89,732	59,936
150,088	84,792	113,455	121,903	187,975	246,887
12,778,186	11,659,942	10,474,952	10,292,229	10,161,330	9,935,619
2,641,393	2,689,051	2,516,049	2,423,677	2,165,968	2,048,645
490,433	494,813	469,046	554,497	515,032	413,092
245,802	214,725	235,382	395,215	321,464	1,201,470
392,646	420,121	422,492	424,322	404,359	421,962
4,091,478	4,442,650	4,665,554	4,229,299	4,565,097	4,272,031
409,666	390,370	430,846	428,395	383,970	372,691
1,152,069	1,676,488	1,293,229	1,520,338	1,381,443	1,017,804
-	-	-	-	-	-
1,259,937	1,261,820	597,022	509,530	522,746	450,098
4,018,135	985,536	3,269,997	640,609	200,026	32,295
14,701,559	12,575,574	13,899,617	11,125,882	10,460,105	10,230,088



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Rob Sand  
Auditor of State

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 Montgomery 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 Montgomery 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 October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery 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 Montgomery County's internal control. Accordingly, we do not express an opinion on the effectiveness of Montgomery 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 deficiencies described in the accompanying Schedule of Findings as items 2024-004 and 2024-005 to be significant deficiencies.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery 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 Montgomery 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 Montgomery 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.

## Montgomery County's Responses to Findings

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

October 14, 2025

Montgomery 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:

	Applicable Offices
(1) All employees have access to the change fund.	Recorder, Sheriff and Treasurer
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Public Health, Recorder, Sheriff, Treasurer and Conservation Foundation
(3) Bank reconciliations are not prepared by an individual who does not sign checks, handle or record cash.	Sheriff, Treasurer and Conservation Foundation
(4) Investments – investing, custody and accounting.	Treasurer
(5) Disbursements – check or warrant writing, signing, posting, reconciling and final approval.	General Assistance, Recorder, Sheriff and Conservation Foundation
(6) All individuals have the ability to void receipts, including individuals who perform daily balancing. Voided receipts were not reviewed periodically by an independent person for propriety.	Treasurer
(7) Journal entries are not reviewed and approved.	Auditor

Cause – The County offices noted above, and the Conservation Foundation, 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.

Montgomery County

Schedule of Findings

Year ended June 30, 2024

Effect – Inadequate segregation of duties could adversely affect each County office's and the Conservation Foundation'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.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees and volunteers. However, each official of the County and management of the Conservation Foundation should review the operating procedures of their office to obtain maximum internal control possible under the circumstances. The official should utilize current personnel and volunteers, including elected officials, personnel from other offices and board members, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and the review should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

Treasurer – We try to maintain segregation of duties although challenges arise that are not within our control. We are always striving for improvement of policies and procedures. Small offices do not have the opportunity to utilize more than two individuals at a time. We are constantly striving to train more individuals to ensure accountability.

Sheriff – The initial receipt listing is periodically reconciled unannounced to ensure all incoming funds are recorded. Checking account balances are randomly reviewed to ensure all deposits and checks written are validated. We are a small agency with limited resources with employees, and we will try to segregate as much as possible.

Recorder – We open mail together and keep a spreadsheet of all funds collected by mail with the name and amount noted. The monthly bank statement and check register are reconciled by the Assessor who has no access to funds or checks.

Conservation Foundation – Each member of the Foundation Board will continue to review transactions and approve the financial report. Bank reconciliations and supporting documentation will be reviewed by Foundation members each meeting.

General Assistance – We will continue to do our best between 3 employees to have segregation of duties. All deposits and expenditures are reconciled and signed off each month by the public health administrator.

Public Health – We will continue to try to find ways for segregation of duties, but with smaller office staff, it is difficult.

Auditor – Journal entries will be reviewed and approved by an independent person. The reviewer will sign and date their approval.

Conclusion – Responses acknowledged. County officials and management of the Conservation Foundation should continue to review their operating procedures to obtain the maximum internal control where possible. Controls implemented should be documented by signatures, initials or other support to document segregation of duties within the offices.

Montgomery County

Schedule of Findings

Year ended June 30, 2024

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 capital asset and infrastructure additions and deletions, accounts receivable and accounts payable were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include 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 transactions and capital asset transactions 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 capital asset and infrastructure additions and deletions, accounts receivable and accounts payable are identified and are properly reported in the County's financial statements.

Responses –

Auditor – We will work with departments to make sure capital asset additions and deletions are properly recorded.

Engineer – The Secondary Roads Department was not aware they had to go in and make changes manually to the GASB 34 report. It was assumed TPMS did it automatically. The County is now aware it is not done automatically and will update the report as needed.

Treasurer – We will work with departments to ensure receipts include the date earned when brought to the Treasurer's office for deposit.

Conclusion – Responses accepted.

Montgomery County

Schedule of Findings

Year ended June 30, 2024

2024-003 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling book and bank balances. Bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly reconciliations of book to bank balances were prepared by the County Treasurer's Office from July 2023 through November 2023; however, certain accounts did not properly reconcile. In addition, bank reconciliations were not reviewed periodically by an independent person for propriety.

Cause – Policies have not been designed, and procedures have not been implemented to ensure bank reconciliations are properly prepared.

Effect – Lack of proper preparation of bank reconciliations increases the risk misstatements may not be prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the monthly reconciliations of the book and bank balances should be properly prepared. Reconciliations should be reviewed by an independent person, and the review should be documented by the signature or initials of the reviewer and the date of the review. The bank reconciliation review should include evidence the bank balances and reconciling items were verified by the independent reviewer.

Response – The Treasurer's office is now preparing monthly bank reconciliations which are reviewed by the Auditor's office.

Conclusion – Response accepted.

2024-004 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 – Delinquent tax reconciliations were not prepared.

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

Effect – Since delinquent property tax collections were not reconciled, misstatements of 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.



Montgomery County

Schedule of Findings

Year ended June 30, 2024

Recommendation – Delinquent property tax reconciliations should be prepared, independently reviewed, and differences investigated and resolved in a timely manner.

Response – The Treasurer found that the report is ran correctly on the Solutions software. However, it needs to be run again as it changes later to reflect the correct years.

Conclusion – Response accepted.

2024-005

Reconciliation of Public Health Billings, Collections and Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to reconciling billings, collections, receivables and maintaining delinquent account listings to ensure the accuracy of collections, receivables and delinquent accounts.

Condition – Monthly reconciliations of billings, collections, receivables and delinquent account listings were not prepared.

Cause – Policies have not been established, and procedures have not been implemented to reconcile billings, collections and receivables and maintain delinquent account listings.

Effect – The condition could result in unrecorded or misstated revenues and receivables.

Recommendation – The Public Health Department should develop procedures to reconcile billings, collections and receivables. A listing of delinquent accounts should be prepared on a monthly basis. The Department should designate an independent person to review the reconciliations and monitor delinquents. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – I am working on new reconciliations that will be acceptable for the audits.

Conclusion – Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

Montgomery 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 exceeded the amount budgeted in the debt service function prior to budget amendments and at year end. In addition, disbursements in certain departments exceeded the amounts appropriated prior to budget amendments and at year end.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The Board of Supervisors will thoroughly review month-end expense reports and do a budget amendment if needed.

Conclusion – Response accepted.

2024-B Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

Paid to	Purpose	Amount
Card Services	Late fee and interest	\$ 27
UPS	Late fee and interest	2
Hy-Vee	Napkins, foam cups and plates	60
Ideal Pure Water	Instant hold and cold water for employees	65
Amazon	Ice maker	90

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these types of expenditures prior to authorizing any further payments. If this practice is continued, the County and the County Assessor should establish written policies and procedures, including requirements for proper public purpose documentation.

Response – We will document this in the future.

Conclusion – Response accepted.

Montgomery County

Schedule of Findings

Year ended June 30, 2024

2024-C Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2024-D Business Transactions – No business transactions between the County and County officials or employees were noted.

2024-E Restricted Donor Activity – Per Chapter 68B of the Code of Iowa, County officials are prohibited from receiving and soliciting gifts from a restricted donor. A restricted donor per Chapter 68B.2(24)(a) is a “party to any one or any combination of sales, purchases, leases or contracts to, from, or with the agency in which the donee holds office or is employed.” The County General Assistance Department received free items, such as a cookies, moisturizing hand soap, and a mystery gift up to a \$19.99 value, with the purchase of office supplies. These items are susceptible to personal use.

Recommendation – The County should consult legal counsel to ensure the Iowa gift law is adequately communicated and understood by all staff. In addition, the County should establish policies and procedures regarding proper uses of these types of items and ensure additional oversight be performed to monitor compliance.

Response – We will review our policies and procedures Countywide and make appropriate changes.

Conclusion – Response accepted.

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. However, meeting minutes from November 2023 through June 2024 were not signed by the Board of Supervisors.

Recommendation – Meeting minutes should be signed to authenticate the official record.

Response – Past meeting minutes will be signed upon approval by the Board of Supervisors.

Conclusion – Response accepted.

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.

Montgomery County

Schedule of Findings

Year ended June 30, 2024

- 2024-I Tax Increment Financing (TIF) – For the year ended June 30, 2024, the County Auditor did not prepare a reconciliation for each City to reconcile 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 City’s TIF receipts and certified TIF debt.

Response – The County Auditor will work to prepare annual reconciliations of tax increment financing for each City in accordance with Chapter 403.19(6)(a)(1).

Conclusion – Response accepted.

- 2024-J 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-K Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained for accounts maintained by the County Treasurer’s Office.

Recommendation – The County Treasurer’s Office should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The Treasurer requested the bank to add the image of the back of checks to banking statements. This has been corrected as of January 2025 banking statements as requested.

Conclusion – Response accepted.

- 2024-L Annual Financial Report – Chapter 331.403 of the Code of Iowa requires counties to prepare an annual financial report showing for each County fund the financial condition as of June 30. Beginning with the fiscal year ending June 30, 1985, the annual financial report is required to be prepared in conformity with generally accepted accounting principles.

For the year ended June 30, 2024, the County’s GAAP basis Annual Financial Report included material errors. Revenues, expenditures, assets, liabilities and fund balance were reported inaccurately for the General Funds, Special Revenue Funds and Debt Service Fund.

Recommendation – The County should establish procedures to ensure the annual financial reports submitted materially agree to County records.

Montgomery County

Schedule of Findings

Year ended June 30, 2024

Response – The County will establish and follow procedures to ensure financial reporting is prepared in conformity with generally accepted accounting principles.

Conclusion – Response accepted.

2024-M Employee Group Health Fund – The County provides employees health insurance and other benefits through a partially funded self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to file a certificate of compliance, actuarial opinion and an annual financial report with the Insurance Commissioner within 90 days following the end of a fiscal year. The County shall be exempt from the filing requirements when yearly claims do not exceed two percent of the general fund budget. The exemption shall not apply for the year following a year in which claims are determined to exceed two percent of the County's general fund budget.

For the year ended June 30, 2023, claims exceeded 2% of the general fund budget. As a result, the County was not exempt from the filing requirements for the year ended June 30, 2024. The County did not obtain an actuarial opinion and did not file a certificate of compliance, actuarial opinion and an annual financial report with the Insurance Commissioner as required by Chapter 509A.15 of the Code of Iowa.

Recommendation – The County should establish procedures to ensure compliance with Chapter 509.15 of the Code of Iowa.

Response – The County will make every effort in the future to comply with Chapter 509A.15 of the Code of Iowa concerning an actuarial opinion of the County's partially self-funded health insurance benefit plan.

Conclusion – Response accepted.

Montgomery County

Staff

This audit was performed by:

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