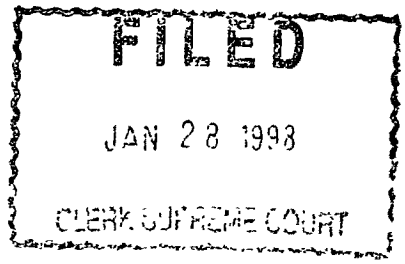
IN THE COURT OF APPEALS OF IOWA

000251

No. 7-478 / 96-2016
Filed January 28, 1998



IN RE THE MARRIAGE OF CONNIE LEA McCROSKEY AND WILLIAM G. McCROSKEY

Upon the Petition of
CONNIE LEA McCROSKEY,
Appellant,

And Concerning
WILLIAM G. McCROSKEY,
Appellee.

Appeal from the Iowa District Court for Lucas County, Dale B. Hagen, Judge.

Petitioner appeals from various economic provisions of the parties' dissolution decree. **AFFIRMED AS MODIFIED.**

James G. Ellefson of Harrison, Brennecke, Moore, Smaha & McKibben, Marshalltown, for appellant.

Greg A. Life of Life Law Office, Oskaloosa, for appellee.

Heard by Streit, P.J., and Vogel and Mahan, JJ.

STREIT, P.J.

Connie McCroskey appeals a trial court's valuation of her husband's car dealership and his debts. William and Connie McCroskey married on July 24, 1971. The trial court dissolved their marriage on October 18, 1996. During the trial, the parties disputed the value of the car dealership purchased during the marriage and the value of certain debts claimed by William. In its decree and ruling on post-trial motions, the court determined the value of certain marital assets and liabilities and divided them between the parties. The net value of the assets awarded to Connie was $146,010, using the court's figures. The net value of the assets awarded to William was $283,546. To equalize the property distribution, the court ordered William to pay Connie $68,768 [(283,546 – 146,010) ÷ 2] plus annual interest of six percent at the rate of $1000 monthly until paid in full.

Connie appeals, asserting the court undervalued the car dealership, overstated William's debt, and understated Connie's debt. She asks us to modify the values determined for these three items to reflect a difference between the property awards of $237,900 [(379,310 – 141,410) ÷ 2].

We review a decree of dissolution of marriage de novo. Iowa R. App. P. 4. We examine the entire record and adjudicate anew rights of the parties on the issues properly presented. *In re Marriage of Steenhoek*, 305 N.W.2d 448, 452 (Iowa 1981). We give weight to the findings of the trial court, especially when considering the

credibility of witnesses, but are not bound by them. Iowa R. App. P. 14(f)(7); *In re Marriage of Hardy*, 539 N.W.2d 729, 730 (Iowa App. 1995).

Partners in a marriage are entitled to a just and equitable share of the property accumulated through their joint efforts. *In re Marriage of Russell*, 473 N.W.2d 244, 246 (Iowa App. 1991). We do not require an equal division or percentage distribution. *Id.* The determining factor is what is fair and equitable in each circumstance. *Id.* The distribution of property should be made in consideration of the criteria codified in Iowa Code section 598.21(1) (1995); *In re Marriage of Estlund*, 344 N.W.2d 276, 280 (Iowa App. 1983). However, valuation of closely held corporations can be difficult. The purpose of determining value is to assist the court in making equitable property awards and allowances. *In re Marriage of Dennis*, 467 N.W.2d 806, 808 (Iowa App. 1991).

The parties presented evidence, both from William's financial statements prepared for his bank, and from operating reports from McCroskey, Inc. The financial statement filed after the parties separated stated the value of the company as $340,379. The operating report ending December 31, 1995, also states the net worth of the company as $340,379. The operating report ending August 31, 1996 states the net worth of the company as $466,181. The trial court valued the company at $319,855, which was the net working capital figure from the August 31, 1996 operating report.

Because of the accounting practices of the company, it appears operating losses are not shown until the year-end report. Consequently, we find the net worth reflected on the August 31, 1996 report to be inflated by the year-to-date profit or loss figure. The report values William's stock and additional paid-in capital at $65,000, the same as the 1995 year-end report. The 1996 report shows retained earnings of $275,379, up from $228,656 in the 1995 report. The net profit per car in 1995, after calculating year-end losses was $234.79. Using that figure as a conservative value for 1996, the net profit on the 125 cars sold through August would be $29,349. The trial court should not have used the net working capital figure as the value of the company. We find the net value of the company as of August 31, 1996, to be $369,728 [65,000 + 275,379 + 29,349], and modify the decree accordingly.

William presented testimony and promissory notes in support of his claim he owed his parents $126,240. Although, as Connie claims, his financial statements never reflected more than $21,000 in loans from his parents, we find the total amount supported by credible evidence. Although it appears William misrepresented his net worth to his bank and to General Motors, we find the value placed by the trial court on William's indebtedness to his parents to be correct. We affirm this portion of the decree.

Connie finally claims the trial court erroneously did not include in its calculations the value of credit card debts she incurred after the parties separated. The court explicitly disregarded that debt in its decree. We find Connie had debts totalling

$4600 incurred after the separation. The net worth of the parties at the time of trial is relevant in adjusting their property rights. *In re Marriage of Muelhaupt*, 439 N.W.2d 656, 661 (Iowa 1989); *In re Marriage of Moffatt*, 279 N.W.2d 15, 20 (Iowa 1979). We find it equitable for Connie to pay that debt and modify the trial court's decree to include the debt in our division of the marital assets and liabilities. We do not consider it equitable to include this debt in the final calculations of the amount to be paid by William to Connie.

We modify the decree to increase the valuation of the car dealership from $319,885 to $369,728. We also increase the amount of debt allocated to Connie by $4600. Because we find it equitable for Connie to pay this debt, we do not include it in the calculation of the equalization payment William shall make to Connie. The $49,843 increase in the value of the car dealership awarded to William increases the amount William shall pay to Connie from $68,768 to $93,689. The payment terms prescribed by the trial court shall apply except that the entire sum unpaid shall become due and payable on February 1, 2003. Also, in the event any payment is more than thirty days late, the entire sum shall become due and payable.

All other provisions of the decree are affirmed.

AFFIRMED AS MODIFIED.