2019
LYON COUNTY

Independent Auditor's Reports
Basic Financial Statements and
Supplementary Information
Schedule of Findings

June 30, 2019

Prepared By:
De Noble, Austin & Company PC
121 South Story Street
Rock Rapids, Iowa 51246

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Officials

Name	Title	Term Expires
(Before January 2019)		
Randy Bosch	Board of Supervisors	December 31, 2018
Steve Michael	Board of Supervisors	December 31, 2018
Kirk Peters	Board of Supervisors	December 31, 2018
Mark Behrens	Board of Supervisors	December 31, 2020
Merle Koedam	Board of Supervisors	December 31, 2020
Shayne Mayer	County Attorney	December 31, 2018
Eldon Kruse	County Recorder	December 31, 2018
Russell Hopp	County Treasurer	December 31, 2018
Jennifer Smit	County Auditor	December 31, 2020
Stewart VanderStoep	County Sheriff	December 31, 2020
Marilee Schleusner	County Assessor	December 31, 2021
Craig Van Otterloo	County Conservation Director	Indefinite
Lisa Rockhill	County Disabilities Coordinator	Indefinite
Steve Simons	County Economic Development Director	Indefinite
Laura Sievers	County Engineer	Indefinite
Melissa Stillson	County Health Services Administrator	Indefinite
(Beginning January 2019)		
Mark Behrens	Board of Supervisors	December 31, 2020
Merle Koedam	Board of Supervisors	December 31, 2020
Jerry Birkey	Board of Supervisors	December 31, 2022
Josh Feucht	Board of Supervisors	December 31, 2022
Steve Herman	Board of Supervisors	December 31, 2022
Jennifer Smit	County Auditor	December 31, 2020
Stewart VanderStoep	County Sheriff	December 31, 2020
Shayne Mayer	County Attorney	December 31, 2022
Eldon Kruse	County Recorder	December 31, 2022
Russell Hopp	County Treasurer	December 31, 2022
Marilee Schleusner	County Assessor	December 31, 2021
Craig Van Otterloo	County Conservation Director	Indefinite
Lisa Rockhill	County Disabilities Coordinator	Indefinite
Steve Simons	County Economic Development Director	Indefinite
Laura Sievers	County Engineer	Indefinite
Melissa Stillson	County Health Services Administrator	Indefinite

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Independent Auditor's Report

To the Officials of Lyon County:

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lyon County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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 the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the 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 Lyon County as of June 30, 2019, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 5 through 15 and 58 through 64 be presented to supplement the basic financial statements. Such information, 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 U.S. generally accepted auditing standards, 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 Lyon 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, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information 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 January 10, 2020 on our consideration of Lyon 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 Lyon County's internal control over financial reporting and compliance.

De Noble, Austin & Company PC

De Noble & Company PC
d/b/a De Noble, Austin & Company PC
Certified Public Accountants

January 10, 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

Lyon County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Fiscal Year 2019 Financial Highlights

- The County's governmental fund revenues for fiscal year 2019 were $15,679,226 compared to $16,751,809 in fiscal year 2018, a decrease of $(1,072,583), or (6.41%). Property and other county tax for fiscal year 2019 was $6,195,627, compared to $6,288,457 in fiscal year 2018, a decrease of $(92,830), or (1.48%). Intergovernmental revenues for fiscal year 2019 were $5,876,244, compared to $6,629,327 in fiscal year 2018, a decrease of $(753,083), or (11.36%). Miscellaneous revenues for fiscal year 2019 were $268,076, compared to $704,451 in fiscal year 2018, a decrease of $(436,375), or (61.95%).

- The County's governmental fund expenditures for fiscal year 2019 were $18,289,944, compared to $18,853,692 in fiscal year 2018, a decrease of $(563,748) or 2.99%. The expenditure function classifications with the largest increases were roads and transportation, and public safety and legal services, with increases of $3,256,970 or 17.81%, and $299,198, or 9.27%, respectively. The expenditure function classification with the largest decrease was capital projects with a decrease of $(3,953,515), or (66.65%).

- The County's total governmental fund balances decreased by $(2,608,389), or (21.40%), from $12,189,793 to $9,581,404 during fiscal year 2019. The County's total governmental fund balances decreased by $(2,066,279), or (14.49%), from $14,256,072 to $12,189,793 during fiscal year 2018.

- Revenues of the County's governmental activities increased by $2,471,303, or 14.21%, from $17,399,463 to $19,870,766 during fiscal year 2019. The increase in revenues overall was the result of the following changes during fiscal year 2019 from fiscal year 2018: charges for services increased by $306,177; operating grants, contributions and restricted interest increased by $314,082; capital grants, contributions and restricted interest increased by $1,815,055; and general revenues increased by $35,989.

- Expenses of the County's governmental activities increased by $1,931,731, or 14.17%, from $13,639,973 to $15,571,704 during fiscal year 2019. The main function areas to increase were the roads and transportation function, which increased by $1,828,573, the public safety and legal services function, which increased by $134,342, and the governmental services to residents, which increased by $71,549. The increases in these functions were partially offset by a decrease in the mental health function which was lower by $(126,517).

- The County's government-wide change in net position for governmental activities during fiscal year 2019 was an increase of $4,299,062 over the June 30, 2018 balance of $55,486,840, which resulted in a net position of $59,785,902.

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 Lyon 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 Lyon County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Lyon County acts solely as an agent or custodian for the benefit of those outside of County government (Agency 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 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 Special Revenue Funds and the individual Agency Funds.

Reporting the County's Financial Activities

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program current activities, interest on long-term debt and minor capital projects. Property tax, other types of taxes, 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 these funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Rural Services, Secondary Roads and County Tax Increment Financing, 3) the Capital Projects Fund, and 4) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

   The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. A proprietary fund accounts for the County's Internal Service Fund, 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 agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for County offices, E911, Emergency Management Services, the County Assessor, and all the tax funds necessary to collect and distribute property taxes to schools, cities, townships and several other taxing authorities, to name a few.

   The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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 the County's overall financial position. Lyon County's combined net position increased from $55,486,840 to $59,785,902. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities

	June 30, 2019	June 30, 2018
Current and Other Assets	$ 19,817,747	$ 21,753,788
Capital Assets	55,018,211	48,582,055
Total Assets	74,835,958	70,335,843
Deferred Outflows of Resources	1,123,143	1,236,308
Other Liabilities	1,199,008	1,018,592
Long-Term Liabilities	7,199,864	8,137,045
Total Liabilities	8,398,872	9,155,637

Deferred Inflows of Resources		7,774,327		6,929,674
Net Position				
Net Investment in Capital Assets		51,523,211		44,582,055
Restricted		7,933,718		10,692,398
Unrestricted		328,973		212,387
Total Net Position	**$**	**59,785,902**	**$**	**55,486,840**

The decrease in current and other assets was mainly due to decreases in cash, cash equivalents and pooled investments and prepaid expenses. Long-term liabilities decreased primarily due to principal payments paid on general obligation bonds payable, and a decrease in the net pension liability. Also, deferred outflows of resources decreased due to pension related calculations, and deferred inflows of resources increased primarily as a result of pension related calculations, and an increase in unavailable property tax and tax increment financing revenues.

The largest portion of the County's net position, 86.18%, is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position, 13.27% of the County's net position, represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the remaining 0.55% of the County's 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 – increased $116,586 compared to the prior fiscal year balance.

Changes in Net Position of Governmental Activities

		Year Ended June 30, 2019		**Year Ended June 30, 2018**
Revenues:				
Program Revenues:				
Charges for Service	$	1,887,915	$	1,581,738
Operating Grants, Contributions and Restricted Interest		5,031,792		4,717,710
Capital Grants, Contributions and Restricted Interest		3,818,669		2,003,614
General Revenues:				
Property Tax Levied for:				
General Purposes		5,722,447		6,063,900
Debt Service		475,620		226,319
Hotel/Motel Tax		131,278		132,990
Local Option Sales Tax		698,589		659,761
Gambling Taxes		551,025		500,805
Tax Increment Financing		554,270		569,681
Interest and Penalty on Property Tax		24,564		23,905
State Tax Credits		356,268		350,922
Grants and Contributions not Restricted to Specific Purposes		206,068		172,368
Unrestricted Investment Earnings		294,147		240,533
Rents		46,757		46,490
Gain on Disposal of Capital Assets		63,854		89,355
Other General Revenues		7,503		19,372
Total Revenues		19,870,766		17,399,463
Expenses:				
Program Expenses:				
Public Safety and Legal Services		3,560,235		3,425,893
Physical Health and Social Services		617,840		602,343
Mental Health		122,272		248,789
County Environment and Education		980,969		971,096
Roads and Transportation		8,243,389		6,414,816

Governmental Services to Residents	592,340	520,791
Administration	1,249,033	1,228,936
Non-Program Current	89,564	99,625
Interest on Long-Term Debt	91,572	101,688
Capital Projects	24,490	25,996
Total Expenses	15,571,704	13,639,973
Increase in Net Position	4,299,062	3,759,490
Net Position Beginning of Year (As Restated, 2018)	55,486,840	51,727,350
Net Position End of Year	**$ 59,785,902**	**$ 55,486,840**

- The amount of the costs financed by users (charges for service) increased by $306,177, or 19.36%. The increase from fiscal year 2018 to fiscal year 2019 in this type of revenue was mainly due to an increase in the public safety and legal services function of $187,131.

- Operating grants, contributions and restricted interest increased by $314,082, or 6.66%. The increase from fiscal year 2018 to fiscal year 2019 in this type of revenue was mainly due to an increase in the roads and transportation function of $460,168. This increase was partially offset by a decrease in the public safety and legal services function of $(138,317).

- Capital grants, contributions and restricted interest increased by $1,815,055, or 90.59%. The increase was mainly the result of the roads and transportation function increasing by $1,737,730 during fiscal year 2019.

- General revenues general revenues increased by $35,989, or 0.39%. Property and other county tax revenues levied for general purposes decreased by $(341,453), or (5.63%), while property and other county tax revenues levied for debt service purposes increased by $249,301, or 110.16%.

- Expenses of the County's governmental activities increased by $1,931,731, or 14.16%, from $13,639,973 to $15,571,704 during fiscal year 2019. The main function areas to increase were the roads and transportation function, which increased by $1,828,573, the public safety and legal services function, which increased by $134,342, and the governmental services to residents, which increased by $71,549. The increases in these functions were partially offset by a decrease in the mental health function which was lower by $(126,517).

Lyon County decreased the total countywide property tax levy rate by (0.08777) and increased the rural property tax levy rate by 0.08777 per $1,000 of valuation. Taxable valuation by levy, actual levy rate per $1,000 of valuation and total dollars levied are as follows:

	Taxes Levied Fiscal Year 2019	**Taxes Levied Fiscal Year 2018**
Countywide Taxable Valuation *	$ 895,406,131	$ 898,041,688
Countywide Levy Rate Without Debt Service	4.29365	4.65719
Dollars Levied Without Debt	3,844,560	4,182,360
Countywide Taxable Valuation for Debt Service *	951,760,954	950,339,449
Countywide Debt Service Levy	.52629	.25051
Dollars Levied for Debt Service	500,902	238,070
Total Countywide Levy Rate	4.81994	4.90771
Total Dollars Levied Countywide	4,315,804	4,420,330

Rural Taxable Valuation *	676,949,385	696,669,660
Rural Service Tax Levy	3.14876	3.06099
Dollars Levied for Rural Area Only	2,131,551	2,134,499
Total Levy Rate (All Property Taxes)	7.96870	7.96870
Total Dollars Levied (All Property Taxes)	7,584,297	6,552,929

* Note: Taxable valuation is value without Gas & Electric Utilities

Taxable Valuation History

Fiscal Year	Based on January 1st Values	Countywide Valuation	Debt Service Valuation	Rural Service Valuation
FY 2018/2019	January 1, 2017	$ 895,406,131	$ 951,760,954	$ 676,949,385
FY 2017/2018	January 1, 2016	898,041,688	950,339,449	696,669,660
FY 2016/2017	January 1, 2015	865,528,084	910,702,317	669,572,645
FY 2015/2016	January 1, 2014	811,934,995	849,539,341	619,415,400
FY 2014/2015	January 1, 2013	786,892,394	829,156,613	597,860,618
FY 2013/2014	January 1, 2012	723,916,406	768,545,696	548,848,003
FY 2012/2013	January 1, 2011	669,222,781	701,839,818	503,062,190
FY 2011/2012	January 1, 2010	614,060,919	632,781,735	453,312,849
FY 2010/2011	January 1, 2009	588,931,440	606,553,674	431,053,746
FY 2009/2010	January 1, 2008	533,205,168	546,288,981	394,351,034

- Lyon County's fiscal year 2019 countywide taxable valuation (without utilities) decreased $(2,635,557) or (0.30%), from fiscal year 2018; the fiscal year 2019 debt service taxable valuation increased $1,421,505, or 0.15%, from fiscal year 2018; and the fiscal year 2019 rural service valuation decreased $(19,720,275) or (2.83%), from fiscal year 2018.

- Taxable value is the property value used for computing property taxes. It is the fully assessed valuation reduced by any applicable tax abatement and statewide rollback factors. Residential, commercial and industrial property is based on fair market value and agricultural property is based on productivity and net earnings capacity value. Each county has an average productivity value. This value is based on a 5-year average of annual Iowa Crop and Livestock Reporting Service census data. The data is updated every odd-numbered year using the past 5 years of data. Iowa Code Section 441.21(1)e states "value of agricultural property shall be determined on the basis of productivity and net earnings capacity...applied uniformly among counties and among classes of property".

Individual Major Fund Analysis

Lyon County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

As Lyon County completed fiscal year 2019, its governmental funds reported a combined fund balance of $9,581,404. This is in comparison to last fiscal year when the combined fund balance was $12,189,793. This is a decrease of $(2,608,389) from last year, or (21.40%). The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

- **General Fund:** The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general operating expenses are paid from this fund. The General Fund ending fund balance was $4,220,463. This is in comparison to last fiscal year when the fund balance was $3,617,698. This is an increase of $602,765 from last year, or 16.67%. For fiscal year 2019, expenditures totaled $5,552,287 (fiscal year 2018 = $6,569,135), a decrease of $(1,016,848), or (15.48%); operating transfers out totaled $217,415 (fiscal year 2018 = $510,893), a decrease of $(293,478), or (57.44%); sale of capital assets totaled $165 (fiscal year 2018 = $0); and revenues totaled $6,372,302 (fiscal year 2018 = $6,408,367), a decrease of $(36,065), or (0.57%). The General Basic Fund levy for fiscal year 2019 was 3.50000 (fiscal year 2018 = 3.50000); the maximum amount allowed by law is 3.50000. The General Supplemental Fund levy was 0.66351 for fiscal year 2019 and 0.88326 for 2018. The General Supplemental Fund is used when the basic levy is not sufficient to meet the County's needs. Expenditures the board may certify for the General Supplemental Fund are listed in Iowa Code Section 331.424.

  - Current property and other county tax revenues decreased by $(208,036), due to the reduction in valuations and a decrease in the supplemental levy rate. Gambling taxes and use of money and property increased $50,225 and $73,018, respectively.
  - The capital projects function decreased by $(979,194), due to the following projects done during fiscal year 2018: multiple new road projects, a heating and cooling update at the courthouse, and a paving project at Lake Pahoja. Additionally, the debt service function decreased $(268,019) and the public safety and legal services function increased $285,395.
  - The June 30, 2019 fund balance of $4,220,463 is comprised of $62,372 in nonspendable balances (inventories and prepaid expenditures), $844,397 in restricted balances (supplemental levy purposes, jail improvements/courthouse security, hotel/motel tax and ambulance purposes) and $3,313,694 in unassigned balance.

- **Rural Services Fund:** The Rural Services Fund accounts for property tax and other revenues used to provide services, which are primarily intended to benefit those persons residing in the county outside of incorporated city areas, including secondary road services, but excluding services financed by other statutory funds. The Rural Service ending fund balance was $843,729 at June 30, 2019. This is in comparison to last fiscal year when the ending fund balance was $945,951. This is a decrease of $(102,222) from last year, or (10.81%). For fiscal year 2019, expenditures totaled $1,189,359 (fiscal year 2018 = $1,161,234), an increase from last year of $28,125, or 2.42%; operating transfers out totaled $2,115,501 (fiscal year 2018 = $2,174,299), a decrease of $(58,798), or (2.71%); and revenues totaled $3,202,638 (fiscal year 2018 = $3,168,261), an increase from last year of $34,377, or 1.09%. The rural services basic levy for fiscal year 2019 was 3.14876 (fiscal year 2018 = 3.06099). The maximum allowed by law for the basic levy is 3.95000. The Rural Services Supplemental Fund, which the County did not levy for during fiscal year 2019, can be used when the basic levy is not sufficient to meet the County's needs.

  - Besides property and other county tax dollars collected, local option sales tax and contract law enforcement are the other major revenue sources generated by this fund. Major expenditures in this fund are uniformed law enforcement patrol, libraries support, zoning, environmental/sanitarian and roadway related projects. Operating transfers out go to the Secondary Roads and Economic Development Funds for operational costs.

- **Secondary Roads Fund:** The Secondary Roads Fund is used to account for secondary roads construction and maintenance. The Secondary Roads ending fund balance was $3,721,599 at June 30, 2019. This is in comparison to last fiscal year when the ending fund balance was $5,853,227. This is a decrease of $(2,131,628) from last year, or (36.42%). For fiscal year 2019, expenditures totaled $9,065,391 (fiscal year 2018 = $6,521,598), an increase from last year of $2,543,793, or 39.01%; fiscal year 2019 revenues totaled $4,728,683 (fiscal year 2018 = $5,644,557), a decrease of $(915,874), or (16.23%); fiscal year 2019 transfers in totaled $2,202,916 (fiscal year 2018 = $2,557,142), a decrease of $(354,226), or (13.85%); and fiscal year 2019 sale of capital assets totaled $2,164 (fiscal year 2018 = $35,604), a decrease of $(33,440).

  - Miscellaneous revenues decreased by $(410,453), related to a large reimbursement from private sources for project cost received in fiscal year 2018. Intergovernmental revenues decreased by $(502,033).
  - Expenditures in the capital projects function decreased by $(713,744), while expenditures in the roads and transportation function increased by $3,257,537.

- **County Tax Increment Financing:** The County Tax Increment Financing Fund is used to account for the collection of tax increment financing revenues within County urban renewal areas which currently includes the payment of rebate tax increment financing dollars collected for a few qualifying businesses and the payment of infrastructure related costs within Lyon County that are eligible to be paid due to being in a County urban renewal area. The ending fund balance at June 30, 2019 in the County Tax Increment Financing Fund was $(461,000). This is in comparison with the ending fund balance of $(466,685) last fiscal year. This is an increase of $5,685 during fiscal year 2019. Fiscal year 2019 revenues totaled $556,118 ($554,269 in tax increment financing collections and $1,849 in business tax credits). Fiscal year 2019 expenditures totaled $550,433 ($89,564 for rebates to businesses in County urban renewal areas; $2,733 for legal costs related to the County's urban renewal areas; and $458,136 infrastructure related costs in a County urban renewal area).

    - The $461,000 unassigned deficit fund balance at June 30, 2019 is the result of an interfund loan payable to the Secondary Roads Fund. This interfund loan is expected to be repaid with fiscal year 2019/2020 tax increment financing revenues.

- **Capital Projects Fund:** The Capital Projects Fund is utilized to account for roads, bridges and culverts related capital projects (being primarily paid for through the issuance of general obligation bonds) and costs related to the construction of a nature center at Lake Pahoja (being paid for through an operating transfer from the CS Projects & Conservation Land Acquisition Trust Fund). The ending fund balance at June 30, 2019 in the Capital Projects Fund was $281,403 ($232,183 is for roadway related capital projects and $49,220 is for the nature center capital project). This is in comparison with the ending fund balance of $1,250,182 last fiscal year (all for the roadway related capital projects). This is a decrease of ($968,779) during fiscal year 2019. For fiscal year 2019, expenditures totaled $1,181,793 (fiscal year 2018 = $3,359,536), a decrease from last year of $(2,177,743); fiscal year 2019 revenues totaled $13,014 (fiscal year 2018 = $284,423), a decrease of $(271,409); fiscal year 2019 transfers out totaled $0 (fiscal year 2018 = $15,000); and fiscal year 2019 transfers in totaled $200,000 (fiscal year 2018 = $0).

    - During the fiscal year ended June 30, 2019, the County expended $1,031,013 for capital project costs for several roads, bridges and culverts, and $150,780 towards the construction of a nature center at Lake Pahoja.

- **Debt Service Fund:** The Debt Service Fund is used to account for property tax and other revenue designed to retire debt. The Debt Service Fund is currently paying for the principal due on the "General Obligation Corporate Purpose Bonds, Series 2017" bonds (the interest due on these bonds is currently being paid for by the General Fund). The Debt Service Fund ending fund balance was $17,326 at June 30, 2019. This is in comparison to last fiscal year when the ending fund balance was $5,065. This is a $12,261 increase from last year. For fiscal year 2019, expenditures totaled $505,000 (fiscal year 2018 = $240,000), and revenues totaled $517,261 (fiscal year 2018 = $245,065). Activity for fiscal year 2019 was as follows: tax collections and credits of $512,772, interest income of $4,489, and principal payment on bonds of $505,000.

- **Other Special Revenue Funds:** The other Special Revenue Funds, which include Mental Health, Resource Enhancement and Protection, County Recorder's Records Management, Sheriff's Asset Forfeiture, CS Projects & Conservation Land Acquisition Trust, Well Closing Trust, Economic Development, County Attorney Incentive, and Revolving Loans – Development Projects are classified as non-major Special Revenue Funds.

Budgetary Highlights

In accordance with Iowa Code Section 331.434, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except the County's Internal Service and Agency Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, Lyon County amended its budget three times.

The first amendment was adopted December 24, 2018 and resulted in an increase in budgeted disbursements of $1,565,671. Reasons for the increases were: $181,600 for a new ambulance rig; $65,300 down payment on the new nature center building; $14,880 mural expense remaining from FY18; $1,300 for TIF payment in 2019; and $1,345,000 for Secondary Roads ($60,000 new equipment, $150,000 equipment operations, $140,000 tools-materials, and $995,000 real estate); while there was a reduction in the public safety and legal services function of $(42,409).

The second amendment was adopted March 12, 2019 and resulted in an increase of budgeted disbursements of $223,350 and transfers out of $200,000. Reasons for the increases were: $15,000 for EMT call time; $134,700 of nature center expenditures; $28,650 for painting of the 1st and 2nd floor of the courthouse; and $45,000 for computer upgrades. The transfer moved $200,000 from the CS Projects & Conservation Land Acquisition Trust Fund to the Capital Projects Fund.

The final amendment was adopted on May 28, 2019 and resulted in an increase of budgeted disbursement of $3,900. Reasons for the increase were: $2,500 for court appointed conservator attorney fees; $500 mileage for mental health employee; and $900 desk for conservation office. The budget amendment also increased miscellaneous revenue by $900 and transfers in by $200,000 (to account for the March 12, 2019 transfer).

Lyon County budgets on a cash accounting basis. In fiscal year 2019, Lyon County budgeted (after final amendment) $14,791,541 for receipts, $18,676,899 for disbursements, $190,000 for other financing sources, and an ending cash balance of $5,101,813. Lyon County actually finished the year with receipts of $16,587,216 ($1,795,675 over budget); disbursements of $17,814,494 ($862,405 under budget); other financing sources of $2,329 ($187,671 under budget); and an ending cash balance of $8,738,601 ($3,636,788 over budget).

Capital Assets and Debt Administration

Capital Assets: Lyon County concluded fiscal year 2019 with $75,832,900 invested in a broad range of capital assets, including recreational land and park equipment, public safety equipment, buildings, machinery, vehicles, roads and bridges. More detailed information about the County's capital assets is presented in "Note 5 to the Financial Statements."

Capital Assets of Governmental Activities at Year End

	June 30, 2019	June 30, 2018
Land	$ 2,179,929	$ 2,179,929
Buildings & Improvements	11,760,599	9,782,472
Machinery, Equipment & Vehicles	13,091,448	12,113,781
Infrastructure	42,829,763	40,866,226
Construction in Progress	5,971,161	2,411,719
Total	**75,832,900**	**67,354,127**

This year's major asset additions included:

Ambulance		**Secondary Roads**	
2017 Ram Ambulance	$ 186,600	2018 John Deere Grader	306,630
Sheriff		2018 Little Falls Wing	15,150
2019 Ford Explorer	31,895	2 - 2018 Pup Trailers	68,112
10 – Toughbooks	52,913	2018 Hitachi Grader	63,500
2019 Ford F150 and Equipment	39,970	2019 Freightliner Truck	118,711
Conservation		Henke Wing and One-Way Plow	30,999
2018 Ford Explorer Wagon	28,995	Shouldering Machine	31,161
Blacktop West Drive @ Lake Pahoja	37,146	Rock Rapids Shop Building	2,074,376
Courthouse		Culvert & Bridge Projects	2,269,167
AS400 Server	23,918	Gallon Box Body	55,198
2nd Floor Painting	18,640		
2019 Pictometry Flyover	63,396		

The County had depreciation expense of $2,420,837 in fiscal year 2019 and total accumulated depreciation of $20,814,689 as of June 30, 2019.

Long-Term Debt: Lyon County issued $4,500,000 in General Obligation Corporate Purpose Bonds, Series 2017 dated June 8, 2017 with the interest rate at 2% - 2.50%. Final principal payment will be due June 1, 2025. The paying agent is Bankers Trust of Des Moines. On June 30, 2019, Lyon County's outstanding debt for general obligation bonds was $3,495,000; compared to $4,000,000 on June 30, 2018.

Outstanding Long-Term Debt of Governmental Activities at Year-End

	June 30, 2019	June 30, 2018
Total OPEB Liability	$ 382,193	$ 378,174
Net Pension Liability	2,838,220	3,254,423
Compensated Absences	484,451	504,446
General Obligation Bonds	3,495,000	4,000,000
Total	**$ 7,199,864**	**$ 8,137,043**

The Constitution of the State of Iowa limits the amount of general obligation debt (as determined by State of Iowa regulations) counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits (this figure is 100% valuation less military exemptions). Lyon County's outstanding general obligation debt at and tax increment financing obligations are significantly below its constitutional debt limit of approximately $81.6 million. Additional information about the County's long-term debt is presented in "Note 7 to the Financial Statements."

Economic Factors

Lyon County's elected and appointed officials/department heads considered many factors when setting the fiscal year 2019/2020 budget. The Board of Supervisors lifted the salary freeze in effect for all departments from fiscal year 2019/2020, but did ask departments to continue to review large expenses in the General Basic Fund. Supervisors also looked at tax rates, revenues, and the fees that will be charged for various County activities. One of the factors considered is the overall economy. Unemployment in Lyon County in December 2018 was at 1.6%; while the unemployment rate for the State of Iowa in December 2018 was at 2.4%.

Another significant factor is property taxable valuations. The valuations for fiscal year 2019/2020, excluding gas and electric utility valuations, were as follows: countywide valuation = $951,713,882 (increase of $56,307,751 from FY 2018/2019); debt service valuation = $1,010,527,600 (increase of $58,766,646 from FY 2018/2019); and rural service valuation = $722,716,251 (increase of $45,766,866 from FY 2018/2019). Even with the increase in property valuations, the County kept levies about the same as FY 2018/2019 with the exception of the debt service and mental health levies. The debt service levy was raised to cover the principal payment for the General Obligation Corporate Purpose Bonds, Series 2017, and the mental health levy was raised to meet the need of the request of the Sioux Rivers Regional MHDS Mental Health Region, which the County joined on June 1, 2019. As a whole, the County levied more property taxes in FY 2019/2020 than in FY 2018/2019.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Lyon 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:

Jennifer Smit, Lyon County Auditor
206 South 2nd Avenue
Rock Rapids, Iowa
jsmit@co.lyon.ia.us
(712) 472-8517

Lyon County Board of Supervisors:

Josh Feucht	District #1	Term: 1-1-2019 to 12-31-2022
Merle Koedam	District #2	Term: 1-1-2017 to 12-31-2020
Mark Behrens	District #3	Term: 1-1-2017 to 12-31-2020
Jerry Birkey	District #4	Term: 1-1-2019 to 12-31-2022
Steve Herman	District #5	Term: 1-1-2019 to 12-31-2022

Sources: Unemployment: http://www.iowaworkforce.org
State Auditor's Office: http://auditor.iowa.gov

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Basic Financial Statements
Lyon County

Exhibit A – Statement of Net Position
June 30, 2019

		Governmental Activities
Assets		
Cash, Cash Equivalents and Pooled Investments	$	10,286,188
Receivables:		
Property Tax:		
Delinquent		218
Succeeding Year		6,634,375
Tax Increment Financing:		
Succeeding Year		649,882
Interest and Penalty on Property Tax		663
Accounts		372,432
Accrued Interest		54
Due from Agency Funds		95,962
Due from Other Governments		848,036
Inventories		832,071
Prepaid Expenses		60,406
Prepaid Lease		37,460
Capital Assets (Net of Accumulated Depreciation)		55,018,211
Total Assets		74,835,958
Deferred Outflows of Resources		
Pension Related Deferred Outflows		1,123,143
Liabilities		
Accounts Payable		901,775
Contracts Payable		178,193
Salaries and Benefits Payable		71,358
Compensated Absences		15,734
Due to Other Governments		25,243
Accrued Interest Payable		6,705
Long-Term Liabilities:		
Portion Due or Payable Within One Year:		
General Obligation Bonds		550,000
Compensated Absences		35,309

Exhibit A – Statement of Net Position
June 30, 2019

Liabilities (Continued)	
Long-Term Liabilities (Continued):	
Portion Due or Payable After One Year:	
General Obligation Bonds	2,945,000
Compensated Absences	449,142
Net Pension Liability	2,838,220
Total OPEB Liability	382,193
Total Liabilities	8,398,872
Deferred Inflows of Resources	
Unavailable Property Tax Revenue	6,634,375
Unavailable Tax Increment Financing Revenue	649,882
Unavailable Law Enforcement Revenue	7,497
Pension Related Deferred Inflows	407,256
OPEB Related Deferred Inflows	75,317
Total Deferred Inflows of Resources	7,774,327
Net Position:	
Net Investment in Capital Assets	51,523,211
Restricted for:	
General Supplemental Levy Purposes	391,017
Jail Improvements/Courthouse Security	235,961
Hotel/Motel Tax Purposes	283,796
Rural Services Purposes	745,411
Secondary Roads Purposes	3,809,339
Capital Projects	281,403
Debt Service	17,349
Other Purposes	2,169,442
Unrestricted	328,973
Total Net Position	$ 59,785,902

See Notes to Financial Statements.

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Exhibit B – Statement of Activities

Year Ended June 30, 2019

	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 & Changes in Net Position
Functions/Programs:					
Governmental Activities:					
Public Safety and Legal Services	$ 3,560,235	908,732	84,273	47,325	(2,519,905)
Physical Health and Social Services	617,840	174,095	130,763	30,000	(282,982)
Mental Health	122,272	0	1,897	0	(120,375)
County Environment and Education	980,969	291,830	39,501	0	(649,638)
Roads and Transportation	8,243,389	228,560	4,775,026	3,741,344	501,541
Governmental Services to Residents	592,340	280,916	332	0	(311,092)
Administration	1,249,033	3,782	0	0	(1,245,251)
Non-Program Current	89,564	0	0	0	(89,564)
Interest on Long-Term Debt	91,572	0	0	0	(91,572)
Capital Projects	24,490	0	0	0	(24,490)
Total	$15,571,704	1,887,915	5,031,792	3,818,669	(4,833,328)
General Revenues:					
Property and Other County Tax Levied for:					
General Purposes					5,722,447
Debt Service					475,620
Local Option Sales Tax					698,589
Hotel/Motel Tax					131,278
Gambling Taxes					551,025
Tax Increment Financing					554,270
Penalty and Interest on Property Tax					24,564
State Tax Credits					356,268
Grants and Contributions Not Restricted to Specific Purpose					206,068
Unrestricted Investment Earnings					294,147
Rents					46,757
Gain on Disposal of Capital Assets					63,854
Miscellaneous					7,503
Total General Revenues					9,132,390
Change in Net Position					4,299,062
Net Position Beginning of Year					55,486,840
Net Position End of Year					$ 59,785,902

See Notes to Financial Statements.

Exhibit C – Balance Sheet / Governmental Funds

June 30, 2019

	General	Special Revenue: Rural Services	Special Revenue: Secondary Roads	Special Revenue: County Tax Increment Financing	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
Assets								
Cash, Cash Equivalents and Pooled Investments	$ 4,058,817	825,328	2,555,832	0	325,864	17,324	955,436	8,738,601
Receivables:								
Property Tax:								
Delinquent	177	9	0	0	0	25	7	218
Succeeding Year	3,739,730	2,223,729	0	0	0	519,701	151,215	6,634,375
Tax Increment Financing: Succeeding Year	0	0	0	649,882	0	0	0	649,882
Interest and Penalty on Property Tax	663	0	0	0	0	0	0	663
Accounts	323,697	450	35	0	0	0	3,261	327,443
Accrued Interest	54	0	0	0	0	0	0	54
Due from Other Governmental Funds	0	0	461,690	0	0	0	0	461,690
Due from Agency Funds	86,256	0	3,000	0	0	0	1,706	90,962
Due from Other Governments	83,058	57,990	706,559	0	0	0	429	848,036
Inventories	4,256	95	827,720	0	0	0	0	832,071
Prepaid Expenditures	58,116	332	380	0	0	0	178	59,006
Prepaid Lease	0	0	37,460	0	0	0	0	37,460
Total Assets	$ 8,354,824	3,107,933	4,592,676	649,882	325,864	537,050	1,112,232	18,680,461
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts Payable	$ 97,675	22,349	413,456	0	0	0	2,083	535,563
Contracts Payable	0	0	133,732	0	44,461	0	0	178,193
Salaries and Benefits Payable	38,603	2,564	30,191	0	0	0	0	71,358
Compensated Absences	0	7,375	8,359	0	0	0	0	15,734
Due to Other Governmental Funds	0	690	0	461,000	0	0	0	461,690
Due to Other Governments	23,437	0	922	0	0	0	175	24,534
Total Liabilities	159,715	32,978	586,660	461,000	44,461	0	2,258	1,287,072

Deferred Inflows of Resources:								
Unavailable Revenues:								
Succeeding Year Property Tax	3,739,730	2,223,729	0	0	0	519,701	151,215	6,634,375
Succeeding Year Tax Increment Financing	0	0	0	649,882	0	0	0	649,882
Other	234,916	7,497	284,417	0	0	23	875	527,728
Total Deferred Inflows of Resources	3,974,646	2,231,226	284,417	649,882	0	519,724	152,090	7,811,985
Fund Balances:								
Nonspendable:								
Inventories	4,256	95	827,720	0	0	0	0	832,071
Prepaid Expenditures/Lease	58,116	332	37,840	0	0	0	178	96,466
Restricted For:								
Supplemental Levy Purposes	390,992	0	0	0	0	0	0	390,992
Jail Improvements/Courthouse Security	163,048	0	0	0	0	0	0	163,048
Hotel/Motel Tax Purposes	283,796	0	0	0	0	0	0	283,796
Ambulance Purposes	6,561	0	0	0	0	0	0	6,561
Rural Services Purposes	0	843,302	0	0	0	0	0	843,302
Secondary Roads Purposes	0	0	2,856,039	0	0	0	0	2,856,039
Capital Projects	0	0	0	0	232,183	0	0	232,183
Debt Service	0	0	0	0	0	17,326	0	17,326
Other Purposes	0	0	0	0	0	0	438,562	438,562
Committed For:								
Conservation Purposes	0	0	0	0	49,220	0	297,315	346,535
Economic Development Purposes	0	0	0	0	0	0	221,829	221,829
Unassigned	3,313,694	0	0	(461,000)	0	0	0	2,852,694
Total Fund Balances	4,220,463	843,729	3,721,599	(461,000)	281,403	17,326	957,884	9,581,404
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,354,824	3,107,933	4,592,676	649,882	325,864	537,050	1,112,232	18,680,461

See Notes to Financial Statements.

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

June 30, 2019

Total Governmental Fund Balances (Pages 22-23)		$	9,581,404
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 $75,832,900 and the accumulated depreciation is $20,814,689.			55,018,211
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.			520,231
The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.			1,232,055
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred Outflows of Resources	$ 1,123,143		
Deferred Inflows of Resources	(482,573)		640,570
Long-term liabilities, including the accrued interest payable, general obligation bonds payable, certain compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.			(7,206,569)
Net Position of Governmental Activities (Pages 18-19)		**$**	**59,785,902**

See Notes to Financial Statements.

Exhibit E – Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

		Special Revenue						
	General	Rural Services	Secondary Roads	County Tax Increment Financing	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
Revenues:								
Property and Other County Tax	$ 3,558,023	2,051,012	0	0	0	475,615	110,977	6,195,627
Interest and Penalty on Property Tax	24,346	0	0	0	0	0	0	24,346
Local Option Sales Tax	0	698,589	0	0	0	0	0	698,589
Hotel/Motel Tax	131,278	0	0	0	0	0	0	131,278
Gambling Taxes	551,025	0	0	0	0	0	0	551,025
Tax Increment Financing	0	0	0	554,269	0	0	0	554,269
Intergovernmental	731,872	432,752	4,655,467	1,849	0	37,157	17,147	5,876,244
Licenses and Permits	37,890	19,367	11,995	0	0	0	0	69,252
Charges for Service	858,032	392	12	0	0	0	129,444	987,880
Use of Money and Property	297,373	0	145	0	13,014	4,489	7,619	322,640
Miscellaneous	182,463	526	61,064	0	0	0	24,023	268,076
Total Revenues	6,372,302	3,202,638	4,728,683	556,118	13,014	517,261	289,210	15,679,226
Expenditures:								
Operating:								
Public Safety and Legal Services	2,504,993	1,022,374	0	0	0	0	598	3,527,965
Physical Health and Social Services	585,507	25,648	0	0	0	0	0	611,155
Mental Health	0	0	0	0	0	0	117,467	117,467
County Environment and Education	673,621	100,668	0	0	0	0	127,616	901,905
Roads and Transportation	0	0	8,727,021	2,733	0	0	0	8,729,754
Governmental Services to Residents	466,780	1,932	0	0	0	0	0	468,712
Administration	1,228,986	38,737	0	0	0	0	0	1,267,723
Non-Program Current	0	0	0	89,564	0	0	0	89,564
Debt Service	92,400	0	0	0	0	505,000	0	597,400
Capital Projects	0	0	338,370	458,136	1,181,793	0	0	1,978,299
Total Expenditures	5,552,287	1,189,359	9,065,391	550,433	1,181,793	505,000	245,681	18,289,944

Excess (Deficiency) of Revenues Over (Under) Expenditures	820,015	2,013,279	(4,336,708)	5,685	(1,168,779)	12,261	43,529	(2,610,718)
Other Financing Sources (Uses):								
Sale of Capital Assets	165	0	2,164	0	0	0	0	2,329
Operating Transfers In	0	0	2,202,916	0	200,000	0	130,000	2,532,916
Operating Transfers Out	(217,415)	(2,115,501)	0	0	0	0	(200,000)	(2,532,916)
Total Other Financing Sources (Uses)	(217,250)	(2,115,501)	2,205,080	0	200,000	0	(70,000)	2,329
Changes in Fund Balances	602,765	(102,222)	(2,131,628)	5,685	(968,779)	12,261	(26,471)	(2,608,389)
Fund Balances Beginning of Year	3,617,698	945,951	5,853,227	(466,685)	1,250,182	5,065	984,355	12,189,793
Fund Balances End of Year	$ 4,220,463	843,729	3,721,599	(461,000)	281,403	17,326	957,884	9,581,404

See Notes to Financial Statements.

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Change in Fund Balances – Total Governmental Funds (Pages 26-27)		$ (2,608,389)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for Capital Assets	$ 5,116,477	
Capital Assets Contributed by the Iowa Department of Transportation	3,741,344	
Capital Assets Contributed by the Iowa Department of Public Health	30,000	
Depreciation Expense	(2,420,837)	6,466,984
In the Statement of Activities, the disposition of capital assets are reported as general revenues for gains and expenses for losses, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		(30,828)
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	20	
Other	311,270	311,290
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 were as follows:		
General Obligation Bonds	505,000	505,000
The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.		480,764
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	19,995	
Pension Expense	(468,636)	
OPEB Expense	(15,046)	
Interest on Long-Term Debt	828	(462,859)
The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		(362,900)
Change in Net Position of Governmental Activities (Pages 25)		**$ 4,299,062**

See Notes to Financial Statements.

Exhibit G – Statement of Net Position / Proprietary Fund

June 30, 2019

		Internal Service - Employee Group Health
Assets:		
Cash and Cash Equivalents	$	1,547,587
Accounts Receivable		44,989
Due From Agency Fund		5,000
Prepaid Expenses		1,400
Total Assets		1,598,976
Liabilities:		
Accounts Payable		366,212
Due to Other Governments		709
Total Liabilities		366,921
Net Position:		
Unrestricted	$	1,232,055

See Notes to Financial Statements.

Exhibit H – Statement of Revenues, Expenses and Changes in Fund Net Position / Proprietary Fund

Year Ended June 30, 2019

			Internal Service - Employee Group Health
Operating Revenues:			
Reimbursements from Governmental Funds			$ 1,101,017
Reimbursements from Agency Funds			71,764
Reimbursements from Current Employees			169,479
Reimbursements from Others			28,040
Insurance Reimbursements			439,106
Pharmacy Rebates			36,776
Total Operating Revenues			1,846,182
Operating Expenses:			
Medical Claims	$	1,798,798	
Insurance Premiums		354,972	
Administrative Fees		58,716	
HR Service/Compliance Fees		20,660	
Reinsurance Assessment		2,783	
Actuarial & Filing Fees (509A Reporting)		1,075	
Wellness Program		8,390	
Miscellaneous Fees		1,010	
Total Operating Expenses			2,246,404
Operating Loss			(400,222)
Non-Operating Revenues:			
Interest Income			37,322
Net Loss			(362,900)
Net Position Beginning of Year			1,594,955
Net Position End of Year			$ 1,232,055

See Notes to Financial Statements.

Exhibit I – Statement of Cash Flows / Proprietary Fund
Year Ended June 30, 2019

	Internal Service - Employee Group Health
Cash Flows From Operating Activities:	
Cash Received from Governmental Funds Reimbursements	$ 1,101,017
Cash Received from Agency Fund Reimbursements	71,764
Cash Received from Current Employees and Others	197,519
Cash Received from Insurance Reimbursements	458,635
Cash Received from Pharmacy Rebates	36,776
Cash Paid to Suppliers for Medical Claims	(1,761,314)
Cash Paid to Suppliers for Insurance Premiums	(353,144)
Cash Paid to Suppliers for Other Services/Charges	(91,182)
Net Cash Used For Operating Activities	(339,929)
Cash Flows From Investing Activities:	
Issuance of Interfund Loan to Agency Fund	(5,000)
Interest on Investments	37,322
Net Cash Provided By Investing Activities	32,322
Net Decrease in Cash and Cash Equivalents	(307,607)
Cash and Cash Equivalents Beginning of Year	1,855,194
Cash and Cash Equivalents End of Year	$ 1,547,587
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:	
Operating Loss	$ (400,222)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
Decrease in Accounts Receivable	19,529
Increase in Accounts Payable	40,729
Increase in Due to Other Governments	35
Net Cash Used For Operating Activities	$ (339,929)

See Notes to Financial Statements.

Exhibit J – Statement of Fiduciary Assets and Liabilities / Agency Funds

June 30, 2019

Assets:	
Cash, Cash Equivalents and Pooled Investments:	
County Treasurer	$ 1,431,141
Other County Officials	112,635
Receivables:	
Property Tax:	
Delinquent	1,383
Succeeding Year	15,694,056
Tax Increment Financing:	
Succeeding Year	602,240
Accounts	12,923
Special Assessment	49,450
Due from Other Agency Fund	281
Due from Other Governments	88,107
Inventories	63
Prepaid Expenses	14,270
Total Assets	18,006,549
Liabilities:	
Accounts Payable	21,994
Due to County's Governmental Funds	90,962
Due to County’s Internal Service Fund	5,000
Due to Other Agency Fund	281
Due to Other Governments	17,752,953
Trusts Payable	111,739
Compensated Absences	23,620
Total Liabilities	18,006,549
Net Position	$ 0

See Notes to Financial Statements.

Notes to Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

Lyon 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 Attorney, Auditor, Recorder, Sheriff, and Treasurer. Appointed/hired officials and department heads which assist the Board of Supervisors include the Conservation Director, Disabilities Coordinator, Economic Development Director, Engineer and Health Services Administrator. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, economic development assistance, planning and zoning, roadway construction and maintenance, and general administrative services.

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

A. Reporting Entity

For financial reporting purposes, Lyon 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.

Criteria also can include an organization's fiscal dependency on the County or if it would be significantly misleading to exclude an organization because of its relationship with the County. Lyon County has no component units which meet the Governmental Accounting Standards Board criteria in order to be included in Lyon County's reporting entity.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Lyon County Assessor's Conference Board, Lyon County Emergency Management Commission, Lyon County Joint E911 Service Board, Northwest Iowa Area Solid Waste Agency, Lyon County Economic Development Consortium, YES (Youth Emergency Services), Hazardous Material Response Commission (Region III), Northwest Iowa Care Connections and Northwest Iowa Regional Housing Authority. 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 Agency Funds of the County for the Assessor, Joint E911 Service and Emergency Management, and not reported for the Northwest Iowa Area Solid Waste Agency, Lyon County Economic Development Consortium, YES (Youth Emergency Services), Hazardous Material Response Commission (Region III), Northwest Iowa Care Connections and Northwest Iowa Regional Housing Authority.

During the year ended June 30, 2019, the County did not receive any revenue from or contribute/pay any money to the Lyon County Economic Development Consortium or the Hazardous Material Response Commission (Region III). The County paid $276 to the Northwest Iowa Solid Waste Agency for florescent light bulbs disposal; paid YES (Youth Emergency Services) $8,925 for juvenile services; contributed $5,216 toward operations of the Northwest Iowa Regional Housing Authority; contributed $90,060 toward support of the Emergency Management Services; and transferred $82,484 to the Northwest Iowa Care Connections for the County's share of regional mental health services. The Joint E911 Service owes the County $3,000 for sign work and supplies during fiscal year 2018/2019 (paid in fiscal year 2019/2020); and the County Assessor and Emergency Management Services contributed $55,492 and $16,272, respectively, to the County's Internal Service Fund, Employee Group Health, to participate in the County's group health insurance plan.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt, as applicable, 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:

- **General Fund -** 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 Funds -**

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

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

- The County Tax Increment Financing Fund is used to account for the collection of tax increment financing in county urban renewal areas. The County expends tax increment financing collections in the form of rebate payments to a few businesses and on reimbursements for costs related to infrastructure improvements (roads, etc.) in urban renewal areas.

- **Capital Project Fund -** The Capital Project Fund is utilized to account for proceeds received from the issuance of general obligation bonds for the purpose of paying capital project costs related to construction, reconstruction, improvement, repair or equipping of roads, bridges and culverts. Beginning in fiscal year ended June 30, 2019, the Capital Project Fund is also being used to account for the costs related to the construction of a nature center at Lake Pahoja.

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

Additionally, the County reports the following funds:

- **Proprietary Fund** – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis. An Internal Service Fund accounts for the County's health insurance benefit plan.

- **Fiduciary Funds** – Agency 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 and tax increment financing are recognized as revenue in the fiscal year for which 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 fiscal year or soon enough thereafter to pay liabilities of the current fiscal 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), charges for services, interest and certain miscellaneous revenues associated with the current fiscal year 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, any claims and judgments and compensated absences (for employees who haven't terminated employment) 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 capital leases, as applicable, are reported as other financing sources.

Under the terms of certain 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 positions 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 the restricted fund balance and then from the 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 are charges to various funds, employees and others for health plan costs, insurance reimbursements and pharmacy rebates. Operating expenses for the Internal Service Fund include the cost of medical claims, insurance premiums, administrative fees, HR service/compliance fees and other service costs. 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.

  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 and Tax Increment Financing Receivables** – Property tax and tax increment financing in governmental funds are accounted for using the modified accrual basis of accounting.

  Property tax and tax increment financing receivables are 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 March 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 revenues are reported as 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 each is levied.

  Property tax and tax increment financing revenues recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; are based on January 1, 2017 assessed property valuations; are for the tax accrual period July 1, 2018 through June 30, 2019 and reflect the tax asking contained in the budget certified by the County Board of Supervisors in February 2018.

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

- **Accounts Receivable** – Accounts receivable represents money owed to the County, mainly for services provided by the County, which was not paid to the County as of June 30, 2019. The General Fund and governmental activities accounts receivable totals include $125,101 and $77,397 in jail fees and ambulance charges receivables, respectively, which were not collected within 60 days after June 30, 2019 and it is possible that a large portion of these jail fees and ambulance charges receivables may not be collected within one year.

- **Due from Other Governmental Funds, Due from Agency Funds, Due from Other Agency Fund, Due to Other Governmental Funds, Due to County's Governmental Funds, Due to County's Internal Service Fund, and Due to Other Agency Fund** – During the course of its operations, the County has numerous transactions between the County's governmental funds, internal service fund and agency funds. To the extent that certain transactions between the County's governmental funds; the County's governmental funds and agency funds; the County's internal service fund and agency funds; and between different agency funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable 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 and charges for services provided to governmental entities.

- **Inventories** – Inventories are valued at cost using the first-in, first-out method. Inventories in the governmental funds consist mainly of expendable supplies held for consumption and some secondary roads supplies available for resale. Inventories in the agency funds consist of expendable supplies held for consumption. Inventories of governmental and agency funds are recorded as expenses/expenditures when consumed or sold rather than when purchased.

- **Prepaid Expenses/Expenditures and Prepaid Lease** – Prepaid expenses/expenditures and prepaid lease represent a lease agreement and other expenses/expenditures that will provide benefits to future fiscal years. Prepayments are recorded as expenses/expenditures when utilized or the benefit of the cost is realized rather than when paid.

- **Capital Assets** – Capital assets, which include property (land, buildings and improvements); machinery, equipment and vehicles; intangibles (when applicable); and infrastructure assets acquired after July 1, 2004 (e.g., roads, bridges, drainage systems and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with 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	25,000
Land, Buildings and Improvements	5,000
Machinery, Equipment and Vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings and Building Improvements	20 – 50
Infrastructure	10 – 65
Intangibles	3 – 40
Land Improvements	10 – 50
Machinery and Equipment	3 – 15
Vehicles	3 – 10

- **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 expense and contributions from the County after the measurement date but before the end of the County's reporting period.

- **Due to Other Governments** – Due to other governments represents taxes and other revenues collected by the County and payments for services provided to the County 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 or other specific requirements are met.

- **Compensated Absences** – County employees accumulate a limited amount of earned but unused vacation hours and compensatory time for subsequent use or for payment upon termination, death, or retirement. Sick pay is also accumulated on a limited basis by employees for subsequent use, but is not paid upon termination, death, or retirement. A liability for the cost of vacation and compensatory time termination accumulations is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned, retired, or employment has terminated for any other reason. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the following Special Revenue Funds: Rural Services, Secondary Roads, Mental Health and Economic Development.

- **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.

  As applicable, in the governmental fund financial statements, the face amount of debt issued and any debt premium are reported as "other financing sources"; while the amount of any discount on debt obligations is reported as an "other financing use". The debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- **Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the following Special Revenue Funds: Rural Services, Secondary Roads, Mental Health and Economic Development.

- **Total OPEB Liability** – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on Lyon 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 following Special Revenue Funds: Rural Services, Secondary Roads, Mental Health and Economic Development.

- **Deferred Inflows of Resources** – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of fiscal year 2019/2020 contract law enforcement income received in advance; property tax receivable and other receivables not collected within sixty days after year end; and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

  Deferred inflows of resources in the Statement of Net Position consist of fiscal year 2019/2020 contract law enforcement income received in advance; succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which each tax is levied; unrecognized items not yet charged to pension expense; the unamortized portion of the net difference between projected and actual earnings on pension plan assets; and the unamortized portion of the differences between expected and actual experiences/changes in assumptions on the County's OPEB plan.

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

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

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

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

  - **Assigned** – Amounts the Board of Supervisors intend to use for specific purposes.

  - **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 fiscal year ended June 30, 2019, disbursements did not exceed the amount budgeted for any function or the amount appropriated for any department.

Note 2: Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2019 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 and its written investment policy 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; and certain joint investment trusts.

At June 30, 2019, the County had the following investments:

Type	Pool / Number	Maturity Date		Fair Value
FHLMC	SER 2115 CL	January 15, 2029	$	12,210
FHLMC	SER 1570 SB	August 15, 2023		1,655
			$	**13,865**

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the FHLMC securities of $13,865 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

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

Interest Rate Risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit Risk – The County's investments at June 30, 2019 in the two FHLMC securities are unrated.

Concentration of Credit Risk - The County places no limit on the amount that may be invested in any one type of investment or any single issuer, except for prime banker's acceptances and commercial paper. Each type of investment, prime banker's acceptances and commercial paper, at the time of purchase, is limited to ten percent of the total investment portfolio. No more than five percent of the total investment portfolio may be invested in the securities of a single issuer for prime banker's acceptances and commercial paper. Also, no more than five percent of the amount invested in commercial paper shall be invested in paper rated in the second highest classification. The County had no investments in prime banker's acceptances and commercial paper during the fiscal year ended June 30, 2019.

Note 3: Due from Other Governmental Funds, Due from Agency Funds, Due from Other Agency Fund, Due to Other Governmental Funds, Due to County's Governmental Funds, Due to County's Internal Service Fund, and Due to Other Agency Fund

The details of receivables and payables between the County's different governmental funds, governmental funds and agency funds, and between different agency funds at June 30, 2019 are as follows:

Receivable Fund	Payable Fund		Amount
General	Agency:		
	County Offices (Recorder, Sheriff, Conservation)	$	73,345
	Auto License and Use Tax		12,911
Special Revenue:	Special Revenue:		
Secondary Roads	County Tax Increment Financing		461,000
	Rural Services		690
	Agency:		
	E911 Surcharge		3,000
County Recorder's Records Management	Agency:		
	County Offices (Recorder)		838
CS Projects & Conservation Land Acquisition Trust	Agency:		
	County Offices (Conservation)		868
Internal Service:			
Employee Group Health	Agency:		
	Other (Flex Benefits Spending)		5,000
Agency:	Agency:		
Other (County Recorder's Electronic Fee)	County Offices (Recorder)		281
	Total	**$**	**557,933**

Most of these balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur; money is collected in an agency fund; the transactions/collections are recorded in the accounting system; and the resulting payments are made to the County's appropriate governmental fund or agency fund.

The balance owed to the Secondary Roads Fund by the County Tax Increment Financing Fund is the result of an interfund loan to help improve qualifying roadways in an urban renewal area in Lyon County. Repayments will be made on the interfund loan as tax increment financing proceeds are received. The balance owed to the Employee Group Health Fund by the Flex Benefits Spending Fund is due to a short-term interfund loan to provide funding until sufficient withholdings are received from participating employees.

Note 4: Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

Transfer To	Transfer From		Amount
Special Revenue:			
Secondary Roads	General	$	152,415
	Special Revenue:		
	Rural Services		2,050,501
Capital Projects	CS Projects & Conservation Land Acquisition Trust		200,000
Special Revenue:			
Economic Development	General		65,000
	Special Revenue:		
	Rural Services		65,000
	Total	**$**	**2,532,916**

The General and Rural Services Fund transfers to the Secondary Roads Fund were to move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the CS Projects & Conservation Land Acquisition Trust Fund to the Capital Projects Fund was to provide financial assistance towards the construction of a nature center at Lake Pahoja. The General and Rural Services Fund transfers to the Economic Development Fund were to provide funding for operating the Economic Development Fund.

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,179,929	0	0	2,179,929
Construction in Progress	2,411,719	7,597,355	(4,037,913)	5,971,161
Total Capital Assets Not Being Depreciated	4,591,648	7,597,355	(4,037,913)	8,151,090
Capital Assets Being Depreciated:				
Buildings	8,693,691	2,093,016	(152,035)	10,634,672
Improvements Other Than Buildings	1,088,781	37,146	0	1,125,927
Machinery, Equipment and Vehicles	12,113,781	1,234,680	(257,013)	13,091,448
Infrastructure	40,866,226	1,963,537	0	42,829,763
Total Capital Assets Being Depreciated	62,762,479	5,328,379	(409,048)	67,681,810
Less Accumulated Depreciation For:				
Buildings	2,938,278	267,761	(136,831)	3,069,208
Improvements Other Than Buildings	635,360	50,643	0	686,003
Machinery, Equipment and Vehicles	6,905,577	665,834	(241,389)	7,330,022
Infrastructure	8,292,857	1,436,599	0	9,729,456
Total Accumulated Depreciation	18,772,072	2,420,837	(378,220)	20,814,689
Total Capital Assets Being Depreciated, Net	43,990,407	2,907,542	(30,828)	46,867,121
Governmental Activities Capital Assets, Net	**$ 48,582,055**	**10,504,897**	**(4,068,741)**	**55,018,211**

Depreciation expense was charged to the following functions:

Governmental Activities:		Amount
Public Safety and Legal Services	$	214,010
Physical Health and Social Services		1,639
County Environment and Education		122,291
Roads and Transportation		1,945,570
Governmental Services to Residents		101,589
Administration		35,738
Total Depreciation Expense – Governmental Activities	**$**	**2,420,837**

The County does not have any "intangible" capital assets as of June 30, 2019.

Note 6: Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax and other county tax (including TIF) for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description		Amount
General	Utilities, Sales Tax Collections, Reimbursements	$	23,437
Special Revenue:			
Secondary Roads	Utilities		922
Revolving Loans – Development Projects	Building Rent (Meeting)		175
Total for Governmental Funds		**$**	**24,534**
Agency:			
County Offices	Collections	$	20,921
Agricultural Extension Education			244,008
County Assessor			551,776
Schools			11,350,581
Community Colleges			902,934
Corporations			3,121,010
Townships			396,711
Auto License and Use Tax			326,806
E911 Surcharge and Operating			724,872
Emergency Management			58,943
All Other			54,391
Total for Agency Funds		**$**	**17,752,953**

Note 7: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance Beginning of Year	$ 4,000,000	504,446	3,254,423	378,174	8,137,043
Increases	0	488,598	0	4,019	492,617
Decreases	(505,000)	(508,593)	(416,203)	0	(1,429,796)
Balance End of Year	$ 3,495,000	484,451	2,838,220	382,193	7,199,864
Due Within One Year	$ 550,000	35,309	0	0	585,309

Bonds Payable

A summary of the County's June 30, 2019 general obligation bonded indebtedness is as follows:

During the fiscal year ended June 30, 2017, the County issued $4,500,000 in "General Obligation Corporate Purpose Bonds, Series 2017. The purpose of the "General Obligation Corporate Purpose Bonds, Series 2017" was to pay for capital project costs related to construction, reconstruction, improvement or equipping of roads, bridges and culverts. The expected results from these projects were economic development, restoration of infrastructure from previous disasters and prevention/mitigation from any future disaster which may occur.

The bonds are payable from ad valorem taxes levied against all taxable property within the County. The collection of these taxes and redemptions of the bonds, along with interest and administration charges, will be reported through the County's General and Debt Service Funds. The net and true interest costs on these bonds are 1.770% and 1.734%, respectively. Bonds maturing in the years 2023 to 2025 are callable at the option of the County in whole or in part on June 1, 2022, or on any date thereafter, at a price of par plus accrued interest. The amortization of these bonds is scheduled as follows:

		Infrastructure Projects Bonds		
Year Ending June 30,	**Interest Rates**	**Principal**	**Interest**	**Total**
2020	2.00%	$ 550,000	81,800	631,800
2021	2.25%	560,000	70,800	630,800
2022	2.25%	570,000	58,200	628,200
2023	2.50%	585,000	45,345	630,375
2024	2.50%	605,000	30,750	635,750
2025	2.50%	625,000	15,625	640,625
		$ 3,495,000	**302,520**	**3,797,550**

During the fiscal year ended June 30, 2019, the County redeemed $505,000 in principal on the general obligation bonds paid through the Debt Service Fund. The County paid interest of $91,900 and bond administration charges of $500 on these general obligation bonds through the General Fund. These expenditures are reported in the debt service function.

Note 8: Operating Lease Arrangement

Fair Building

On September 25, 2000, the County entered into a written agreement with the Lyon County Fair Association to share in the costs of constructing a building to be located on the fairgrounds. The building is to be owned by the Lyon County Fair Association, but under the terms of the agreement, the building can be used for storage by the County's Secondary Road Department for the majority of the year. As per the agreement, the County agreed to and paid for one-half of the building costs up to the $100,000 maximum amount in 2000. This agreement will terminate thirty years from September 25, 2000 and created a per fiscal year lease value of $3,333.

This agreement may be extended upon such additional terms as is satisfactory to both parties. Any extension agreement and its terms must be executed prior to sixty days of the date of the termination of this agreement. Lyon County shall have the just right to refusal upon the offering of the fair building for sale. In such event, Lyon County shall have thirty days to meet any other offers for purchase.

The prepaid lease of $37,460, reported as an asset in the Statement of Net Position and the Balance Sheet (Governmental Funds) in the Secondary Roads Fund, represents the amortized value of the lease benefit remaining from July 1, 2019 until September 24, 2030.

Note 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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age which is generally age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

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

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

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

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

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

In fiscal year 2019, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll, for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 were $480,764 (this amount includes $459,944 for County employees/officials and $20,820 for Assessor and Emergency Management employees).

Net Pension Liability Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the County reported a liability of $2,838,220 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the County's proportion was 0.0448500%, which was a decrease of 0.004006% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $(12,128). At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Resources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences Between Expected and Actual Experience	$ 33,093	$ 101,906
Changes of Assumptions	604,840	173,605
Net Difference Between Projected and Actual Earnings on IPERS' Investments	0	131,745
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	4,446	0
County Contributions Subsequent to the Measurement Date	480,764	0
Total	**$ 1,123,143**	**$ 407,256**

$480,764 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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,	**Total**
2020	$ 240,727
2021	113,045
2022	(70,558)
2023	(35,273)
2024	(12,818)
Total	**$ 235,123**

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (Effective June 30, 2017)	2.60% per Annum
Rates of Salary Increase (Effective June 30, 2017)	3.25 to 16.25%, Average, Including Inflation Rates Vary by Membership Group
Long-term Investment Rate of Return (Effective June 30, 2017)	7.00%, Compounded Annually, Net of Investment Expense, Including Inflation
Wage Growth (Effective June 30, 2017)	3.25% per Annum, Based on 2.60% Inflation And 0.65% Real Wage Inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based the on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic 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	22.0%	6.01%
International Equity	15.0	6.48
Global Smart Beta Equity	3.0	6.23
Core Plus Fixed Income	27.0	1.97
Public Credit	3.5	3.93
Public Real Assets	7.0	2.91
Cash	1.0	(0.25)
Private Equity	11.0	10.81
Private Real Assets	7.5	4.14
Private Credit	3.0	3.11
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 to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	$ 5,911,314	2,838,220	261,305

IPERS' Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on the 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, 2019.

Note 10: Other Postemployment Benefits (OPEB)

Plan Description - The County administers a single-employer benefit plan which provides medical/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 Lyon County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug 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. As of June 30, 2019, there were 79 active and 2 retired members covered by the benefit terms.

Total OPEB Liability – The County's total OPEB liability of $382,193 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (Effective June 30, 2019)	2.60% per Annum
Rates of Salary Increase (Effective June 30, 2019)	3.25% per Annum, Including Inflation
Discount Rate (Effective June 30, 2019)	3.51%, Compounded Annually, Including Inflation
Healthcare Cost Trend Rate (Effective June 30, 2019)	8.5% Initial Rate, Decreasing by 0.5% Annually to An Ultimate Rate of 5.0%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.51% 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.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability –

	Total OPEB Liability
Total OPEB Liability, Beginning of the Year	$ 378,174
Changes for the Year:	
Service Cost	32,845
Interest	15,542
Differences Between Expected and Actual Experiences	(36,120)
Changes in Assumptions	10,754
Benefit Payments	(19,002)
Net Changes	4,019
Total OPEB Liability, End of Year	**$ 382,193**

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

Sensitivity of County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.51%) or 1% higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	$ 413,561	382,193	353,040

Sensitivity of County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.5%, decreasing to an ultimate rate of 4.0%) or 1% higher (9.5%, decreasing to an ultimate rate of 6.0%) than the current healthcare cost trend rate.

	1% Decrease (7.5%)	Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
Total OPEB Liability	$ 334,531	382,193	438,793

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of $15,046. At June 30, 2019, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ (100,051)
Changes in Assumptions	24,734
Total	**$ (75,317)**

The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	Total
2020	$ (14,339)
2021	(14,339)
2022	(14,339)
2023	(14,339)
2024	(14,339)
Thereafter	(3,622)
Total	**$ (75,317)**

Note 11: Risk Management

Lyon County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 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, public officials liability, police professional liability, property, inland marine and boiler/machinery. 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 during the fiscal year the contributions are deemed to provide coverage for the County. The County's contributions to the Pool for the year ended June 30, 2019 were $161,674.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, 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 $250,000 each occurrence, each location. Property risks exceeding $250,000 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 County also maintains bond coverage in the amount of $200,000 through the Pool.

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, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, 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 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from another insurer for coverage associated with workers compensation in the amount of $2,000,000. The County assumes liability for any deductibles and claims in excess of the coverage limitation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12: Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $55,000. Claims in excess of coverage are insured through purchase of stop loss insurance from Wellmark Blue Cross & Blue Shield.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating (governmental and agency) funds. Under the administrative services agreement, monthly payments of service fees, stop loss insurance premiums and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contributions from governmental funds to this fund for the year ended June 30, 2019 were $1,101,017. In addition, the County's agency funds (County Assessor and Emergency Management Services) contributed $71,764 in total to this fund during the fiscal year in order to participate in the County's plan.

Amounts payable from the Employee Group Health Fund at June 30, 2019 total $366,921, which $327,988 is for incurred but not reported (IBNR) and reported but not paid medical claims and $38,933 for other operating fees. The IBNR is based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. The established reserve was $1,232,055 at June 30, 2019 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for medical claims for the current year is as follows:

		Amount
Unpaid Medical Claims Beginning of Year	$	290,504
Incurred Medical Claims (Including Medical Claims Incurred but not Reported as of June 30, 2019)		1,798,798
Payments:		
Payment on Medical Claims During the Year		(1,761,314)
Unpaid Medical Claims End of Year	**$**	**327,988**

Note 13: Intergovernmental Agreement

The County has entered into an agreement with the Northwest Iowa Area Solid Waste Agency, a political subdivision created in accordance with Chapter 28E of the Code of Iowa, for disposal of solid waste produced or generated from within the County. The County did not have to make any payments under this agreement for the fiscal year ended June 30, 2019; however, as disclosed previously, the County paid $276 for the disposal of florescent light bulbs.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County by resolution has approved to act as a "Local Government Guarantee" in order to provide a financial assurance mechanism instrument for the Agency. The closure and post closure costs to the Agency have been estimated at $3,462,610 as of June 30, 2019 and the portion of the liability that has been recognized by the Agency as of June 30, 2019 is $3,005,412. These amounts are based on what it would cost to perform all closure and post closure care during the year ended June 30, 2019. The estimated remaining life of the landfill is 3 years and the capacity used at June 30, 2019 is approximately 92 percent. Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post closure care accounts to accumulate resources for the payment of closure and post closure care costs. The Agency has accumulated restricted resources of $1,964,740 as of June 30, 2019 for these purposes.

As required by Chapter 567-113.14 of the Iowa Administrative Code, the Agency has fully demonstrated financial assurance for the unfunded portions of the closure and post closure care costs by adopting the local government financial test mechanism and the local government guarantee mechanism. For the fiscal year ended June 30, 2019, Lyon County has provided a $306,000 local government financial assurance guarantee for a portion of the unfunded closure ($18,360 assurance) and post closure care costs ($287,640 assurance) of the Northwest Iowa Area Solid Waste Agency.

Note 14: Development Agreements

The County agreed to rebate 100% of the incremental property tax paid by Elanco US, Inc. (formerly known as Novartis Animal Vaccines, Inc) in exchange for the development and continued usage of a horse feed lot and facility. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa was be rebated back to the Company for a total of 20 years, up to a maximum rebate amount of $440,000. Rebate payments were paid semi-annually in December and June, beginning December 1, 2007. There was no amount rebated during the fiscal year ended June 30, 2019 as this agreement was terminated by the Board of Supervisors on February 26, 2019 (retroactive to the beginning of fiscal year 2018/2019). The cumulative rebated amount until the termination of the agreement was $183,250.

The County agreed to rebate 100% of the incremental property tax paid by Elanco US, Inc. (formerly known as Novartis Animal Vaccines, Inc) in exchange for the development and continued usage of enhanced office, research/development and operations facilities. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa was be rebated back to the Company for a total of 10 years, up to a maximum rebate amount of $1,985,000. Rebate payments were paid semi-annually in December and June, beginning December 1, 2011. The total rebated during the fiscal year ended June 30, 2019 was $23,910. This agreement was terminated by the Board of Supervisors on February 26, 2019 (a portion of the agreement was terminated retroactive to the beginning of fiscal year 2018/2019; while the remaining portion was terminated effective June 1, 2019). The cumulative rebated amount until the termination of the agreement was $344,328.

The County agreed to rebate 100% of the incremental property tax paid by Sudenga Industries, Inc. in exchange for the development of expanded industrial facilities. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa will be rebated back to the Company for a total of 20 years, up to a maximum rebate amount of $300,000; however, only $169,285 of improvements have been certified to-date. Rebate payments will be paid semi-annually in December and June, beginning December 1, 2008. The total rebated during the fiscal year ended June 30, 2019 was $13,151 and the cumulative rebated amount to-date was $134,364.

The County agreed to rebate 100% of the incremental property tax paid by Sudenga Industries, Inc. in exchange for the development of expanded Dur-A-Lift production facilities, including the construction of a new building. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa will be rebated back to the Company for a total of 10 years, up to a maximum rebate amount of $215,000. Rebate payments will be paid semi-annually in December and June, beginning December 1, 2016. The total rebated during the fiscal year ended June 30, 2019 was $24,230 and the cumulative rebated amount to-date was $70,894.

The County agreed to rebate 100% of the incremental property tax paid by Cooperative Farmers Elevator in exchange for the construction of a fertilizer plant and assistance provided to the County for improvements to certain weight-restricted bridges on County Road A34 in order to provide adequate transportation to the new fertilizer plant. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa will be rebated back to the Company for a total of 20 years, up to a maximum rebate amount of $466,330. Rebate payments will be paid semi-annually in December and June, beginning December 1, 2018. The total rebated during the fiscal year ended June 30, 2019 was $21,173 and the cumulative rebated amount to-date was $21,173.

Note 15: 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, 2019, $35,696 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities - Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Rock Rapids	Urban Renewal and Economic Development Projects	$ 23,480
City of Larchwood	Urban Renewal and Economic Development Projects	9,578
City of Lester	Urban Renewal and Economic Development Projects	5,973
City of Inwood	Urban Renewal and Economic Development Projects	3,857

Note 16: Lyon County Financial Information Included in the Northwest Iowa Care Connections Mental Health Region

Northwest Iowa Care Connections, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, included the following member counties: Clay County, Dickinson County, Lyon County, O'Brien County, Osceola County and Palo Alto County. The financial position of Lyon County's Special Revenue, Mental Health Fund is included in Northwest Iowa Care Connections as of June 30, 2019, as follows:

Assets	Amount
Cash, Cash Equivalents and Pooled Investments	$ 220,080
Receivables:	
Property Tax:	
Delinquent	7
Succeeding Year	151,215
Total Assets	**$ 371,302**

Liabilities, Deferred Inflows of Resources and Fund Balance		Amount
Liabilities:		
Accounts Payable		$ 15
Deferred Inflows of Resources:		
Unavailable Revenues:		
Succeeding Year Property Tax	$ 151,215	
Other	7	
Total Deferred Inflows of Resources		151,222
Fund Balance:		
Restricted for Mental Health Purposes		220,065
Total Liabilities, Deferred Inflows of Resources and Fund Balance		**$ 371,302**

The financial activity of Lyon County's Special Revenue, Mental Health Fund is included in Northwest Iowa Care Connections for the year ended June 30, 2019, as follows:

		Amount
Revenues:		
Property and Other County Tax		$ 110,977
Intergovernmental Revenues:		
State Tax Credits	$ 6,844	
Other State Tax Replacements	1,897	8,741
Total Revenues		119,718
Expenditures:		
General Administration:		
Direct Administration	34,983	
Distribution to Regional Fiscal Agent	82,484	117,467
Excess of Revenues Over Expenditures		2,251
Fund Balance Beginning of the Year		217,814
Fund Balance End of the Year		**$ 220,065**

Note 17: Deficit Fund Balance

The Special Revenue, County Tax Increment Financing Fund had a deficit fund balance at June 30, 2019 of $461,000. The deficit balance in the County Tax Increment Financing Fund was a result of qualifying road improvement costs and legal fees within County urban renewal areas in excess of available urban renewal tax increment collections. This deficit is expected to be eliminated in fiscal year ending June 30, 2020 upon collection of tax increment financing revenues.

Note 18: Commitments

The County has an agreement with the City of Sioux City, Iowa for the provision of hazardous materials response services. The agreement is in effect until June 30, 2027, unless terminated for cause earlier. The County is committed to pay or reimburse the City of Sioux City for all costs incurred by the City to staff and equip a HAZMAT team to respond to hazardous condition emergencies in the County. The County is also responsible for an annual base charge. The estimated annual base charge for each fiscal year ending June 30, 2020 and June 30, 2021 is $11,158 per fiscal year. The estimated annual base charge for each fiscal year ending June 30, 2022 through June 30, 2027 is $11,745 per fiscal year. The payment for this charge is scheduled to be paid through the Lyon County Emergency Management Services. Lyon Emergency Management Services paid $10,571 per this agreement during the fiscal year ended June 30, 2019.

In February 2018, the Board of Supervisors approved a contract for a bridge project for $753,153 to be paid from the Capital Project (Roadway) Fund/Secondary Roads Fund. As of June 30, 2019, $704,027 had been paid for work in process from the Capital Projects (Roadway) Fund. As of the date of the audit report, the bridge project has been completed under budget at a total cost of $728,125. The remaining $24,098 has been paid through the Secondary Roads Fund during the fiscal year ended June 30, 2020.

In November 2018, the Board of Supervisors approved a contract for $1,214,904 for three bridge repair/improvement projects to be paid from the Capital Projects (Roadway)/Secondary Roads Fund. As of June 30, 2019, $829,568 had been paid for work in process from the Capital Projects (Roadway) Fund. As of the date of the audit report, additional project costs of $277,299 and $55,757 have been paid through the Capital Projects (Roadway) Fund and Secondary Roads Fund, respectively. The project is still in process and the remaining contract will be paid from the Secondary Roads Fund as the project progresses and is completed.

In December 2018, the Conservation Board approved a contract for a Douglas Fir/Pine Nature Center structure to be constructed at Lake Pahoja for $343,390 to be paid from the Capital Projects (Nature Center) Fund. As of June 30, 2019, $68,678 had been paid for work in process from the Capital Projects (Nature Center) Fund. The remaining contract will be paid upon completion of the project.

In April 2019, the Board of Supervisors approved a contract for a bridge project for $279,284 to be paid from the Secondary Roads Fund. As of June 30, 2019, no work had been started on this project. As of the date of the audit report, the project has been completed at a total cost of $280,125 after change orders and has been paid through the Secondary Roads Fund.

In June 2019, the Board of Supervisors approved a contract for a box culverts project for $192,094 to be paid from the Secondary Roads Fund. As of June 30, 2019, no work had been started on this project. As of the date of the audit report, the project has been completed at a total cost of $195,435 after change orders and has been paid through the Secondary Roads Fund.

In June 2019, the Board of Supervisors approved a contract for a wood retaining wall for $207,959 to be paid from the Secondary Roads Fund. As of June 30, 2019, no work had been started on this project. As of the date of the audit report, the project has been completed at a total cost of $213,833 after change orders and has been paid through the Secondary Roads Fund.

Note 19: Subsequent Events

Effective the end of June 30, 2019, Lyon County terminated its membership in the Northwest Iowa Care Connections Mental Health Region. As of July 1, 2019, Lyon County joined the Sioux Rivers Regional MHDS Mental Health Region, which consists of the following member counties: Lyon County, Plymouth County and Sioux County.

In July 2019, the Board of Supervisors approved a contract for road patching to be paid from the Secondary Roads Fund. The work has been completed and a total of $367,394 has been paid from the Secondary Roads Fund.

In August 2019, the Board of Supervisors approved a contract for a slide repair to be paid from the Secondary Roads Fund. The work has been completed and a total of $32,093 has been paid from the Secondary Roads Fund.

In November 2019, the Board of Supervisors passed a resolution authorizing an internal loan in the amount of $540,000 from the Secondary Roads Fund to the County Tax Increment Financing Fund for urban renewal projects in the Lyon County Economic Development Urban Renewal Area consisting of constructing County highway, bridge and culvert improvements. The loan shall be repaid, without interest, out of future incremental property tax revenues received into the County Tax Increment Financing Fund. It is intended that the loan shall be repaid before June 30, 2021.

Note 20: Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 21: Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 84, *Fiduciary Activities.* This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

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Required Supplementary Information

Lyon County

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

Year Ended June 30, 2019

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Receipts:				
Property and Other County Tax	$ 8,121,642	8,038,102	8,038,102	83,540
Interest and Penalty on Property Tax	24,341	25,070	25,070	(729)
Intergovernmental	6,750,176	5,420,475	5,420,475	1,329,701
Licenses and Permits	68,730	72,550	72,550	(3,820)
Charges for Service	989,141	917,825	917,825	71,316
Use of Money and Property	321,535	213,453	213,453	108,082
Miscellaneous	311,651	103,166	104,066	207,585
Total Receipts	16,587,216	14,790,641	14,791,541	1,795,675
Disbursements:				
Public Safety and Legal Services	3,521,410	3,411,734	3,565,925	44,515
Physical Health and Social Services	612,896	656,846	659,346	46,450
Mental Health	117,977	117,540	118,040	63
County Environment and Education	898,473	910,444	911,344	12,871
Roads and Transportation	8,334,654	6,547,700	8,542,700	208,046
Governmental Services to Residents	451,757	468,444	468,444	16,687
Administration	1,227,717	1,197,006	1,285,536	57,819
Non-Program Current	91,249	110,409	111,709	20,460
Debt Service	597,400	597,500	597,500	100
Capital Projects	1,960,961	2,866,355	2,416,355	455,394
Total Disbursements	17,814,494	16,883,978	18,676,899	862,405
Deficiency of Receipts Under Disbursements	(1,227,278)	(2,093,337)	(3,885,358)	2,658,080
Other Financing Sources, Net	2,329	190,000	190,000	(187,671)
Deficiency of Receipts and Other Financing Sources Under Disbursements and Other Financing Uses	(1,224,949)	(1,903,337)	(3,695,358)	2,470,409
Balance Beginning of Year	9,963,550	8,731,171	8,797,171	1,166,379
Balance End of Year	$ 8,738,601	6,827,834	5,101,813	3,636,788

See Accompanying Independent Auditor’s Report.

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Year Ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 16,587,216	(907,990)	15,679,226
Expenditures	17,814,494	475,450	18,289,944
Net	(1,227,278)	(1,383,440)	(2,610,718)
Other Financing Sources, Net	2,329	0	2,329
Beginning Fund Balances	9,963,550	2,226,243	12,189,793
Ending Fund Balances	$ 8,738,601	842,803	9,581,404

See Accompanying Independent Auditor’s Report.

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2019

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except the Internal Service Fund and the Agency 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 ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program current, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Capital Projects Fund and the Debt Service 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, three budget amendments increased budgeted disbursements by $1,792,921. 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 Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission. These budgets may also be amended during the year utilizing similar statutorily prescribed procedures.

During the year ended June 30, 2019, the County's actual disbursements did not exceed the final amount budgeted for any function or the amount appropriated for any department.

Schedule of the County's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System

Last Five Years*

	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.0448500%	0.0488560%	0.0481969%	0.0445212%	0.0424134%
County's Proportionate Share of the Net Pension Liability	$ 2,838,220	3,254,425	3,033,183	3,033,183	1,682,075
County's Covered Payroll	$ 4,928,911	4,789,772	4,543,369	4,473,556	4,359,517
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	57.58%	67.95%	66.76%	49.17%	38.58%
IPERS' Net Position as a Percentage of the Total Pension Liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See Accompanying Independent Auditor's Report.

Schedule of County Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily Required Contribution	$ 480,764	450,646	439,545	419,294	414,687	403,269	384,150	361,822	318,780	292,080
Contributions in Relation to the Statutorily Required Contribution	(480,764)	(450,646)	(439,545)	(419,294)	(414,687)	(403,269)	(384,150)	(361,822)	(318,780)	(292,080)
Contribution Deficiency (Excess)	$ 0	0	0	0	0	0	0	0	0	0
County's Covered Employee Payroll	$5,002,725	4,928,911	4,789,772	4,543,369	4,473,556	4,359,517	4,223,136	4,207,349	4,164,052	4,092,459
Contributions as a Percentage of Covered Employee Payroll	9.61%	9.14%	9.18%	9.23%	9.27%	9.25%	9.10%	8.60%	7.66%	7.14%

See Notes to Financial Statements.

Notes to Required Supplementary Information – Pension Liability
Year Ended June 30, 2019

Changes of Benefit Terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of Assumptions:

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%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes
For the Last Two Years

	2019	2018
Service Cost	$ 32,845	$ 33,979
Interest Cost	15,542	16,114
Difference between Expected and Actual Experiences	(36,120)	(96,727)
Changes in Assumptions	10,754	21,722
Benefit Payments	(19,002)	(25,872)
Net Changes in Total OPEB Liability	4,019	(50,784)
Total OPEB Liability, Beginning of Year	378,174	428,958
Total OPEB Liability, End of Year	$ 382,193	$ 378,174
Covered-Employee Payroll	4,301,989	4,470,973
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.89%	8.46%

<u>Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios</u>

Changes in benefit terms:
There were no significant changes in benefit terms.

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

Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

See Accompanying Independent Auditor’s Report.

Supplementary Information

Lyon County

Schedule 1 – Combining Balance Sheet – Nonmajor Governmental (Special Revenue) Funds

June 30, 2019

	Special			
	Mental Health	Economic Development	Resource Enhancement and Protection	County Recorder's Records Management
Assets				
Cash, Cash Equivalents and Pooled Investments	$ 220,080	104,650	104,240	23,096
Receivables:				
Property Tax:				
Delinquent	7	0	0	0
Succeeding Year	151,215	0	0	0
Accounts	0	0	0	0
Due from Agency Funds	0	0	0	838
Due from Other Governments	0	0	0	0
Prepaid Expenditures	0	178	0	0
Total Assets	$ 371,302	104,828	104,240	23,934
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable	$ 15	356	0	0
Due to Other Governments	0	0	0	0
Total Liabilities	15	356	0	0
Deferred Inflows of Resources:				
Unavailable Revenues:				
Succeeding Year Property Tax	151,215	0	0	0
Other	7	0	0	0
Total Deferred Inflows of Resources	151,222	0	0	0
Fund Balances:				
Nonspendable:				
Prepaid Expenditures	0	178	0	0
Restricted For:				
Other Purposes	220,065	0	104,240	23,934
Committed For:				
Conservation Purposes	0	0	0	0
Economic Development Purposes	0	104,294	0	0
Total Fund Balances	220,065	104,472	104,240	23,934
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 371,302	104,828	104,240	23,934

Schedule 1 – Combining Balance Sheet – Nonmajor Governmental (Special Revenue) Funds

June 30, 2019

Revenue					
County Attorney Incentive	Revolving Loans- Development Projects	Sheriff's Asset Forfeiture	CS Projects & Conservation Land Acquisition Trust	Well Closing Trust	Total
34,708	119,422	27,213	294,054	27,973	955,436
0	0	0	0	0	7
0	0	0	0	0	151,215
0	0	0	3,261	0	3,261
0	0	0	868	0	1,706
429	0	0	0	0	429
0	0	0	0	0	178
35,137	119,422	27,213	298,183	27,973	1,112,232
0	1,712	0	0	0	2,083
0	175	0	0	0	175
0	1,887	0	0	0	2,258
0	0	0	0	0	151,215
0	0	0	868	0	875
0	0	0	868	0	152,090
0	0	0	0	0	178
35,137	0	27,213	0	27,973	438,562
0	0	0	297,315	0	297,315
0	117,535	0	0	0	221,829
35,137	117,535	27,213	297,315	27,973	957,884
35,137	119,422	27,213	298,183	27,973	1,112,232

See Accompanying Independent Auditor's Report.

Schedule 2 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental (Special Revenue) Funds

Year Ended June 30, 2019

	Special			
	Mental Health	**Economic Development**	**Resource Enhancement and Protection**	**County Recorder's Records Management**
Revenues:				
Property and Other County Tax	$ 110,977	0	0	0
Intergovernmental	8,741	0	8,406	0
Charges for Service	0	0	0	2,921
Use of Money and Property	0	0	1,525	332
Miscellaneous	0	0	0	0
Total Revenues	119,718	0	9,931	3,253
Expenditures:				
Operating:				
Public Safety and Legal Services	0	0	0	0
Mental Health	117,467	0	0	0
County Environment and Education	0	116,747	0	0
Total Expenditures	117,467	116,747	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,251	(116,747)	9,931	3,253
Other Financing Sources (Uses):				
Operating Transfers In	0	130,000	0	0
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses):	0	130,000	0	0
Changes in Fund Balances	2,251	13,253	9,931	3,253
Fund Balances Beginning of Year	217,814	91,219	94,309	20,681
Fund Balances End of Year	$ 220,065	104,472	104,240	23,934

Schedule 2 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental (Special Revenue) Funds

Year Ended June 30, 2019

Revenue					
County Attorney Incentive	Revolving Loans-Development Projects	Sheriff's Asset Forfeiture	CS Projects & Conservation Land Acquisition Trust	Well Closing Trust	Total
0	0	0	0	0	110,977
0	0	0	0	0	17,147
0	0	0	126,523	0	129,444
0	0	0	5,762	0	7,619
4,378	15,923	3,722	0	0	24,023
4,378	15,923	3,722	132,285	0	289,210
598	0	0	0	0	598
0	0	0	0	0	117,467
0	10,869	0	0	0	127,616
598	10,869	0	0	0	245,681
3,780	5,054	3,722	132,285	0	43,529
0	0	0	0	0	130,000
0	0	0	(200,000)	0	(200,000)
0	0	0	(200,000)	0	(70,000)
3,780	5,054	3,722	(67,715)	0	(26,471)
31,357	112,481	23,491	365,030	27,973	984,355
35,137	117,535	27,213	297,315	27,973	957,884

See Accompanying Independent Auditor’s Report.

Schedule 3 – Combining Schedule of Fiduciary Assets and Liabilities – Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
Assets						
Cash, Cash Equivalents and Pooled Investments:						
County Treasurer	$ 0	634	257,437	27,764	1,814	20,288
Other County Officials	112,635	0	0	0	0	0
Receivables:						
Property Tax:						
Delinquent	0	11	15	571	42	743
Succeeding Year	0	243,363	330,783	11,322,246	901,078	2,497,739
Tax Increment Financing:						
Succeeding Year	0	0	0	0	0	602,240
Accounts	537	0	0	0	0	0
Special Assessment	0	0	0	0	0	0
Due from Other Agency Fund	0	0	0	0	0	0
Due from Other Governments	0	0	0	0	0	0
Inventories	0	0	63	0	0	0
Prepaid Expenses	0	0	5,290	0	0	0
Total Assets	$ 113,172	244,008	593,588	11,350,581	902,934	3,121,010
Liabilities						
Accounts Payable	$ 0	0	21,393	0	0	0
Due to County's Governmental Funds	75,051	0	0	0	0	0
Due to County's Internal Service Fund	0	0	0	0	0	0
Due to Other Agency Fund	281	0	0	0	0	0
Due to Other Governments	20,921	244,008	551,776	11,350,581	902,934	3,121,010
Trusts Payable	16,919	0	0	0	0	0
Compensated Absences	0	0	20,419	0	0	0
Total Liabilities	$ 113,172	244,008	593,588	11,350,581	902,934	3,121,010

Schedule 3 – Combining Schedule of Fiduciary Assets and Liabilities – Agency Funds
June 30, 2019

Townships	Auto License and Use Tax	E911 Surcharge and Operating	Emergency Management	Advance Tax Collections	Tax Redemption Trust	Other	Total
402	339,717	642,421	38,723	87,325	7,463	7,153	1,431,141
0	0	0	0	0	0	0	112,635
1	0	0	0	0	0	0	1,383
396,308	0	0	0	0	0	2,539	15,694,056
0	0	0	0	0	0	0	602,240
0	0	11,305	1,081	0	0	0	12,923
0	0	0	0	0	0	49,450	49,450
0	0	0	0	0	0	281	281
0	0	65,607	22,500	0	0	0	88,107
0	0	0	0	0	0	0	63
0	0	8,895	85	0	0	0	14,270
396,711	339,717	728,228	62,389	87,325	7,463	59,423	18,006,549
0	0	356	245	0	0	0	21,994
0	12,911	3,000	0	0	0	0	90,962
0	0	0	0	0	0	5,000	5,000
0	0	0	0	0	0	0	281
396,711	326,806	724,872	58,943	0	0	54,391	17,752,953
0	0	0	0	87,325	7,463	32	111,739
0	0	0	3,201	0	0	0	23,620
396,711	339,717	728,228	62,389	87,325	7,463	59,423	18,006,549

See Accompanying Independent Auditor's Report.

Schedule 4 – Combining Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds

Year Ended June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
Assets and Liabilities						
Balances Beginning of Year	$ 91,475	236,423	563,246	10,734,812	677,051	3,019,262
Additions:						
Property and Other County Tax (Including TIF)	0	243,922	331,626	11,044,890	902,690	3,084,997
E911 Surcharge	0	0	0	0	0	0
State Tax Credits	0	14,585	22,083	656,281	41,762	332,349
Intergovernmental Replacements, Grants and Revenues	0	4,043	6,123	166,475	11,579	76,882
State Wireless/Other State Grants	0	0	0	0	0	0
Contribution from Lyon County	0	0	0	0	0	0
Office Fees and Collections	492,569	0	0	0	0	0
Electronic Transaction Fee	0	0	0	0	0	0
Auto & Drivers Licenses, Use Tax and Postage	0	0	0	0	0	0
Interest	65	0	0	0	0	0
Assessments	0	0	0	0	0	0
Trusts	105,673	0	0	0	0	0
Donations/Private Reimbursements	135	0	610	0	0	0
Loan from County's Internal Service Fund	0	0	0	0	0	0
Total Additions	598,442	262,550	360,442	11,867,646	956,031	3,494,228
Deductions:						
Agency Remittances:						
To County Funds/Other Agency Funds	228,476	0	55,492	0	0	0
To Other Governments	248,677	254,965	274,608	11,251,877	730,148	3,392,480
Trusts Paid Out	99,592	0	0	0	0	0
Total Deductions	576,745	254,965	330,100	11,251,877	730,148	3,392,480
Balances End of Year	$113,172	244,008	593,588	11,350,581	902,934	3,121,010

Schedule 4 – Combining Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
Year Ended June 30, 2019

Townships	Auto License and Use Tax	E911 Surcharge and Operating	Emergency Management	Advance Tax Collections	Tax Redemption Trust	State Credits/Tax Holding	Other	Total
363,099	317,106	597,103	49,956	126,616	4,455	0	55,889	16,836,493
393,494	0	0	0	0	0	0	2,542	16,004,161
0	0	48,896	0	0	0	0	0	48,896
17,594	0	0	0	0	0	0	153	1,084,807
4,915	0	0	50,248	0	0	0	42	320,307
0	0	166,992	318	0	0	0	0	167,310
0	0	0	90,060	0	0	0	0	90,060
0	0	0	0	0	0	0	0	492,569
0	0	0	0	0	0	0	2,921	2,921
0	4,240,990	0	0	0	0	0	0	4,240,990
0	0	12,778	0	0	0	0	1	12,844
0	0	0	0	0	0	0	18,909	18,909
0	0	0	0	106,269	88,857	365,956	45,938	712,693
0	0	3,400	4,541	0	0	0	0	8,686
0	0	0	0	0	0	0	5,000	5,000
416,003	4,240,990	232,066	145,167	106,269	88,857	365,956	75,507	23,210,153
0	160,936	0	16,272	0	0	0	0	461,176
382,391	4,057,443	100,941	116,462	0	0	0	23,572	20,833,564
0	0	0	0	145,560	85,849	365,956	48,400	745,357
382,391	4,218,379	100,941	132,734	145,560	85,849	365,956	71,972	22,040,097
396,711	339,717	728,228	62,389	87,325	7,463	0	59,424	18,006,550

See Accompanying Independent Auditor’s Report.

Schedule 5 – Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds

For the Last Ten Years

	Modified			
	2019	**2018**	**2017**	**2016**
Revenues:				
Property and Other County Tax	$ 6,195,627	6,288,457	6,647,791	6,313,019
Interest and Penalty on Property Tax	24,346	23,878	24,894	24,837
Local Option Sales Tax	698,589	659,761	724,738	677,747
Hotel/Motel Tax	131,278	135,230	185,185	114,910
Gambling Taxes	551,025	500,805	488,948	498,215
Tax Increment Financing	554,269	501,198	499,157	487,307
Intergovernmental	5,876,244	6,629,327	6,389,735	6,716,627
Licenses and Permits	69,252	62,342	76,478	69,046
Charges for Service	987,880	969,963	961,823	952,355
Use of Money and Property	322,640	276,397	186,847	165,631
Miscellaneous	268,076	704,451	433,444	349,291
Total Revenues	$ 15,679,226	16,751,809	16,619,040	16,368,985
Expenditures:				
Operating:				
Public Safety and Legal Services	$ 3,527,965	3,228,767	3,137,700	3,068,612
Physical Health and Social Services	611,155	588,726	578,638	576,995
Mental Health	117,467	247,929	248,141	564,734
County Environment and Education	901,905	899,116	896,083	878,991
Roads and Transportation	8,729,754	5,472,784	5,427,293	6,455,486
Governmental Services to Residents	468,712	505,085	504,877	496,609
Administration	1,267,723	1,286,451	1,164,817	1,225,502
Non-Program Current	89,564	92,601	228,308	74,189
Debt Service	597,400	600,419	313,420	243,560
Capital Projects	1,978,299	5,931,814	3,409,510	2,814,724
Total Expenditures	$ 18,289,944	18,853,692	15,908,787	16,399,402

Schedule 5 – Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds

For the Last Ten Years

Accrual			Basis		
2015	**2014**	**2013**	**2012**	**2011**	**2010**
5,881,814	5,529,147	5,323,928	4,929,682	4,835,770	4,411,208
24,920	25,082	22,984	21,567	24,040	22,061
673,150	569,653	616,018	716,701	506,400	461,496
178,983	150,007	111,806	133,182	0	0
519,796	528,672	519,791	513,401	41,059	0
508,960	580,480	335,741	80,478	34,573	28,097
6,293,401	5,045,593	4,697,199	5,291,886	6,338,486	5,191,837
66,821	61,865	62,559	77,845	71,427	68,272
949,882	923,743	866,816	940,095	831,945	773,429
149,512	144,278	135,751	141,876	156,496	182,685
554,247	262,495	275,536	361,804	421,700	60,018
15,801,486	13,821,015	12,968,129	13,208,517	13,261,896	11,199,103
3,137,731	2,838,112	3,057,014	2,788,242	2,782,976	2,572,767
617,930	784,421	818,020	783,744	793,614	785,963
290,046	331,318	426,553	1,054,644	1,108,429	1,007,259
977,523	1,007,684	827,644	767,823	709,847	713,793
5,047,765	4,770,338	3,995,491	4,767,489	5,034,748	3,424,984
479,461	468,680	535,107	475,670	419,614	419,591
1,134,346	1,070,505	1,110,242	1,088,565	988,381	896,744
70,716	85,632	85,741	80,478	105,742	28,097
243,623	243,022	242,323	241,523	242,866	279,673
3,619,052	768,419	827,606	1,458,493	1,163,223	139,202
15,618,193	12,368,131	11,925,741	13,506,671	13,349,440	10,268,073

See Accompanying Independent Auditor's Report.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*

Lyon County

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Officials of Lyon County:

We have audited in accordance with U.S. generally accepted auditing standards 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 Lyon County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lyon County's internal control over financial reporting to determine the audit procedures 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 Lyon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lyon 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 have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control 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 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 in internal control described in the accompanying Schedule of Findings as items A, C, E, F, H, and I-2019 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items B, D, G, J and K-2019 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lyon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance or other matters which are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the 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.

Lyon County's Responses to the Findings

Lyon County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Lyon County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Lyon 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.

De Noble, Austin & Company PC

De Noble & Company PC
d/b/a De Noble, Austin & Company PC
Certified Public Accountants

January 10, 2020

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Schedule of Findings

Lyon County

Schedule of Findings
Year Ended June 30, 2019

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

A-2019 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 – Incompatible duties, from a control standpoint, are being performed by the same employee over financial transactions, recordkeeping, reconciling functions and financial reporting in several offices (including the County Assessor, County Extension, Emergency Management and E911).

Cause – The County has a limited number of employees in each office 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 the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendations – The following recommendations should be considered to improve the segregation of duties within the various offices of the County:

a) All cash receipts should be handled by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The list should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to supporting receipt documentation to the cash receipt records, and to the actual deposit made by an independent person.

b) Bank accounts should be reconciled and reviewed promptly at the end of each month by individuals who do not sign checks, handle currency or record cash/checks.

c) A person in the office who has no responsibility for custody of investments should periodically inspect investments, verify County ownership of investments, and reconcile documents to the investment records.

d) The person responsible for verifying proper receipt of supplies and fixed assets and amounts charged should be independent from the purchasing and cash disbursement functions.

e) Authorization of transactions, handling of source documents, custody of assets and the responsibility for long-term debt recordkeeping should be segregated. The persons who are responsible for cash disbursements should be segregated from ledger entry in the accounting records.

f) Payroll recordkeeping (including ability to change payroll rates and compensated absences tracking) and verification should be done by persons who are independent of the payroll disbursements functions.

g) Reconciliations and investigations of unusual reconciling items in the accounting records should be reviewed and approved by a person who is not responsible for receipts and disbursements.

h) Billings for services, the recordkeeping of other receivables, and the handling of receipts should be segregated. The billing rates being charged should be verified by independent individuals on a regular basis.

i) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing the checks to return to individuals who prepare the checks or approve payment. Dual signatures should be required on all checks. Procedures need to be established to ensure that both of the individuals whose signature is on the check have reviewed and approved the supporting documentation for which the check was issued.

We realize that with a limited number of office employees, segregation of duties is difficult. However, each official or person in-charge should review the operating procedures of his or her office to obtain the maximum internal control possible under the circumstances. The official or person in-charge should utilize current personnel in their office or from another office to provide additional control by reviewing financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – We will stress to each office the importance of evaluating these recommendations and encourage development of strategies to implement the recommendations as economically practicable within each office.

Conclusion – Response accepted. It is important that you attempt to implement these recommendations by truly evaluating potential safeguards within economic constraints.

B-2019 Accounting Procedures Manual

Criteria – Accounting procedures manuals for all financial transactions within the County help reduce the risk of misstatements and material errors by outlining in detail the proper steps which should be taken and what variables need to be considered. Also, it enhances independent reviews and rotation of financial duties by providing each person with the needed information to perform and evaluate results of accounting transactions.

Condition – The County does not have updated accounting procedures manuals for all aspects of the County’s accounting systems (mainly accounting procedures related to systems utilized in individual offices).

Cause – Some offices/departments, which are responsible for any financial recordkeeping, have not developed a written manual of the necessary accounting procedures related to aspects of the County's day to day operations in which their office/department is expected to perform.

Effect – The failure to not have accounting procedures manuals for all aspects of the County's accounting systems increases the probability of errors in some component of the accounting system. Also, the lack of manuals could result in the County not being able to produce reliable financial data if certain personnel need to be absent for a lengthy period of time.

Recommendation – Updated accounting procedures manuals should be prepared and implemented for all aspects of the County's accounting systems.

Response – We will stress to each office the need to create a written accounting procedures manual for all financial transaction aspects of their office.

Conclusion – Response accepted. Please stress the importance to each office to have a updated written manual.

C-2019 Job Rotations

Criteria – Rotation of all financial duties should be done on a regular basis as an important procedure to ensure continuity of operations in the event of an emergency and as a segregation of duties tool to provide independent reviews of each employee's duties being performed. Also, employees should be cross-trained so if the situation arises that there is an unexpected absence by an employee, a qualified person can properly perform all functions of this employee's job.

Condition – Financial personnel's duties are not always rotated for a period of time each fiscal year. Some offices do not have personnel cross trained to the extent each employee's duties could be performed effectively on a timely basis by another County employee.

Cause – The County has a limited number of employees which makes it more difficult for each office to make the time to design and implement procedures for cross-training and segregation of duties. There are no policies in effect ensuring this is being accomplished.

Effect – Lack of job rotations could adversely affect County employees ability to prevent, detect and correct misstatements, errors or misappropriation on a timely basis in the normal course of performing their assigned functions.

Recommendation – The County should consider the need for financial personnel to annually take a minimum amount of vacation time and each person's duties should be done by another employee when the employee is on vacation. Employees should be cross-trained at least to the extent there is at least a minimum of two employees who can perform any duty required in every office/department.

Response – We will have each department head develop a plan to implement rotation of duties on a regular basis and cross-training of staff.

Conclusion – Response accepted. Please make each office accountable to at least start on developing plans to implement this recommendation.

D-2019 Usage of County Vehicles/Machinery

Criteria – Proper written documentation when fueling a vehicle/machinery and maintaining mileage logs provides management with a tool to identify how much a vehicle/machinery is being used and by whom, compared to an established set of factors, in order to evaluate performance/reasonableness.

This procedure assists in minimizing the risk of fraud by being able to monitor employee purchases in correlation with miles per gallon records and to identify the efficiency of a particular vehicle or piece of machinery by analysis of the mileage logs.

Condition – When using County credit cards for fueling, the capital asset's identification and the mileage at the time of fueling are not always noted on the credit card receipt. Vehicle/machinery mileage logs should be compared to fuel invoices and a calculation done to check reasonableness of the fuel purchased.

Cause – Not all County departments/offices are regularly enforcing the policy in the County's employee handbook in regards to written documentation on credit card receipts when purchasing fuel or the maintaining of mileage records on vehicles/machinery to test the miles per gallon on each vehicle/piece of machinery.

Effect – A lack of execution and enforcement of policies could result in an employee improperly using County vehicles/machinery or misappropriation of fuel charges. The decision to not require policies in place to be followed adversely effects the control environment for all aspects of the County.

Recommendation – Per the County's employee handbook, when using County credit cards for fueling, the vehicle's identification and the mileage at the time of fueling should always be noted on the credit card receipt. Mileage and fuel logs should be maintained on each vehicle/piece of machinery and tested against the fuel charged to each vehicle/piece of machinery to verify reasonableness of mileage per gallon.

Response – We will stress to each of the appropriate departments the need to comply with the handbook policy and implement your recommendation.

Conclusion – Response accepted. Please strongly encourage each office to implement this recommendation and stress the need to comply with County established policies.

E-2019 Payroll Issues

Criteria – Properly designed and implemented policies and procedures pertaining to payroll functions assist in providing reasonable assurance payroll information is complete and accurate. Employee's time sheets can be a useful tool for an employee's supervisor when preparing a performance evaluation.

Condition – Payroll time sheets are not always being signed/formally approved by the employee as well as the employee's supervisor. Also, there are several employees that do not fill out time sheets. Properly completed timesheets signed off by the employee and supervisor attest to the accuracy of the hours being paid/the amount of compensated absence time off being taken.

Cause – The County does not have a policy to require each employee to prepare a completed time sheet, which must be signed off by an employee's supervisor, in order for the employee's payroll to be processed.

Effect – A lack of policies and procedures in regards to time sheets increases the probability of employees' accrued vacation and sick leave not being accurate in relation to the proper amount to be carried forward each pay period. Time sheets could also be a resource for performing employee evaluations.

Recommendation – The County should consider the need to require all County personnel to prepare daily time sheets. All County time sheets should have a signature line for the employee and the employee's direct supervisor, which should be required to be completed and signed by both the employee and supervisor, before a paycheck is issued.

Response – We will consider your recommendation and evaluate the benefits of establishing a policy on time sheets.

Conclusion – Response accepted. Please strongly consider adopting and implementing a policy on requiring time sheets.

F-2019 Inventory Records

Criteria – The County's established policies in regards to inventory do not require perpetual records being kept, monitoring of inventory or established safeguards over inventory to an extent which minimizes the risk of financial misstatement due to error or fraud.

Condition – The following weaknesses in the inventory systems were noted: An inventory count is not done by an independent person and there is no independent review of the inventory valuations or calculations. Inventory storage areas are not properly safeguarded to prevent access by unauthorized individuals.

Cause – Management has not adopted policies that require an inventory count, testing of costs assigned to inventory or review of calculated values by an independent person (other than the independent auditor), and inventory areas are not always properly locked when no personnel are present.

Effect – Lack of policies and procedures increases the risk of County employees not detecting inventory errors, misappropriation or other fraudulent activity in the normal course of performing their assigned functions.

Recommendation – In order to mitigate the risk of misstatement and misappropriation, policies should be developed to monitor inventory records on a more regular basis, inventory records should be prepared or at a minimum reviewed/tested by an independent person and methods to mitigate the risk of misappropriation should be evaluated for methods to strengthen safeguards over inventory.

Response – We will consider feasible options to improve inventory procedures, including maintaining of records and security of inventory.

Conclusion – Response accepted. Please stress the importance of developing accurate inventory records and the benefits of independent review of the records. Please continue to analyze for possible controls to improve safeguards over inventory.

G-2019 Comp Time – Exempt Employees

Criteria – A deficiency in controls over financial reporting exists when established policies and procedures, as set forth in the employee handbook, are not being properly executed and enforced without written approval in the Board of Supervisors minutes.

Condition – We noted a few employees, considered exempt from earning overtime or comp time, received and utilized comp time during the year; however, according to the County's employee handbook, exempt employees are not eligible to earn comp time.

Cause – A lack of communication between governing boards and department heads has resulted in the employee policy/handbook not being followed and enforced.

Effect – A lack of execution and enforcement of policies in the employee handbook resulted in some exempt employees receiving comp and overtime benefits without written approval in the Board minutes.

Recommendation – An evaluation needs to be made to determine which employees are considered to be included in the exempt status for earning comp time. It also needs to be clear in the employee handbook whether comp time is allowed to be earned by exempt employees in certain departments but not other departments. If there is not going to be consistency throughout all departments, it is important to have legal counsel document the legality of some exempt status employees getting comp time and other exempt status employees not being eligible for comp time. The County needs to develop procedures to ensure all employee handbook policies are being followed as interpreted by legal counsel.

Response – We will work with our County Attorney and the department heads to come up with a legally proper policy which is adopted in the employee handbook.

Conclusion – Response accepted. Please work with legal counsel to adopt a comp time policy for the employee handbook which is going to be implemented in all facets by all departments of the County.

H-2019 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 – During the audit, we identified material amounts of assets (including capital asset/infrastructure additions), deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, revenues, expenses/expenditures and other financing sources/uses which were not recorded properly in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require an independent review of the County's accounting records and financial reporting in order to ensure the County's financial records and reports are accurate.

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 implement procedures to ensure all assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, revenues, expenses/expenditures and other financing sources/uses are identified and reported in the County's financial statements. Management should be reviewing the financial records on a regular basis to help ensure the accuracy of the financial records.

Response – We will continue in our attempt to identify procedures where we can improve on our financial records.

Conclusion – Response accepted. Please review your procedures in an effort to identify areas which may improve on the accuracy of your financial records.

I-2019 Management Procedures

Criteria – Oversight, monitoring and communication by management to ensure properly designed and implemented policies and procedures, along with expected standards of compliance and ethical behavior are an integral part of ensuring the reliability and accuracy of the County's financial statements and compliance with laws, regulations and grant agreements.

Condition – Based on findings during the audit, we identified there appears to be a lack of oversight by management over developing internal control, compliance and anti-fraud procedures; monitoring existing procedures and policies that are in place to ensure the procedures and policies are enforced; and communicating the County's expected ethics.

Cause – The County needs to establish a higher level of oversight by the governing board and management over developing internal control and compliance procedures, along with monitoring existing procedures and policies which have been established, in order to ensure the procedures are in place and enforced.

Effect – A weak control environment increases the risk of the inability of the governing board, management and personnel to identify or prevent errors, misstatements or fraudulent activities on a timely basis.

Recommendation – County management needs to establish policies and procedures that ensure effective internal control, compliance and anti-fraud procedures are in place and being monitored on a regular basis. County management also needs to communicate the County's expected ethics and hold County employees accountable to exhibit those expected ethics.

Response – We will attempt to implement established policies and procedures and stress the need to exhibit compliance with laws at all times.

Conclusion – Response accepted. Please review policies and procedures for methods to improve internal controls, compliance issues and anti-fraud procedures.

J-2019 Confidential Law Enforcement Investigation Purposes

Criteria – 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 records.

Condition – Cash funds and disbursements for confidential law enforcement investigation purposes were not under dual control. Written records of these funds were not reviewed regularly by an independent person.

Cause – County policies do not require and procedures have not been established to require an independent review of the confidential law enforcement accounting records in order to ensure the records appear accurate and public purpose is being achieved.

Effect – A lack of establishment and execution of a policy could result in the improper use or misappropriation of confidential law enforcement investigation resources.

Recommendation – The Sheriff's Office needs to develop a system over cash funds and disbursements for confidential law enforcement investigation purposes where an independent person is involved, along with the law enforcement employee responsible for the confidential investigations funds, in order to establish dual control over of the funds. At a minimum, the written records of these funds should be reviewed regularly by the independent individual.

Response – We will have the Sheriff’s Office work on developing procedures as to how this can be accomplished in a suitable manner.

Conclusion – Response accepted.

K-2019 Handling of Salvaged Materials, Scrap Metal, and Scrapped Equipment

Criteria – Policies and procedures designed to give the County oversight of inventory and fixed assets are an integral part of ensuring the reliability and accuracy of the County's financial statements and compliance with laws and regulations.

Condition – Based on findings during the audit, we identified a lack of oversight by management concerning the sale, transfer, scrapping or dismantling of equipment and the disposition of salvaged materials/scrap metal.

Cause – The County has not established a higher level of oversight by having the governing board and management develop internal control and compliance procedures to monitor the disposition of scrap materials, metal and equipment.

Effect – The lack of policies or procedures increases the opportunity for fraud and can cause the County to improperly handle and report the sale of scrap materials, metal and equipment in the financial statements.

Recommendation – County management needs to establish policies and procedures that ensure effective internal control and financial reporting over the disposition of salvaged materials and scrap metal and require written approval for the sale, transfer, scrapping or dismantling of equipment.

Response – We will attempt to establish policies and procedures to properly handle salvaged materials, scrap metal and the sale, transfer, scrapping or dismantling of equipment.

Conclusion – Response accepted.

Instances of Non-Compliance:

No matters were reported.

Schedule of Findings
Year Ended June 30, 2019

Other Findings Related to Required Statutory Reporting:

2019-1 **Certified Budget** – Disbursements during the year ended June 30, 2019 did not exceed the amount budgeted for any function or the amount appropriated for any department. However, there were several line items reported on the December 24, 2018 budget amendment in the "total budget as certified" column which did not match the original budget as adopted.

Recommendation – The County should implement procedures to ensure budget amendment publications are reconciled to the prior certified or amended balance for accuracy.

Response – We will review budget amendments to ensure the amendments reconcile properly prior to publication and adoption.

Conclusion – Response accepted.

2019-2 **Questionable Expenditures** – Certain expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

We noted several meal expense reimbursements to employees that did not have the proper support retained and several instances of missing receipts on fuel purchases. There were also several invoices where sales tax was incorrectly charged to and paid by the County.

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

Recommendation – The Board of Supervisors needs to enforce the County's written policies in regards to employee expense reimbursements and should determine and document the public purpose served by any exceptions to the written policies before authorizing any further payments. All disbursements, including credit card charges/employee meal charges, should be supported by an actual receipt/invoice that supports the charge in detail (a credit card slip with no detailed support is insufficient), and be properly documented as to the public purpose of the expenditure. Additionally, all invoices should be reviewed to ensure that sales tax is not being charged to the County.

Response – We will emphasize to each department head the need to evaluate what procedures should be modified to ensure this recommendation is implemented.

Conclusion – Response accepted. It is important that these issues are addressed in a timely manner.

2019-3 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted. However, please see "Other Findings Related to Required Statutory Reporting: 2019-2" for a possible related comment.

2019-4 **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Todd Reinke, Conservation Board Member, Owner of Todd's True Value	Supplies	1,914
Shannon Klarenbeek, Health Services Employee, Spouse of Mike Klarenbeek, Owner of Rapid Auto Repair	Vehicle Repairs	2,063

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Heather Serck, Todd's True Value and Rapid Auto Repair appear to represent conflicts of interest since total transactions were more than $1,500 during the fiscal year and were not entered into through competitive bidding.

Recommendation – The County should comply with the Code of Iowa regarding business transactions between the County and County officials, employees, and their family members. The County should consult with the County Attorney to determine the disposition of this potential issue.

Response – We will consult with the County Attorney regarding your comment. We will be sure to bid jobs with related parties when total payments throughout the fiscal year are expected to exceed $1,500.

Conclusion – Response accepted.

2019-5 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed periodically to ensure that the coverage is adequate for current operations.

2019-6 **Board Minutes** – We noted two instances where either the wrong claims sequence or no claims sequence was listed in the published Board of Supervisor's minutes. We also noted one instance where the minutes for a meeting in the official minutes book were not properly signed.

Recommendation – The Board of Supervisors should implement procedures to ensure the proper claims sequence is listed and approved in accordance with Chapter 349.18 of the Code of Iowa. The Board of Supervisors should also implement procedures to ensure that the minutes are properly signed after approval to attest to the accuracy of the minutes.

Response – We will work to implement procedures to make sure minutes include the correct claims sequence and the minutes are properly signed.

Conclusion – Response accepted.

2019-7 **Deposits and Investments** – The deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were complied with, except the County exceeded the amount of the depository resolution at Security Saving Bank in December 2018 and at Peoples Bank & Trust from October 30, 2018 through January 2, 2019.

Recommendation – Bank balances should be monitored to ensure the depository resolution amounts are not exceeded at any of the approved banks in the future.

Response – The Board of Supervisors has approved an increase in the depository resolution amounts; however, we will monitor appropriate bank balances to ensure the depository resolution amounts are not exceeded at any of the approved banks in the future.

Conclusion – Response accepted.

2019-8 **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).

2019-9 **County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2019 for the County Extension Office did not exceed the amount budgeted.

The County Extension needs to review "Findings Related to the Financial Statements – Internal Control Deficiencies" for reportable conditions that are applicable to the Extension and/or could improve the Extension's internal control procedures.

We discovered one instance of the Extension Board minutes not being signed. We also found that the fiscal year 2018/2019 payroll rates were paid for the June 17 – June 29, 2018 pay period (fiscal year 2017/2018).

Recommendation – The County Extension Board should implement procedures to ensure that Board minutes are properly signed after approval to attest to the accuracy of the minutes. The Board should also make sure they properly state when pay rate changes are intended to be implemented and develop procedures to ensure the changes are implemented accordingly.

Response - We will try to make sure all Board minutes are signed upon approval. We will clarify when pay rate changes are to take effect and implement accordingly.

Conclusion - Response accepted.

2019-10 **Urban Renewal Annual Report** – The County's Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, we noted several errors on the Annual Urban Renewal Report, including incorrectly indicating the type of appropriation (an annual appropriation debt was marked "no", when the correct answer was "yes"), omitted proper disclosures for one TIF rebate development agreement, and reported the amount of the project costs incorrectly for one of the County's urban renewal areas (project costs were listed as $420,000, while the actual project costs were $484,000).

Recommendation – The County should implement procedures to ensure that all information reported on the Urban Renewal Annual Report is all-inclusive and accurate.

Response – We will implement this recommendation

Conclusion – Response accepted.

2019-11 **Financial Condition** – There was a deficit fund balance of $461,000 at June 30, 2019 in the County Tax Increment Financing Fund.

Recommendation – The County should implement procedures to monitor fund balances in order to avoid deficit fund balances; alternatives should be investigated to prevent any future deficit fund balances.

Response – We will implement this recommendation as practicable. Tax increment financing will be levied to eliminate the County Tax Increment Financing Fund deficit.

Conclusion – Response accepted.

2019-12 **Tax Increment Financing Reporting** – The County is responsible for maintaining a reconciliation of total certified debt and tax increment financing received and eligible to be paid to each governing body for TIF indebtedness. We noted serval errors on the reconciliation spreadsheets used to track the certified debt balances.

Recommendation – The County should develop procedures which enhance the ability to prepare the County's tax increment financing reconciliation documents accurately.

Response – We will work on developing procedures to prevent errors on the tax increment financing reconciliation documents in the future.

Conclusion – Response accepted.

2019-13 **Urban Renewal Area Amendment** – Section 403.5(2) of the Iowa Code requires a consultation meeting to be held for any governmental bodies which might be affected by the use of tax increment financing within the amended urban renewal area. The consultation meeting is to be held at least 14 days before the public hearing of the proposed amendment (which gives 7 days for the affected taxing entity to submit written recommendations and the County must submit a written response to the proposed recommendations no later than 7 days prior to the public hearing on the proposed amendment). While there were no proposed recommendations submitted, the consultation meeting was only held 12 days before the public hearing.

Recommendation – In order to properly comply with Chapter 403.5(2) of the Code of Iowa, the County should implement procedures to ensure that consultation meetings are held at least two weeks (14 days) prior to the public hearing to allow the proper timeline for written recommendations and responses.

Response – We will work on developing procedures to make sure the proper amount of time is given between consultation meetings and the public hearing for any future Urban Renewal Amendments.

Conclusion – Response accepted.

2019-14 **Development Agreement Compliance –** The TIF rebate development agreements entered into with companies include provisions in which the companies are required to provide documentation periodically to the County. We noted one company which did not timely submit the required annual certification.

Recommendation – The County should implement procedures to ensure all requirements of TIF rebate development agreements are met before submission of TIF collections are made available to the recipients.

Response – We will implement this recommendation.

Conclusion – Response accepted. Please make sure all TIF development agreements are in compliance before submitting TIF collections to the recipient.

Staff

This Audit was Performed By:

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