OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834
www.auditor.iowa.gov

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE: August 19, 2026

Contact: Brian Brustkern – (515) 281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled $23,217,975 for the year ended June 30, 2025, a 9.1% decrease from the prior year due to less contributions by the Iowa Department of Transportation for roads projects. Expenses for County operations for the year ended June 30, 2025 totaled $22,842,218, a 14.6% increase over the prior year due to more road maintenance costs.

AUDIT FINDINGS:

Sand reported nine findings related to the receipt and expenditure of taxpayer funds. They are found on pages 91 through 98 of this report. The findings address a lack of segregation of duties, adjustments needed to properly record receivables in the County's financial statements, lack of current and delinquent property tax reconciliations, disbursements exceeding the amount appropriated in two departments and noncompliance with Chapter 403 of the Code of Iowa pertaining to the proper use of tax increment financing revenues. Sand provided the County with recommendations to address each of these findings.

Eight of the findings discussed above 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.

# # #

MILLS COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2025

2510-0065-B00F

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Rob Sand
Auditor of State

June 16, 2026

Officials of Mills County
Glenwood, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Mills County for the year ended June 30, 2025. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Mills County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

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Mills County

Officials

(Before January 2025)

Name	Title	Term Expires
Lonnie Mayberry	Board of Supervisors	Jan 2025
Carol Vinton	Board of Supervisors	Jan 2025
Richard Crouch	Board of Supervisors	Jan 2027
Ami Peterson	County Auditor	Nov 2024
Jill Ford	County Treasurer	Jan 2027
Lu Anne Christiansen	County Recorder	Jan 2027
Travis Oetter	County Sheriff	Jan 2025
DeShawne Bird-Sell	County Attorney	Nov 2024
Christina Govig	County Assessor	Jan 2028

(After January 2025)

Name	Title	Term Expires
Richard Crouch	Board of Supervisors	Jan 2027
Lonnie Mayberry	Board of Supervisors	Jan 2029
Jack Sayers	Board of Supervisors	Jan 2029
Amber Farnan	County Auditor	Jan 2029
Jill Ford	County Treasurer	(Retired Jan 2025)
Melissa Loghry (Appointed Jan 2025)	County Treasurer	Nov 2026
Lu Anne Christiansen	County Recorder	(Retired Jan 2025)
Lori Murphy (Appointed Jan 2025)	County Recorder	Nov 2026
Greg Schultz	County Sheriff	Jan 2029
DeShawne Bird-Sell	County Attorney	Jan 2027
Christina Govig	County Assessor	Jan 2028

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Rob Sand
Auditor of State

Independent Auditor's Report

To the Officials of Mills County:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mills County, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Mills County as of June 30, 2025 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mills County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mills County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mills County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mills County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 7 through 13 and 59 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 Mills County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) 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 6 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 June 16, 2026 on our consideration of Mills County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mills County's internal control over financial reporting and compliance.

Brian R. Brustkern, CPA
Deputy Auditor of State

June 16, 2026

Management's Discussion and Analysis

Mills County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2025. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2025 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 9.1%, or approximately $2,327,000, during fiscal year 2025. The County received approximately $1,956,000 less in capital grants for contributions and restricted interest. American Rescue Plan Act revenues decreased approximately $893,000, while operating grants and contributions increased approximately $563,000.

- Program expenses of the County's governmental activities increased 14.6%, or approximately $2,914,000, during fiscal year 2025. Public safety and legal services, roads and transportation and governmental services to residents expenses increased approximately $1,015,000, $2,288,000 and $69,000, respectively, while county environment and education expenses decreased approximately $471,000.

- The County's net position increased less than 1%, or approximately $376,000, during fiscal year 2025.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Custodial Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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 flow until future fiscal years.

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) the Special Revenue Funds, such as Rural Services and Secondary Roads. 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 which can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources which 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 which account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities

Condensed Statement of Net Position	June 30,2025	June 30,2024
Current and other assets	$ 31,008,106	30,556,112
Capital assets	54,666,756	54,553,135
Total assets	85,674,862	85,109,247
Deferred outflows of resources	1,253,380	1,594,156
Long-term liabilities	11,424,855	11,397,017
Other liabilities	748,694	1,363,136
Total liabilities	12,173,549	12,760,153
Deferred inflows of resources	14,019,970	13,584,284
Net position		
Net investment in capital assets	47,821,574	46,797,712
Restricted	11,390,620	11,322,684
Unrestricted	1,522,529	2,238,570
Total net position	$ 60,734,723	60,358,966

Mills County's combined net position of governmental activities increased less than 1.0% (approximately $60.7 million compared to approximately $60.4 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 2.2%, or approximately $1,024,000, 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 $68,000 or less than 1.0%, over the prior year.

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 $2,239,000 at June 30, 2024 to approximately $1,523,000 at the end of this year, a 32.0% decrease. This decrease is due to a decrease in pension related deferred inflows and an increase in pension related deferred outflows.

Changes in Net Position of Governmental Activities		
Condensed Statement of Activities	Year Ended June 30, 2025	Year Ended June 30, 2024
Revenues:		
Program Revenues:		
Charges for service	$ 1,216,629	1,013,276
Operating grants, contributions and restricted interest	4,854,081	4,291,325
Capital grants, contributions and restricted interest	1,785,400	3,741,539
General Revenues:		
Property tax	11,289,717	11,323,730
Tax increment financing	832,346	664,115
Penalty and interest on property tax	67,711	60,873
State tax credits	553,204	569,037
Local option sales and services tax	1,162,228	1,190,335
Hotel/motel tax	11,729	7,662
Unrestricted investment earnings	890,126	923,388
Rent	204,102	388,982
Gain on disposal of capital assets	71,325	99,400
American Rescue Plan Act	249,987	1,142,762
Other general revenues	29,390	128,709
Total revenues	23,217,975	25,545,133
Program expenses:		
Public safety and legal services	5,651,074	4,635,842
Physical health and social services	1,683,006	1,665,219
County environment and education	1,316,462	1,787,774
Roads and transportation	10,054,710	7,766,531
Governmental services to residents	713,881	645,007
Administration	2,911,862	2,930,958
Non-program	15,600	13,225
Interest on long-term debt	495,623	483,577
Total expenses	22,842,218	19,928,133
Change in net position	375,757	5,617,000
Net position beginning of year	60,358,966	54,741,966
Net position end of year	$ 60,734,723	60,358,966

Mills County decreased the rural services property tax levy rate by $0.59417 per $1,000 taxable valuation for fiscal year 2025 and decreased the county-wide property tax levy rate $1.06428 per $1,000 of taxable valuation for fiscal year 2025. The general supplemental levy rate decreased $0.19087 per $1,000 of taxable valuation from fiscal year 2024 to fiscal year 2025. The county-wide assessed property taxable valuation increased $159,780,543 from fiscal year 2024 to fiscal year 2025 and the rural assessed property taxable valuation increased $137,428,824 from fiscal year 2024 to fiscal year 2025. The debt service levy rate decreased $0.17730 per $1,000 of taxable valuation. The general basic levy decreased to $3.39806 per $1,000 of taxable valuation. These changes resulted in an overall decrease in property revenue of approximately $34,000, or less than 1.0%, from the prior year.

Charges for service increased approximately $203,000, or 20.1%, due to an increase in building permits, zoning permits and soil administration fees. Operating grants, contributions and restricted interest increased approximately $563,000, or 13.1%, due to increased road use tax receipts in fiscal year 2025. Capital grants, contributions and restricted interest decreased approximately $1,956,000, or 52.3%, due to less contributed capital from the Iowa Department of Transportation for infrastructure projects.

The cost of all governmental activities this year was approximately $22.8 million compared to approximately $19.9 million last year. However, as shown in the Statement of Activities on page 18 the amount taxpayers ultimately financed for these activities was approximately $15.0 million because some of the cost was paid by those who directly benefited from the programs (approximately $1,217,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $6,639,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services, decreased in fiscal year 2025 from approximately $9,046,000 to approximately $7,856,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Mills County completed the year, its governmental funds reported a combined fund balance of approximately $14.8 million, an increase of approximately $119,000 over last year's total of approximately $14.7 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 $274,000, or 2.6%. Expenditures decreased approximately $233,000 from the prior year to approximately $9,808,000, a decrease of 2.3%, primarily due to the use of ARPA funds for the installation of fiber optic cable in fiscal year 2024. The ending fund balance increased approximately $54,000, or 1.0%, over the prior year to approximately $5,997,000.

- Special Revenue, Rural Services Fund revenues decreased approximately $89,000, or 2.1%, primarily due to a decrease in property tax revenues. Expenditures increased approximately $135,000 over the prior year to approximately $1,274,000, an increase of 11.9%. The ending fund balance increased approximately $1,422,000 from the prior year to approximately $3,139,000.

- Special Revenue, Secondary Roads Fund revenues increased approximately $648,000, or 15.9%, over the prior year, primarily due to the receipt of state and federal grant funds in the amount of $597,838 for bridge repair and traffic signal purchases. Expenditures increased approximately $2,137,000 over the prior year to approximately $9,367,000, or 29.6%, primarily due to a large bridge project during the current year. The ending fund balance decreased approximately $2,081,000 from the prior year to approximately $1,597,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Mills County amended its budget two times. The first amendment was made in September 2024 and resulted in increases in budgeted receipts and disbursements related to insurance reimbursements and intergovernmental fiber project revenue. Budgeted disbursements also increased for county environment and education and capital project functions for a community event, REAP and fiber optic network expenses, for a total increase of $432,460. The second amendment was made in April 2025 and resulted in changes in budgeted revenues for most sources for an overall decrease of $254,145. This amendment also resulted in changes in budgeted disbursements in most functions for an overall increase of $1,081,018.

The County's receipts were $5,073,691 less than budgeted, a variance of 18.5%. The most significant variance resulted from the County receiving less intergovernmental grant revenue than anticipated.

Total disbursements were $8,489,878, or 27.2%, less than the amended budget. Actual disbursements for the roads and transportation and capital projects functions were under budget by $1,331,431 and $4,394,818, respectively. This was primarily due to reduced expenditures on snow and ice supplies, fewer bridge and culvert maintenance costs, and not acquiring all the equipment budgeted for purchase. The capital project budgeted disbursements included a road project that will not be paid until fiscal year 2026.

The County did not exceed the budgeted amounts for the year ended June 30, 2025. However, disbursements in one department exceeded the amount appropriated prior to amendment and two departments exceeded the amount appropriated at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, Mills County had approximately $54.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately $113,000, or less than 1.0%, over last year.

Capital Assets of Governmental Activities at Year-End

Capital Assets	June 30, 2025	June 30, 2024
Land	$ 4,214,120	4,214,120
Intangibles, road network	933,140	933,140
Construction in progress	1,417,095	5,200,220
Buildings	13,729,710	13,858,350
Improvements other than buildings	107,696	110,323
Equipment and vehicles	5,883,501	5,564,761
Right-to-use leased equipment	40,735	-
Right-to-use subscription asset	-	20,037
Infrastructure, other	28,340,759	24,652,184
Total	$ 54,666,756	54,553,135

Major Additions	Amount
Building improvements	$ 225,430
Contributions from other entities	462,748
Sheriff equipment	309,074
Secondary roads equipment	959,658
Total	$ 1,956,910

The County had depreciation/amortization expense of $2,777,559 in fiscal year 2025 and total accumulated depreciation/amortization of $21,027,229 at June 30, 2025. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2025, Mills County had $6,829,953 of long-term debt outstanding, compared to $7,738,180 of long-term debt outstanding at June 30, 2024, as shown below.

Outstanding Debt of Governmental Activities at Year-End

Outstanding Debt	June 30, 2025	June 30, 2024
Lease agreements	$ 41,031	-
Subscription liability	-	20,335
Equipment purchase agreement	13,922	27,845
General obligation bonds	6,015,000	6,690,000
General obligation urban renewal revenue bonds	760,000	1,000,000
Total	$ 6,829,953	7,738,180

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Mills County's constitutional debt limit is approximately $117.5 million. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Mills County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2026 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.9% versus 3.0% a year ago. This compares with the State's unemployment rate of 3.5% and the national rate of 4.1%.

These indicators were taken into account when adopting the budget for fiscal year 2026. Amounts available for appropriation (i.e., beginning balance plus revenues) in the operating budget were approximately $33,307,000, a decrease of 11.9% from the final fiscal year 2025 budget. Property tax revenues (benefiting from a rate increase and increases in assessed valuations) are expected to increase. Budgeted disbursements are expected to decrease approximately $7,812,000. Decreased roads and transportation expenses and decreases in capital projects represent the largest decreases. The County has added no new major programs or initiatives to the fiscal year 2026 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2026.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Mills County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Amber Farnan by email at afarnan@millscountyiowa.gov, by mail at the Mills County Auditor's Office, Mills County Courthouse, 418 Sharp Street, Glenwood, Iowa 51534 or by telephone at 712-527-3146.

Basic Financial Statements

Government-wide Financial Statements

Mills County

Statement of Net Position

June 30, 2025

Account Balance	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 14,781,178
Receivables:	
Property tax:	
Delinquent	25,524
Succeeding year	12,601,000
Succeeding year tax increment financing	630,000
Penalty and interest on property tax	81,755
Accrued interest	40,340
Opioid settlement	480,379
Due from other governments	1,268,653
Lease receivable	342,311
Inventories	654,540
Prepaid insurance	102,426
Capital assets, not being depreciated/amortized	6,564,355
Capital assets, net of accumulated depreciation/amortization	48,102,401
Total assets	85,674,862
Deferred Outflows of Resources	
Pension related deferred outflows	1,186,974
OPEB related deferred outflows	66,406
Total deferred outflows of resources	1,253,380

Mills County

Statement of Net Position

June 30, 2025

Account Balance	Governmental Activities
Liabilities	
Accounts payable	256,355
Accrued interest payable	15,229
Salaries and benefits payable	341,844
Due to other governments	135,266
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	8,478
General obligation bonds	685,000
General obligation urban renewal bonds	245,000
Equipment purchase agreement	13,922
Compensated absences	477,618
Total OPEB liability	9,372
Portion due or payable after one year:	
Lease agreements	32,553
General obligation bonds	5,330,000
General obligation urban renewal bonds	515,000
Compensated absences	1,125,726
Net pension liability	2,527,268
Total OPEB liability	454,918
Total liabilities	12,173,549
Deferred Inflows of Resources	
Lease related	342,311
Unavailable property tax revenue	12,601,000
Unavailable tax increment financing revenues	630,000
Pension related deferred inflows	162,362
OPEB related deferred inflows	284,297
Total deferred inflows of resources	14,019,970
Net Position	
Net investment in capital assets	47,821,574
Restricted for:	
Supplemental levy purposes	2,325,033
Rural services purposes	2,934,899
Secondary roads purposes	1,407,344
Debt service	1,410,586
Capital projects	93,482
Opioid abatement	664,986
Other purposes	2,554,290
Unrestricted	1,522,529
Total net position	$ 60,734,723

See notes to financial statements.

Mills County

Statement of Activities

Year ended June 30, 2025

Class of Transaction	Expenses	Program Revenues Charges for Service	Program Revenues Operating Grants, Contributions and Restricted Interest	Program Revenues Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 5,651,074	167,106	21,049	-	(5,462,919)
Physical health and social services	1,683,006	88,269	1,022,585	-	(572,152)
County environment and education	1,316,462	197,334	113,374	-	(1,005,754)
Roads and transportation	10,054,710	139,777	3,626,137	1,785,400	(4,503,396)
Governmental services to residents	713,881	499,722	-	-	(214,159)
Administration	2,911,862	112,485	70,936	-	(2,728,441)
Non-program	15,600	11,936	-	-	(3,664)
Interest on long-term debt	495,623	-	-	-	(495,623)
Total	$ 22,842,218	1,216,629	4,854,081	1,785,400	(14,986,108)
General Revenues:					
Property and other county tax levied for:					
General purpose					10,609,636
Debt service					680,081
Tax increment financing					832,346
Penalty and interest on property tax					67,711
State tax credits and replacements					553,204
Local option sales and services tax					1,162,228
Hotel/motel tax					11,729
Unrestricted investment earnings					890,126
Rent					204,102
Gain on sale of capital assets					71,325
American Rescue Plan Act					249,987
Miscellaneous					29,390
Total general revenues					15,361,865
Change in net position					375,757
Net position beginning of year					60,358,966
Net position end of year					$ 60,734,723

See notes to financial statements.

Governmental Fund Financial Statements

Mills County

Balance Sheet
Governmental Funds

June 30, 2025

Account Balance	General	Special Revenue Rural Services	Special Revenue Secondary Roads	Nonmajor	Total
Assets					
Cash, cash equivalents and pooled investments	$ 5,929,342	3,131,615	909,736	3,937,042	13,907,735
Receivables:					
Property tax:					
Delinquent	15,164	8,914	-	1,446	25,524
Succeeding year	7,589,000	4,169,000	-	843,000	12,601,000
Succeeding year tax increment financing	-	-	-	630,000	630,000
Penalty and interest on property tax	81,755	-	-	-	81,755
Accrued interest	40,115	-	-	225	40,340
Opioid settlement	-	-	-	480,379	480,379
Advance to other funds	-	-	-	93,481	93,481
Due from other governments	408,266	56,804	678,910	124,673	1,268,653
Lease receivable	-	-	-	342,311	342,311
Inventories	-	-	654,540	-	654,540
Prepaid insurance	102,426	-	-	-	102,426
Total assets	$ 14,166,068	7,366,333	2,243,186	6,452,557	30,228,144
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 77,233	13,606	162,417	1,736	254,992
Salaries and benefits payable	196,637	33,873	108,391	2,943	341,844
Due to other governments	125,602	2,414	7,250	-	135,266
Advance from other funds	-	-	-	93,481	93,481
Total liabilities	399,472	49,893	278,058	98,160	825,583

Mills County

Balance Sheet
Government Funds

June 30, 2025

Account Balance	General	Special Revenue Rural Services	Special Revenue Secondary Roads	Nonmajor	Total
Deferred Inflows of Resources:					
Unavailable revenues:					
Succeeding year property tax	7,589,000	4,169,000	-	843,000	12,601,000
Succeeding year tax increment financing	-	-	-	630,000	630,000
Other	181,076	8,914	368,537	445,446	1,003,973
Lease related	-	-	-	342,311	342,311
Total deferred inflows of resources	7,770,076	4,177,914	368,537	2,260,757	14,577,284
Fund balances:					
Nonspendable:					
Inventories	-	-	654,540	-	654,540
Prepaids	102,426	-	-	-	102,426
Restricted for:					
Supplemental levy purposes	2,246,585	-	-	-	2,246,585
Rural services purposes	-	3,138,526	-	-	3,138,526
Secondary roads purposes	-	-	942,051	-	942,051
Drainage warrants/drainage improvement certificates	-	-	-	8,130	8,130
Conservation land acquisition/capital improvements	184,258	-	-	-	184,258
Debt service	-	-	-	1,409,140	1,409,140
Capital projects	-	-	-	93,482	93,482
Opioid abatement	-	-	-	220,986	220,986
Other purposes	-	-	-	2,361,902	2,361,902
Unassigned	3,463,251	-	-	-	3,463,251
Total fund balances	5,996,520	3,138,526	1,596,591	4,093,640	14,825,277
Total liabilities, deferred inflows of resources and fund balances	$ 14,166,068	7,366,333	2,243,186	6,452,557	30,228,144

See notes to financial statements.

Mills County

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

June 30, 2025

Reconciliation of the Balance Sheet		Amount
Total governmental fund balances (page 21)	$	14,825,277
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is $75,693,985 and the accumulated depreciation/amortization is $21,027,229.		54,666,756
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		1,003,973
The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.		872,080
Pension and OPEB related deferred outflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.		1,253,380
Pension and OPEB related deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(446,659)
Long-term liabilities, including lease agreement payable, general obligation bonds payable, general obligation urban renewal bonds payable, equipment purchase agreement 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.		(11,440,084)
Net position of governmental activities (page 17)	$	60,734,723

See notes to financial statements.

Mills County

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

Year ended June 30, 2025

Class of Transaction	General	Special Revenue Rural Services	Special Revenue Secondary Roads	Nonmajor	Total
Revenues:					
Property and other county tax	$ 6,904,410	3,704,430	-	692,069	11,300,909
Tax increment financing	-	-	-	832,342	832,342
Local option sales and services tax	-	-	-	1,162,228	1,162,228
Penalty and interest on property tax	59,517	-	-	-	59,517
Intergovernmental	1,632,293	244,108	4,606,235	77,898	6,560,534
Licenses and permits	7,303	213,770	78,749	-	299,822
Charges for service	613,571	-	35,045	3,003	651,619
Use of money and property	908,639	-	-	205,342	1,113,981
Miscellaneous	190,097	1,089	14,726	47,908	253,820
Total revenues	10,315,830	4,163,397	4,734,755	3,020,790	22,234,772
Expenditures:					
Operating:					
Public safety and legal services	4,043,833	979,086	-	-	5,022,919
Physical health and social services	1,534,035	81,803	-	23,995	1,639,833
County environment and education	548,307	212,376	-	414,292	1,174,975
Roads and transportation	636,978	-	8,476,681	-	9,113,659
Governmental services to residents	651,076	511	-	-	651,587
Administration	2,393,746	-	-	-	2,393,746
Debt service	-	-	-	1,412,637	1,412,637
Capital projects	-	-	890,182	-	890,182
Total expenditures	9,807,975	1,273,776	9,366,863	1,850,924	22,299,538
Excess (deficiency) of revenues over (under) expenditures	507,855	2,889,621	(4,632,108)	1,169,866	(64,766)

Mills County

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

Year ended June 30, 2025

Class of Transaction	General	Special Revenue Rural Services	Special Revenue Secondary Roads	Nonmajor	Total
Other financing sources (uses):					
Sale of capital assets	14,115	-	-	-	14,115
Transfers in	-	-	2,551,300	-	2,551,300
Transfers out	(637,821)	(1,467,277)	-	(446,202)	(2,551,300)
Insurance recoveries	123,417	-	-	-	123,417
Lease agreements	46,660	-	-	-	46,660
Total other financing sources (uses)	(453,629)	(1,467,277)	2,551,300	(446,202)	184,192
Change in fund balances	54,226	1,422,344	(2,080,808)	723,664	119,426
Fund balances beginning of year	5,942,294	1,716,182	3,677,399	3,369,976	14,705,851
Fund balances end of year	$ 5,996,520	3,138,526	1,596,591	4,093,640	14,825,277

See notes to financial statements.

Mills County

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Year ended June 30, 2025

Reconciliation of the Statement of Changes to the Statement of Activities	Amount
Change in fund balances - Total governmental funds (page 24)	$ 119,426
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:	
Expenditures for capital assets	2,310,447
Capital assets contributed by the Iowa Department of Transportation	462,748
Right-to-use leased capital assets	46,660
Depreciation/amortization expense	(2,777,559)
Total	42,296
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.	71,325
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	541
Other	344,017
Total	344,558
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	(46,660)
Repaid	954,887
Total	908,227
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.	673,306
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	(854,534)
OPEB expense	(28,216)
Pension expense	(981,331)
Interest on long term debt	2,014
Total	(1,862,067)
The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.	78,686
Change in net position of governmental activities (page 18)	$ 375,757

See notes to financial statements.

Proprietary Fund Financial Statements

Mills County

Statement of Net Position
Proprietary Fund

June 30, 2025

Account Balance		Internal Service Employee Group Health
Assets		
Cash and cash equivalents	$	873,443
Liabilities		
Accounts payable		1,363
Net Position		
Restricted for employee health	$	872,080

See notes to financial statements.

Mills County

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

Year ended June 30, 2025

Class of Transaction		Internal Service Employee Group Health
Operating revenues:		
Reimbursements from operating funds	$	188,104
Operating expenses:		
Medical claims		109,418
Operating income		78,686
Net position beginning of year		793,394
Net position end of year	$	872,080

See notes to financial statements.

Mills County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2025

Classification	Internal Service Employee Group Health	
Cash flows from operating activities:		
Cash received from operating fund reimbursements	$	188,104
Cash paid to suppliers for services		(115,532)
Net cash provided by operating activities		72,572
Cash and cash equivalents beginning of year		800,871
Cash and cash equivalents end of year	$	873,443
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	78,686
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Accounts receivable		1,550
Accounts payable		(7,664)
Net cash provided by operating activities	$	72,572

See notes to financial statements.

Fiduciary Fund Financial Statements

Mills County

Statement of Fiduciary Net Position – Custodial Funds

June 30, 2025

Account Balance	Amount
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 11,091,815
Other County officials	335,062
Receivables:	
Property tax:	
Delinquent	42,510
Succeeding year	26,323,000
Special assessments	45,592
Due from other governments	39,202
Total assets	37,877,181
Liabilities	
Accounts payable	13,557
Salaries and benefits payable	17,205
Due to other governments	776,853
Trusts payable	301,597
Compensated absences	56,845
Total liabilities	1,166,057
Deferred Inflows of Resources	
Unavailable property tax revenue	26,323,000
Net Position	
Restricted for individuals, organizations and other governments	$ 10,388,124

See notes to financial statements.

Mills County

Statement of Changes in Fiduciary Net Position –
Custodial Funds

Year Ended June 30, 2025

Class of Transaction	Amount
Additions:	
Property and other county tax	$ 24,304,127
911 surcharge	169,299
State tax credits	1,254,060
Office fees and collections	621,310
Auto licenses, use tax and postage	7,364,895
Assessments	500,932
Trusts	634,441
Miscellaneous	1,668,314
Total additions	36,517,378
Deductions:	
Agency remittances:	
To other funds	649,987
To other governments	34,213,993
Trusts paid out	634,441
Total deductions	35,498,421
Change in net position	1,018,957
Net position beginning of year	9,369,167
Net position end of year	$ 10,388,124

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Mills County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Mills County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Mills County (the primary government) and its component units. These component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

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

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

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

The County also participates in the following jointly governed organizations: Missouri River Authority, Hungry Canyons, Juvenile Detention Center, Adult Correctional Facility, Resource Conservation and Development (Golden Hills), Metropolitan Area Planning Agency, Southwest Iowa Planning Council, West Central Development and Southwest Iowa Drug Task Force.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

Additionally, the County reports the following funds:

Proprietary Funds – 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 the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in April 2024.

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

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected. Special assessments receivable represents remaining assessments which are payable but not yet due.

Advance to and Advance from Other Funds – During the year ended June 30, 2018, the Debt Service Fund borrowed funds from the Capital Projects Fund and a balance was still owed at June 30, 2025. Therefore, the balances of the interfund activity have been recorded in the fund financial statements.

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

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

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

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

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

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

Leases – **County as Lessee** – Mills County is the lessee for noncancellable leases of equipment. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

> Mills County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
>
> The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances which would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur which are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

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

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

> Mills County uses its estimated incremental borrowing rate as the discount rate for leases.
>
> The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Subscription-Based Information Technology Arrangements (SBITA) – Mills County has entered into a contract which conveys control of the right to use information technology software. The County has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The County recognized IT subscription liabilities with an initial, individual value of $50,000, or more.

At the commencement of the IT subscription term, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how Mills County determines the discount rate it uses to discount the expected payments to present value, term and payments.

> Mills County uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
>
> The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The County monitors changes in circumstances which would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur which are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments 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.

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 comp time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2025.

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 Special Revenue, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows related to OPEB, and OPEB expense, information has been determined based on Mills County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets which have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables which will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables which will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension expense and deferred amounts related to leases.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2025, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amount appropriated prior to amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2025 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	$ 637,821
Special Revenue: Secondary Roads	Special Revenue: Rural Services	1,467,277
Special Revenue: Secondary Roads	Special Revenue: Local Option Sales and Services Tax	446,202
Total	Transfers	$ 2,551,300

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

(4) Advance to and Advance from Other Funds

Receivable Fund	Payable Fund	Amount
Capital Projects	Debt Service	$ 93,481

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

Governmental Activities:	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	$ 4,214,120	-	-	4,214,120
Intangibles, road network	933,140	-	-	933,140
Construction in progress	5,200,220	1,351,929	5,135,054	1,417,095
Total capital assets not being depreciated/amortized	10,347,480	1,351,929	5,135,054	6,564,355
Capital assets being depreciated/amortized:				
Buildings	17,228,200	225,430	-	17,453,630
Improvements other than buildings	228,225	-	-	228,225
Equipment and vehicles	13,265,878	1,268,732	313,465	14,221,145
Right-to-use leased equipment	-	46,660	-	46,660
Right-to-use subscription asset	60,107	-	60,107	-
Infrastructure	32,044,916	5,135,054	-	37,179,970
Total capital assets being depreciated/amortized	62,827,326	6,675,876	373,572	69,129,630
Less accumulated depreciation/amortization for:				
Buildings	3,369,850	354,070	-	3,723,920
Improvements other than buildings	117,902	2,627	-	120,529
Equipment and vehicles	7,701,117	948,421	311,894	8,337,644
Right-to-use leased assets	-	5,925	-	5,925
Right-to-use subscription asset	40,070	20,037	60,107	-
Infrastructure	7,392,732	1,446,479	-	8,839,211
Total accumulated depreciation/amortization	18,621,671	2,777,559	372,001	21,027,229
Total capital assets being depreciated/amortized, net	44,205,655	3,898,317	1,571	48,102,401
Governmental activities capital assets, net	$ 54,553,135	5,250,246	5,136,625	54,666,756

Depreciation/amortization expense was charged to the following functions:

Governmental Activities	Amount
Public safety and legal services	$ 412,545
Physical health and social services	7,140
County environment and education	79,339
Roads and transportation	1,800,246
Administration	469,591
Nonprogram	8,698
Total depreciation/amortization expense - governmental activities	$ 2,777,559

(6) County Lease Receivable

The County owns farmland. Effective March 1, 2023, the County entered into two five-year lease agreements with citizens to rent the farmland. The County is to receive land rent annually, in varying amounts, with an implicit rate of 3.00%. During the year ended June 30, 2025, the County received principal of $73,004 and interest of $8,656.

On July 5, 2022, the County entered into a lease agreement for renting of the County's fiber optic cables. The agreement requires quarterly payments of $11,963 over five years, with an implicit rate of 3.00%. During the year ended June 30, 2025, the County received principal of $44,244 and interest of $3,608.

Governmental activities future principal and interest lease receivables as of June 30, 2025, are as follows:

	Land		
Year Ending June 30,	Principal	Interest	Total
2026	$ 78,235	6,415	84,650
2027	87,017	3,963	90,980
2028	84,502	1,268	85,770
	$ 249,754	11,646	261,400

	Fiber Optics		
Year Ending June 30,	Principal	Interest	Total
2026	$ 45,587	2,265	47,852
2027	46,970	882	47,852
2028	-	-	-
	$ 92,557	3,147	95,704

	Total		
Year Ending June 30,	Principal	Interest	Total
2026	$ 123,822	8,680	132,502
2027	133,987	4,845	138,832
2028	84,502	1,268	85,770
	$ 342,311	14,793	357,104

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2025 is as follows:

Fund	Description	Amount
General	Services	$ 125,602
Special Revenue:		
Rural Services	Services	2,414
Special Revenue:		
Secondary Roads	Services	7,250
Total for governmental funds	Services	$ 135,266
Custodial:		
Schools	Collections	$ 113,805
Community Colleges	Collections	12,080
Corporations	Collections	41,039
Auto License and Use Tax	Collections	526,514
All other	Collections	83,415
Total for custodial funds	Collections	$ 776,853

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2025 is as follows:

Long Term Debt	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Lease agreements	$ -	46,660	5,629	41,031	8,478
Subscription liability	20,335	-	20,335	-	-
General obligation bonds	6,690,000	-	675,000	6,015,000	685,000
General obligation urban renewal bonds	1,000,000	-	240,000	760,000	245,000
Direct borrowing equipment purchase agreement	27,845	-	13,923	13,922	13,922
Compensated absences*	748,810	854,534	-	1,603,344	477,618
Net pension liability	2,471,430	55,838	-	2,527,268	-
Total OPEB liability	438,597	28,096	2,403	464,290	9,372
Total	$ 11,397,017	985,128	957,290	11,424,855	1,439,390

* The change in compensated absences liability is presented as a net change.

Lease Agreements

On November 1, 2024, the County entered into a lease agreement for a copier for the Public Health department. An initial lease liability was recorded in the amount of $20,713. The agreement requires monthly payments of $355 over 63 months with an initial payment made November 12, 2024, with an implicit interest rate of 3.00% and the final payment due January 1, 2030. During the year ended June 30, 2025, the County paid principal of $2,499 and interest of $341.

On November 1, 2024, the County entered into a lease agreement for a copier for the Sheriff's Office. An initial lease liability was recorded in the amount of $25,947. The agreement requires monthly payments of $445 over 63 months with an initial payment made November 12, 2024, with an implicit interest rate of 3.00% and the final payment due January 1, 2030. During the year ended June 30, 2025, the County paid principal of $3,130 and interest of $430.

Future principal and interest lease payments as of June 30, 2025 are as follows:

Public Health

Year Ending June 30,	Principal	Interest	Total
2026	$ 3,764	496	4,260
2027	3,878	382	4,260
2028	3,996	264	4,260
2029	4,118	142	4,260
2030	2,458	27	2,485
Totals	$ 18,214	1,311	19,525

Sheriff's Office

Year Ending June 30,	Principal	Interest	Total
2026	$ 4,714	626	5,340
2027	4,858	482	5,340
2028	5,005	335	5,340
2029	5,158	182	5,340
2030	3,082	33	3,115
Totals	$ 22,817	1,658	24,475

Totals

Year Ending June 30,	Principal	Interest	Total
2026	$ 8,478	1,122	9,600
2027	8,736	864	9,600
2028	9,001	599	9,600
2029	9,276	324	9,600
2030	5,540	60	5,600
Totals	$ 41,031	2,969	44,000

IT Subscription Liability

On April 17, 2018, the County entered into an IT subscription license and services information technology agreement with Pictometry International Corporation for geographic information system software. An initial IT subscription liability was recorded in the amount of $117,727. The agreement requires annual payments of $20,090 over the first 3 years and $20,640 over the next three years with an initial payment made July 15, 2019 for $20,090, with an interest rate of 1.50% and final payment due July 1, 2024. During the year ended June 30, 2025, the County paid the final principal and interest of $20,335 and $305, respectively.

General Obligation Bonds

On October 26, 2016, the County issued $4,580,000 of general obligation refunding bonds, with interest rates ranging from 2.05% to 3.00% per annum, for a crossover refunding of $4,380,000 of general obligation bonds dated September 1, 2013. The bonds were called on June 1, 2020. During the year ended June 30, 2025, the County paid principal of $340,000 and interest of $77,765 on the bonds.

On December 29, 2016, the County issued $5,390,000 of general obligation county communication equipment bonds, with interest rates ranging from 3.00% to 3.40% per annum, for the purpose of purchasing public safety and emergency services communication equipment for the County and other governmental entities in Mills County. During the year ended June 30, 2025, the County paid principal of $335,000 and interest of $105,655 on the bonds.

Annual debt service requirements to maturity for the general obligation bonds as of June 30, 2025 are as follows:

Refunding Issued October 26, 2016			
Year Ending June 30,	Interest Rates	Principal	Interest
2026	2.00%	$ 345,000	63,965
2027	2.00%	350,000	57,065
2028	2.05%	360,000	50,065
2029	2.05%	365,000	42,685
2030	2.05%	375,000	35,203
2031-2033	2.25-2.45%	1,170,000	56,280
Totals		$ 2,965,000	305,263

Communication Equipment December 29, 2016			
Year Ending June 30,	Interest Rates	Principal	Interest
2026	3.00%	$ 340,000	95,605
2027	3.00%	355,000	85,405
2028	3.00%	365,000	74,755
2029	3.00%	375,000	63,805
2030	3.10%	385,000	52,555
2031-2033	3.20-3.40%	1,230,000	83,050
Totals		$ 3,050,000	455,175

Totals			
Year Ending June 30,	Principal	Interest	Total
2026	$ 685,000	159,570	844,570
2027	705,000	142,470	847,470
2028	725,000	124,820	849,820
2029	740,000	106,490	846,490
2030	760,000	87,758	847,758
2031-2033	2,400,000	139,330	2,539,330
Totals	$ 6,015,000	760,438	6,775,438

General Obligation Urban Renewal Bonds

On October 23, 2018, the County issued $2,250,000 of general obligation road improvement urban renewal bonds for the purpose of paying a portion of costs on an urban renewal project within the Highway 34/I-29 urban renewal area, consisting of the construction and improving county roads, with interest rates from 3.00% to 3.05% per annum. During the year ended June 30, 2025, the County paid principal of $240,000 and interest of $30,500 on the urban renewal bonds.

Annual debt service requirements to maturity for the general obligation urban renewal bonds as of June 30, 2025 are as follows:

Issued October 23, 2018				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2026	3.05%	$ 245,000	23,180	268,180
2027	3.05%	255,000	15,708	270,708
2028	3.05%	260,000	7,930	267,930
Total		$ 760,000	46,818	806,818

Equipment Purchase Agreement- Direct Borrowing

During the year ended June 30, 2022, the County entered into an interest free equipment purchase agreement to purchase two storage servers. The agreement is payable over five years with annual installments of $13,923, with the final payment of $13,922 due by June 30, 2026. In the event of a default, certain remedies, including the payment of the remaining principal balance, may be required. During the year ended June 30, 2025, the County paid principal of $13,923.

Future equipment purchase payments as of June 30, 2025 are as follows:

Year Ending June 30,	Storage Servers
2026	$ 13,922

(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.

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 and Deputies and Protection Occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs and 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 Sheriffs and Deputies member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of special service, plus an additional 2.5% of average salary for more than 22 years of special service but not more than 30 years of service.
- 1.5% compound cost-of-living adjustment (COLA) for members who retire on or after July 1, 2024, who are at least age 50 when they terminate employment and have at least 22 years of special service.
- The member's highest three-year average salary.

The formula used to calculate a 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 years of service greater than 22 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.

<u>Disability and Death Benefits</u> – 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.

<u>Contributions</u> – 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 2025, 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 and Deputies members 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, 2025 totaled $673,306.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2025, the County reported a liability of $2,527,268 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 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, 2024, the County's proportion was 0.069402%, which was an increase of 0.014648% over its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the County recognized pension expense of $981,331. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflow and Inflow Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 392,324	1,414
Changes of assumptions	-	43,585
Net difference between projected and actual earnings on IPERS' investments	52,635	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	68,709	117,363
County contributions subsequent to the measurement date	673,306	-
Total	$ 1,186,974	162,362

$673,306 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, 2026. 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 Ended June 30,	Amount
2026	$ (378,188)
2027	742,950
2028	48,828
2029	(71,452)
2030	9,168
Total	$ 351,306

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions	Description
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, 2024 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 2024 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 weighing 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%	3.52%
International equity	13.0%	5.18%
Global smart beta equity	5.0%	4.12%
Core plus fixed income	25.5%	3.04%
Public credit	3.0%	4.53%
Cash	1.0%	1.69%
Private equity	17.0%	8.89%
Private real assets	9.0%	4.25%
Private credit	5.5%	6.62%
Total	100.0%	

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 that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

Sensitivity of Proportionate Share	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	$ 6,939,321	2,527,268	(1,162,667)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2025.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms:

Description	Employees
Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	119
Total	120

Total OPEB Liability – The County's total OPEB liability of $464,290 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2025 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.

Actuarial Assumptions	Descriptions
Rate of inflation (effective June 30, 2025)	2.60% per annum.
Rates of salary increase (effective June 30, 2025)	3.25% per annum, including inflation, plus merit/productivity increases.
Discount rate (effective June 30, 2025)	5.20% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2025)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 5.20% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 headcount weighted mortality table fully generational using Scale MP-2021. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability	Total OPEB Liability
Total OPEB liability beginning of year	$ 438,597
Changes for the year:	
Service cost	64,427
Interest	20,805
Differences between expected and actual experiences	(57,136)
Changes in assumptions	15,461
Benefit payments	(17,864)
Net changes	25,693
Total OPEB liability end of year	$ 464,290

Changes of assumptions reflect a change in the discount rate from 4.21% in fiscal year 2024 to 5.20% in fiscal year 2025.

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 (4.20%) or 1% higher (6.20%) than the current discount rate.

Sensitivity of Discount Rate	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 499,629	464,290	431,498

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 it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

Sensitivity of Healthcare Rate	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	$ 407,542	464,290	532,225

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the County recognized OPEB expense of $28,216. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

Deferred Outflow and Inflow Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,515	260,861
Changes in assumptions	46,891	23,436
Total	$ 66,406	284,297

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
2026	$ (39,153)
2027	(40,532)
2028	(31,451)
2029	(31,455)
2030	(28,550)
Thereafter	(46,750)
	$ (217,891)

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 805 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, property, 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, 2025 were $337,383.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2025, no liability has been recorded in the County's financial statements. As of June 30, 2025, 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 County contributions and is administered through a service agreement with Secure Benefits System. The agreement is renewable on an annual basis. The deductible for single and family coverage for a calendar year was $500 and $1,000, respectively. After the deductible is met, the County will pay directly or reimburse any eligible employee for 60% (80% of any in-network physician) of any additional claims or services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any calendar year for deductibles and co-insurance was $1,000 for single coverage and $2,000 for family coverage. After an employee has reached the maximum deductible and co-insurance, the County will pay directly or reimburse the employee for 100% of any additional claims for services covered by the contract, but subject to deductible or co-insurance provisions of the contract, up to $6,350 for single coverage and $12,700 for family coverage.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Secure Benefits System from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2025 was $188,104.

The amounts payable from the Employee Group Health Fund at June 30, 2025 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained and is not required to obtain an actuarial opinion. These amounts are not expected to be material to the financial statements.

(13) Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2025, $7,003 of property tax was diverted from the County under the County's urban renewal development agreement.

Required Supplementary Information

Mills County

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

Required Supplementary Information

Year ended June 30, 2025

Class of Transaction	Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Net Variance
Receipts:						
Property and other county tax	$ 13,263,886	-	13,263,886	13,698,708	13,698,708	(434,822)
Penalty and interest on property tax	62,528	-	62,528	66,568	66,568	(4,040)
Intergovernmental	5,562,169	-	5,562,169	8,866,828	9,187,828	(3,625,659)
Licenses and permits	252,642	-	252,642	1,960,950	1,960,950	(1,708,308)
Charges for service	645,993	-	645,993	478,135	489,635	156,358
Use of money and property	1,504,413	-	1,504,413	1,135,861	1,135,861	368,552
Miscellaneous	1,030,951	1,080	1,029,871	397,008	855,643	174,228
Total receipts	22,322,582	1,080	22,321,502	26,604,058	27,395,193	(5,073,691)
Disbursements:						
Public safety and legal services	4,971,769	-	4,971,769	5,527,928	5,568,928	597,159
Physical health and social services	1,554,624	-	1,554,624	1,458,228	1,823,207	268,583
County environment and education	2,310,699	-	2,310,699	2,174,670	2,969,346	658,647
Roads and transportation	8,495,719	-	8,495,719	9,827,150	9,827,150	1,331,431
Governmental services to residents	651,586	-	651,586	808,125	808,125	156,539
Administration	2,425,629	-	2,425,629	3,249,575	3,294,375	868,746
Debt service	1,412,638	-	1,412,638	1,608,570	1,626,593	213,955
Capital projects	890,182	-	890,182	5,035,000	5,285,000	4,394,818
Total disbursements	22,712,846	-	22,712,846	29,689,246	31,202,724	8,489,878
Excess (deficiency) of receipts over (under) disbursements	(390,264)	1,080	(391,344)	(3,085,188)	(3,807,531)	3,416,187
Other financing sources, net	14,115	-	14,115	10,000	10,000	4,115
Change in balances	(376,149)	1,080	(377,229)	(3,075,188)	(3,797,531)	3,420,302
Balance beginning of year	14,283,884	7,050	14,276,834	10,396,783	10,396,783	3,880,051
Balance end of year	$ 13,907,735	8,130	13,899,605	7,321,595	6,599,252	7,300,353

See accompanying independent auditor's report.

Mills County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2025

Class of Transaction		Governmental Funds Cash Basis	Governmental Funds Accrual Adjustments	Governmental Funds Modified Accrual Basis
Revenues	$	22,322,582	(87,810)	22,234,772
Expenditures		22,712,846	(413,308)	22,299,538
Net		(390,264)	325,498	(64,766)
Other financing sources, net		14,115	170,077	184,192
Beginning fund balances		14,283,884	421,967	14,705,851
Ending fund balances	$	13,907,735	917,542	14,825,277

See accompanying independent auditor's report.

Mills County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2025

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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, two budget amendments increased budgeted disbursements by $1,513,478. 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, 2025, disbursements did not exceed the amounts budgeted by function. However, disbursements in one department exceeded the amount appropriated prior to amendment and two departments exceeded the amount appropriated at year end.

Mills 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

Description		2025	2024	2023	2022	2021
County's proportion of the net pension liability (asset)		0.069402%	0.054754%	0.050475%	0.341481%**	0.063806%
County's proportionate share of the net pension liability (asset)	$	2,527	2,471	1,907	(1,179)	4,482
County's covered payroll	$	7,099	6,760	6,557	6,339	6,126
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		35.60%	36.55%	29.08%	-18.60%	73.16%
IPERS' net position as a percentage of the total pension liability (asset)		92.30%	90.13%	91.40%	100.81%	82.90%

Mills 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

Description	2020	2019	2018	2017	2016
County's proportion of the net pension liability (asset)	0.063314%	0.063629%	0.067529%	0.066446%	0.066662%
County's proportionate share of the net pension liability (asset)	3,666	4,027	4,498	4,182	3,293
County's covered payroll	6,167	5,876	5,828	5,519	5,450
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	59.45%	68.53%	77.18%	75.77%	60.42%
IPERS' net position as a percentage of the total pension liability (asset)	85.45%	83.62%	82.21%	81.82%	85.19%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the proceeding year.
** Overall plan net pension asset.

See accompanying independent auditor's report.

Mills County

Schedule of County Contributions

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

Required Supplementary Information

Description		2025	2024	2023	2022	2021
Statutorily required contribution	$	673	661	631	615	598
Contributions in relation to the statutorily required contribution		(673)	(661)	(631)	(615)	(598)
Contribution deficiency (excess)	$	-	-	-	-	-
County's covered payroll	$	7,241	7,099	6,760	6,557	6,339
Contributions as a percentage of covered payroll		9.29%	9.31%	9.33%	9.38%	9.43%

Mills County

Schedule of County Contributions

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

Required Supplementary Information

Description	2020	2019	2018	2017	2016
Statutorily required contribution	581	588	532	530	502
Contributions in relation to the statutorily required contribution	(581)	(588)	(532)	(530)	(502)
Contribution deficiency (excess)	-	-	-	-	-
County's covered payroll	6,126	6,167	5,876	5,828	5,519
Contributions as a percentage of covered payroll	9.48%	9.53%	9.05%	9.09%	9.10%

See accompanying independent auditor's report.

Changes of benefit terms:

Legislation passed in 2024 modified benefit terms for current Sheriffs and Deputies. The benefit enhancements:

- Increased the benefit multiplier from 1.5% to 2.5% for years of special service between 22 and 30, thereby increasing the maximum benefit from 72% to 80% of average salary.
- Granted an automatic 1.5% compound cost-of-living adjustment (COLA) for members who retire on or after July 1, 2024, who are at least 50 when they terminate employment and have at least 22 years of special service.

Changes of assumptions:

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

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

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

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

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

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

Mills County

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

For the Last Eight Years

Required Supplementary Information

Description	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 64,427	62,981	59,466	67,669	63,340	57,786	53,399	43,805
Interest cost	20,805	22,509	18,830	12,204	14,202	19,265	18,484	17,358
Difference between expected and actual experiences	(57,136)	(147,354)	27,879	(96,645)	(40,996)	(78,573)	-	(67,467)
Changes in assumptions	15,461	29,417	(1,376)	(40,450)	14,820	5,925	11,039	5,629
Benefit payments	(17,864)	(21,734)	(25,646)	(37,320)	(27,355)	(22,443)	(9,817)	(22,396)
Net change in total OPEB liability	25,693	(54,181)	79,153	(94,542)	24,011	(18,040)	73,105	(23,071)
Total OPEB liability beginning of year	438,597	492,778	413,625	508,167	484,156	502,196	429,091	452,162
Total OPEB liability end of year	$ 464,290	438,597	492,778	413,625	508,167	484,156	502,196	429,091
Covered-employee payroll	$ 7,363,449	7,218,026	6,635,252	6,372,214	6,522,403	5,600,608	5,663,498	5,485,228
Total OPEB liability as a percentage of covered-employee payroll	6.3%	6.1%	7.4%	6.5%	7.8%	8.6%	8.9%	7.8%

See accompanying independent auditor's report.

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

Year ended June 30, 2025	5.20%
Year ended June 30, 2024	4.21%
Year ended June 30, 2023	4.13%
Year ended June 30, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

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

Supplementary Information

Mills County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

Account Balance	Special Revenue Local Option Sales and Services Tax	Special Revenue Resource Enhancement and Protection	Special Revenue County Recorder's Records Management	Special Revenue Urban Renewal Revenue	Special Revenue County Conservation	Special Revenue Drainage District
Assets						
Cash, cash equivalents and pooled investments	$ 1,466,684	33,035	20,261	1,373,419	421,265	8,130
Receivables:						
Property tax:						
Delinquent	-	-	-	4	-	-
Succeeding year	-	-	-	-	-	-
Succeeding year tax increment financing	-	-	-	630,000	-	-
Accrued interest	-	-	225	-	-	-
Opioid settlement	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
Due from other governments	124,673	-	-	-	-	-
Lease receivable	-	-	-	-	249,754	-
Total assets	$ 1,591,357	33,035	20,486	2,003,423	421,265	8,130

Mills County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

Account Balance	Special Revenue Local Government Opioid Abatement	Special Revenue Fiber Revenues	Special Revenue Impact Fund	Debt Service	Capital Projects	Total
Assets						
Cash, cash equivalents and pooled investments	184,607	220,421	80,017	129,202	1	3,937,042
Receivables:						
Property tax:						
Delinquent	-	-	-	1,442	-	1,446
Succeeding year	-	-	-	843,000	-	843,000
Succeeding year tax increment financing	-	-	-	-	-	630,000
Accrued interest	-	-	-	-	-	225
Opioid settlement	480,379	-	-	-	-	480,379
Advance to other funds	-	-	-	-	93,481	93,481
Due from other governments	-	-	-	-	-	124,673
Lease receivable	-	92,557	-	-	-	342,311
Total assets	664,986	220,421	80,017	973,644	93,482	6,110,246

Mills County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

Account Balance	Special Revenue Local Option Sales and Services Tax	Special Revenue Resource Enhancement and Protection	Special Revenue County Recorder's Records Management	Special Revenue Urban Renewal Revenue	Special Revenue County Conservation	Special Revenue Drainage District
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	$ -	-	-	-	1,736	-
Salaries and benefits payable	-	-	-	-	2,943	-
Advance from other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	4,679	-
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	-	-	-	-	-	-
Succeeding year tax increment financing	-	-	-	630,000	-	-
Other	-	-	-	4	-	-
Lease related	-	-	-	-	249,754	-
Total deferred inflows of resources	-	-	-	630,004	249,754	-
Fund balances:						
Restricted for:						
Drainage warrants/drainage improvement certificates	-	-	-	-	-	8,130
Debt service	-	-	-	1,373,419	-	-
Capital projects	-	-	-	-	-	-
Opioid abatement	-	-	-	-	-	-
Other purposes	1,591,357	33,035	20,486	-	416,586	-
Total fund balances	1,591,357	33,035	20,486	1,373,419	416,586	8,130
Total liabilities, deferred inflows of resources and fund balances	$ 1,591,357	33,035	20,486	2,003,423	671,019	8,130

Mills County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

Account Balance	Special Revenue Local Government Opioid Abatement	Special Revenue Fiber Revenues	Special Revenue Impact Fund	Debt Service	Capital Projects	Total
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	-	-	-	-	-	1,736
Salaries and benefits payable	-	-	-	-	-	2,943
Advance from other funds	-	-	-	93,481	-	93,481
Total liabilities	-	-	-	93,481	-	98,160
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	-	-	-	843,000	-	843,000
Succeeding year tax increment financing	-	-	-	-	-	630,000
Other	444,000	-		1,442	-	445,446
Lease related	-	92,557	-	-	-	342,311
Total deferred inflows of resources	444,000	92,557	-	844,442	-	2,260,757
Fund balances:						
Restricted for:						
Drainage warrants/drainage improvement certificates	-	-	-	-	-	8,130
Debt service	-	-	-	35,721	-	1,409,140
Capital projects	-	-	-	-	93,482	93,482
Opioid abatement	220,986	-	-	-	-	220,986
Other purposes	-	220,421	80,017	-	-	2,361,902
Total fund balances	220,986	220,421	80,017	35,721	93,482	4,093,640
Total liabilities, deferred inflows of resources and fund balances	664,986	312,978	80,017	973,644	93,482	6,452,557

See accompanying independent auditor's report.

Mills County

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

Year ended June 30, 2025

Class of Transaction	Special Revenue Local Option Sales and Service Tax	Special Revenue Resource Enhancement and Protection	Special Revenue County Recorder's Records Management	Special Revenue Urban Renewal Revenue	Special Revenue County Conservation	Special Revenue Drainage District
Revenues:						
Property and other county tax	$ 11,729	-	-	-	-	-
Tax increment financing	-	-	-	832,342	-	-
Local option sales and services tax	1,162,228	-	-	-	-	-
Intergovernmental	-	10,893	-	33,733	-	-
Charges for service	-	-	3,003	-	-	-
Use of money and property	-	-	489	-	84,685	-
Miscellaneous	-	-	-	-	-	1,080
Total revenues	1,173,957	10,893	3,492	866,075	84,685	1,080
Expenditure						
Operating:						
Physical health and social services	-	-	-	-	-	-
County environment and education	314,530	40,440	-	10,599	39,348	-
Debt service	-	-	-	560,214	-	-
Total expenditures	314,530	40,440	-	570,813	39,348	-
Excess (deficiency) of revenues over (under) expenditures	859,427	(29,547)	3,492	295,262	45,337	1,080
Other financing uses:						
Transfers out	(446,202)	-	-	-	-	-
Change in fund balances	413,225	(29,547)	3,492	295,262	45,337	1,080
Fund balances beginning of year	1,178,132	62,582	16,994	1,078,157	371,249	7,050
Fund balances end of year	$ 1,591,357	33,035	20,486	1,373,419	416,586	8,130

Mills County

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

Year ended June 30, 2025

Class of Transaction	Special Revenue Local Government Opioid Abatement	Special Revenue Fiber Revenues	Special Revenue Impact Fund	Debt Service	Capital Projects	Total
Revenues:						
Property and other county tax	-	-	-	680,340	-	692,069
Tax increment financing	-	-	-	-	-	832,342
Local option sales and services tax	-	-	-	-	-	1,162,228
Intergovernmental	-	-	-	33,272	-	77,898
Charges for service	-	-	-	-	-	3,003
Use of money and property	751	119,417	-	-	-	205,342
Miscellaneous	46,828	-	-	-	-	47,908
Total revenues	47,579	119,417	-	713,612	-	3,020,790
Expenditure						
Operating:						
Physical health and social services	23,995	-	-	-	-	23,995
County environment and education	-	9,375	-	-	-	414,292
Debt service	-	-	-	852,423	-	1,412,637
Total expenditures	23,995	9,375	-	852,423	-	1,850,924
Excess (deficiency) of revenues over (under) expenditures	23,584	110,042	-	(138,811)	-	1,169,866
Other financing uses:						
Transfers out	-	-	-	-	-	(446,202)
Change in fund balances	23,584	110,042	-	(138,811)	-	723,664
Fund balances beginning of year	197,402	110,379	80,017	174,532	93,482	3,369,976
Fund balances end of year	220,986	220,421	80,017	35,721	93,482	4,093,640

See accompanying independent auditor's report.

Mills County

Combining Schedule of Fiduciary Net Position – Custodial Funds

Year ended June 30, 2025

Account Balance	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships
Assets							
Cash, cash equivalents and pooled investments:							
County Treasurer	$ -	1,779	465,806	113,805	12,080	41,039	3,155
Other County officials	335,062	-	-	-	-	-	-
Receivables:							
Property tax:							
Delinquent	-	582	1,215	30,326	3,927	5,095	1,360
Succeeding year	-	292,000	632,000	18,094,000	2,053,000	4,776,000	476,000
Special assessments	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	$ 335,062	294,361	1,099,021	18,238,131	2,069,007	4,822,134	480,515
Liabilities							
Accounts payable	-	-	1,320	-	-	-	-
Salaries and benefits payable	-	-	11,567	-	-	-	-
Due to other governments	33,465	1,779	-	113,805	12,080	41,039	3,155
Trusts payable	301,597	-	-	-	-	-	-
Compensated absences	-	-	47,370	-	-	-	-
Total liabilities	$ 335,062	1,779	60,257	113,805	12,080	41,039	3,155
Deferred Inflows of Resources							
Unavailable revenues	$ -	292,000	632,000	18,094,000	2,053,000	4,776,000	476,000
Net Position							
Restricted for individuals, organizations and other governments	$ -	582	406,764	30,326	3,927	5,095	1,360

Mills County

Combining Schedule of Fiduciary Net Position – Custodial Funds

June 30, 2025

Account Balance	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	526,514	8,486,086	-	1,441,551	11,091,815
Other County officials	-	-	-	-	335,062
Receivables:					
Property tax:					
Delinquent	-	-	-	5	42,510
Succeeding year	-	-	-	-	26,323,000
Special assessments	-	-	45,592	-	45,592
Due from other governments	-	-	-	39,202	39,202
Total assets	526,514	8,486,086	45,592	1,480,758	37,877,181
Liabilities					
Accounts payable	-	-	-	12,237	13,557
Salaries and benefits payable	-	-	-	5,638	17,205
Due to other governments	526,514	-	-	45,016	776,853
Trusts payable	-	-	-	-	301,597
Compensated absences	-	-	-	9,475	56,845
Total liabilities	526,514	-	-	72,366	1,166,057
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	26,323,000
Net Position					
Restricted for individuals, organizations and other governments	-	8,486,086	45,592	1,408,392	10,388,124

See accompanying independent auditor's report.

Mills County

Combining Schedule of Changes in Fiduciary Net Position – Custodial Funds

June 30, 2025

Class of Transaction	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships
Additions:							
Property and other county tax	$ -	265,026	553,238	16,895,208	1,816,385	4,159,929	573,358
911 surcharges	-	-	-	-	-	-	-
State tax credits	-	13,110	26,848	760,172	80,443	347,861	23,341
Office fees and collections	618,316	-	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Trusts	634,441	-	-	-	-	-	-
Miscellaneous	-	-	69	-	-	-	-
Total additions	1,252,757	278,136	580,155	17,655,380	1,896,828	4,507,790	596,699
Deductions:							
Agency remittances:							
To other funds	284,117	-	-	-	-	-	-
To other governments	334,199	278,125	483,481	17,652,876	1,896,186	4,507,652	596,552
Trusts paid out	634,441	-	-	-	-	-	-
Total deductions	1,252,757	278,125	483,481	17,652,876	1,896,186	4,507,652	596,552
Changes in net position	-	11	96,674	2,504	642	138	147
Net position beginning of year	-	571	310,090	27,822	3,285	4,957	1,213
Net position end of year	$ -	582	406,764	30,326	3,927	5,095	1,360

Mills County

Combining Schedule of Changes in Fiduciary
Net Position – Custodial Funds

June 30, 2025

Class of Transaction	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
Additions:					
Property and other county tax	-	-	-	40,983	24,304,127
911 surcharges	-	-	-	169,299	169,299
State tax credits	-	-	-	2,285	1,254,060
Office fees and collections	-	-	-	2,994	621,310
Auto licenses, use tax and postage	7,364,895	-	-	-	7,364,895
Assessments	-	341,798	1,911	157,223	500,932
Trusts	-	-	-	-	634,441
Miscellaneous	-	1,054,937	-	613,308	1,668,314
Total additions	7,364,895	1,396,735	1,911	986,092	36,517,378
Deductions:					
Agency remittances:					
To other funds	365,870	-	-	-	649,987
To other governments	6,999,025	668,116	24,953	772,828	34,213,993
Trusts paid out	-	-	-	-	634,441
Total deductions	7,364,895	668,116	24,953	772,828	35,498,421
Changes in net position	-	728,619	(23,042)	213,264	1,018,957
Net position beginning of year	-	7,757,467	68,634	1,195,128	9,369,167
Net position end of year	-	8,486,086	45,592	1,408,392	10,388,124

See accompanying independent auditor's report.

Mills County

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

For the Last Ten Years

Class of Transaction	2025	2024	2023	2022	2021
Revenues:					
Property and other county tax	$ 11,300,909	11,324,552	10,284,815	10,987,758	10,341,730
Tax increment financing	832,342	664,115	735,727	404,468	648,403
Local option sales and services tax	1,162,228	1,197,997	1,215,365	1,078,929	1,066,207
Penalty and interest on property tax	59,517	56,849	62,679	66,641	92,102
Intergovernmental	6,560,534	6,507,200	6,899,600	12,262,326	18,538,786
Licenses and permits	299,822	199,349	338,501	265,861	917,177
Charges for service	651,619	532,855	489,129	534,024	540,151
Use of money and property	1,113,981	1,327,634	525,309	242,527	319,601
Miscellaneous	253,820	398,260	516,351	342,030	456,183
Total	$ 22,234,772	22,208,811	21,067,476	26,184,564	32,920,340
Expenditures:					
Operating:					
Public safety and legal services	$ 5,022,919	4,662,528	4,685,967	4,521,598	4,297,139
Physical health and social services	1,639,833	1,777,597	1,670,388	1,771,816	1,743,658
Mental health	-	-	-	450,436	374,848
County environment and education	1,174,975	1,725,232	1,623,608	4,547,945	12,011,087
Roads and transportation	9,113,659	7,224,741	7,198,275	6,309,590	8,346,945
Governmental services to residents	651,587	666,340	628,706	665,503	675,144
Administration	2,393,746	3,325,153	3,506,418	3,532,318	3,747,798
Debt service	1,412,637	1,375,537	1,322,698	1,128,488	1,212,038
Capital projects	890,182	5,405	742,722	282,059	383,392
Total	$ 22,299,538	20,762,533	21,378,782	23,209,753	32,792,049

Mills County

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

For the Last Ten Years

Class of Transaction	2020	2019	2018	2017	2016
Revenues:					
Property and other county tax	9,895,606	10,560,141	8,980,757	7,671,724	7,722,247
Tax increment financing	515,402	428,068	372,942	364,305	161,342
Local option sales and services tax	851,356	728,308	601,806	643,362	584,360
Penalty and interest on property tax	27,154	57,062	48,683	64,784	54,095
Intergovernmental	7,912,161	5,760,921	5,473,533	5,084,348	5,597,956
Licenses and permits	548,930	185,363	316,849	327,843	214,365
Charges for service	476,727	501,053	496,126	516,350	434,180
Use of money and property	287,622	172,173	132,354	120,254	99,667
Miscellaneous	444,673	1,069,084	382,297	251,967	242,923
Total	20,959,631	19,462,173	16,805,347	15,044,937	15,111,135
Expenditures:					
Operating:					
Public safety and legal services	3,713,341	4,068,024	3,448,741	3,298,526	3,167,497
Physical health and social services	2,208,394	2,090,923	2,118,573	1,592,938	1,723,112
Mental health	275,734	313,895	441,846	397,124	491,072
County environment and education	1,681,133	1,739,420	1,363,054	1,213,925	1,350,658
Roads and transportation	9,467,708	6,018,775	4,853,258	5,658,872	5,075,898
Governmental services to residents	585,576	538,717	535,830	491,575	534,660
Administration	2,486,285	2,011,619	1,820,808	1,504,490	1,401,177
Debt service	1,340,716	1,296,099	1,079,267	634,356	538,533
Capital projects	504,669	3,249,037	710,543	3,055,015	1,233,204
Total	22,263,556	21,326,509	16,371,920	17,846,821	15,515,811

See accompanying independent auditor's report.

Mills County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department of Health and Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00002129047	$ 10,164
Total U.S. Department of Agriculture			10,164
U.S. Department of the Interior:			
Payment in Lieu of Taxes	15.226	FY25	13,373
Total U.S. Department of the Interior			13,373
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS 118-8J-65	889,182
Passed through the Iowa Department of Public Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	402-PT-2024 05-40-61	2,905
State and Community Highway Safety	20.600	402-PT-2025 05-40-67	11,716
Total Highway Safety Cluster			14,621
Total U.S. Department of Transportation			903,803
U.S. Department of Treasury:			
COVID-19, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	FY25	249,988
Local Assistance and Tribal Consistency Fund	21.032	FY25	50,000
Total U.S. Department of the Treasury			299,988
U.S. Department of Health and Human Services:			
Passed through Connections Area Agency on Aging Inc.:			
Special Program for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	FY25	9,692
Passed through Prevent Child Abuse Iowa:			
Community-Based Child Abuse Prevention Grants	93.590	ACFS 21-046	14,625
Child Abuse and Neglect State Grants	93.669	ACFS 21-058	13,500
Passed through Iowa Department of Health and Human Services:			
Public Health Emergency Preparedness	93.069	5881BT07-E2	381,424
Immunization Cooperative Agreements	93.268	PUHEIMT2565	8,584
Immunization Cooperative Agreements	93.268	5885BT165	13,360
Total Immunization Cooperative Agreements			21,944
Epidemiology and Laboratory Capacity for Infection Diseases (ELC)	93.323	PUHEADE25230	800
National Bioterrorism Hospital Preparedness Program	93.889	PUHE-EPR-25-015	229,676
Human Services Administrative Reimbursement:			
Guardianship Assistance	93.090	00002129047	3
Title IV-E Prevention Program	93.472	00002129047	199
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	00002129047	141

Mills County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002129047	1,638
Foster Care Title IV-E	93.658	00002129047	3,680
Adoption Assistance	93.659	00002129047	344
Social Services Block Grant	93.667	00002129047	2,542
Children's Health Insurance Program	93.767	00002129047	1,645
Medicaid Cluster:			
Grants to States for Medicaid	93.778	00002129047	13,032
Total U.S. Department of Health and Human Services			716,829
U.S. Department of Homeland Security:			
Passed through the Iowa Department of Homeland Security and Emergency Management:			
Hazard Mitigation Grant	97.039	HMPG 4421 DRIA	15,072
Total U.S. Department of Homeland Security			15,072
Total			$ 1,937,285

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Mills County under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mills County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Mills County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Mills County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

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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 Mills County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mills County, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mills County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mills County's internal control. Accordingly, we do not express an opinion on the effectiveness of Mills County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, 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 Part II of the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002 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 Part II of the accompanying Schedule of Findings and Questioned Cost as items 2025-003 and 2025-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mills County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Mills County's operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Mills County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Mills County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mills County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Mills County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Mills County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Brian R. Brustkern, CPA
Deputy Auditor of State

June 16, 2026

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Rob Sand
Auditor of State

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Officials of Mills County:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Mills County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Mills County's major federal program for the year ended June 30, 2025. Mills County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Mills County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mills County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mills County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Mills County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mills County's compliance based on our audit. 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, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgment made by a reasonable user of the report on compliance about Mills County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Mills County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.

- Obtain an understanding of Mills County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mills County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brian R. Brustkern, CPA
Deputy Auditor of State

June 16, 2026

Schedule of Findings and Questioned Costs

Mills County

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

Part I: Summary of the Independent Auditor's Results:

(a) Unmodified opinions were issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Material weaknesses and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any noncompliance which is material to the financial statements.

(d) No material weaknesses or significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.

(e) An unmodified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.

(g) The major program was Assistance Listing Number 20.205 – Highway Planning and Construction.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(i) Mills County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2025-001 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:

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

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

Effect – Inadequate segregation of duties could adversely affect each County offices' ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

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

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

Conclusion – Responses acknowledged. The Offices should also consider utilizing personnel from other offices or departments to provide additional internal control.

2025-002 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

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

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

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

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

Responses –

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

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

Conclusion – Responses accepted.

2025-003 Square Payment System

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

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

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

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

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

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

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

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

2025-004 Current and Delinquent Property Tax Reconciliations

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

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

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

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

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

Response – I have struggled with this since I took office as there were no notes or information on how to do it. I have visited with other Treasurer's about their reporting form. The state auditor in 2021 was able to find a form from a different county, but I have had trouble finding items I need to put on the form. I think a simpler form would be better, but I think 2026 is now correct.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

2025-A Certified Budget – Disbursements during the year ended June 30, 2025 did not exceed the amounts budgeted by function. However, disbursements in one department exceeded the amount appropriated prior to amendment and two departments exceeded the amount appropriated at year end.

Recommendation – 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 – We will amend prior to exceeding appropriations in the future.

Conclusion – Response accepted

2025-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2025-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2025-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Carol Vinton, Board of Supervisors, nephew is owner of Vinton Enterprises	Residential repairs and dump trucking	$ 3,694
Ami Petersen, County Auditor, husband is owner of De'Sign Avenue	Printed election signs	330

The transactions with Vinton Enterprises and De'Sign Avenue do not represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with were less than $6,000 during the fiscal year.

2025-E Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2025-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.

2025-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2025-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.

2025-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

2025-J Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Department of Management on or before December 1. However, the reported total tax increment financing debt outstanding was understated, and revenues were not properly broken out between revenue types.

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

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

Conclusion – Response accepted

2025-K Tax Increment Financing (TIF) - For the year ended June 30, 2025, the County Auditor did not prepare a reconciliation for each urban renewal area within each City which reconciles TIF receipts with total outstanding TIF debt.

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

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

Conclusion – Response accepted.

2025-L Tax Increment Financing – During the year ended June 30, 2008, the County entered into a development agreement with Oak Ranch Development, LLC that called for the County to make two payments a year starting on December 1, 2009 for 11 fiscal years ending on June 1, 2020 or until the total amount of principal and interest has been paid, whichever occurs first. The County continued to collect TIF for this agreement in fiscal year 2021, 2022, 2023 and 2024 after the agreement had ended. Per discussion with County personnel, TIF collections continued in order to meet the LMI set aside requirement, even though the LMI was never certified as TIF debt. The County also made two additional payments to the developer in fiscal year 2021 after the agreement ended.

Recommendation – Because the development agreement ended, the County should investigate alternatives to comply with the LMI set-aside utilizing other potential sources of funds. The County should consult legal counsel to determine whether TIF collections received after the agreement ended can be used to meet the LMI set aside requirement which was not certified as TIF Debt. Also, because the period of the development agreement ended, the County should seek reimbursement from the developer for any payments made after the agreement ended.

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

Conclusion – Response accepted.

2025-M Tax Increment Financing – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. The County did not complete the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF, as noted below. Chapter 403.19 of the Code of Iowa allows a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the county until the amount of certified indebtedness is paid.

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

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

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

Conclusion – Response accepted.

Staff

This audit was performed by:

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