



# 2021 LYON COUNTY

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

June 30, 2021

Prepared By:

**De Noble, Austin & Company PC**

121 South Story Street

Rock Rapids, Iowa 51246

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# LYON COUNTY

June 30, 2021

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires/Term</u>
(Before January 2021)		
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	September 30, 2020 (Resigned)
Amy Oetken	County Attorney	December 10, 2020 to 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 Service Coordinator	Indefinite
Steve Simons	County Economic Development Director	Indefinite
Laura Sievers	County Engineer	June 1, 2020 (Resigned)
Daryl Albertson	County Engineer	August 5, 2020 to Indefinite
Melissa Stillson	County Health Services Administrator	Indefinite

**LYON COUNTY**  
June 30, 2021

**Officials**

<b>Name</b>	<b>Title</b>	<b>Term Expires/Term</b>
<b>(Beginning January 2021)</b>		
Jerry Birkey	Board of Supervisors	December 31, 2022
Josh Feucht	Board of Supervisors	December 31, 2022
Steve Herman	Board of Supervisors	December 31, 2022
Cory Altena	Board of Supervisors	December 31, 2024
Doug Vanden Bosch	Board of Supervisors	December 31, 2024
Amy Oetken	County Attorney	December 31, 2022
Eldon Kruse	County Recorder	July 5, 2021 (Retired)
Amie Griesse	County Recorder	July 6, 2021 to December 31, 2022
Russell Hopp	County Treasurer	April 30, 2021 (Retired)
Michele Stewart	County Treasurer	May 1, 2021 to December 31, 2022
Jennifer Smit	County Auditor	December 31, 2024
Stewart VanderStoep	County Sheriff	December 31, 2024
Marilee Schleusner	County Assessor	December 31, 2021
Craig Van Otterloo	County Conservation Director	Indefinite
Lisa Rockhill	County Disabilities Service Coordinator	Indefinite
Steve Simons	County Economic Development Director	Indefinite
Daryl Albertson	County Engineer	Indefinite
Melissa Stillson	County Health Services Administrator	Indefinite



# De Noble, Austin & Company PC

CERTIFIED PUBLIC ACCOUNTANTS



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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, 2021, 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.

#### MEMBERS

American Institute - Certified Public Accountants | Private Companies Practice Section | Iowa Society - Certified Public Accountants

## **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, 2021 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.

## **Emphasis of a Matter**

As discussed in Note 22 to the financial statements, Lyon County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

## **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 6 through 15 and 57 through 63 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, 2020 (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 February 18, 2022 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

February 18, 2022



## **LYON COUNTY MANAGEMENT'S DISCUSSION & ANALYSIS**

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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, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **Fiscal Year 2021 Financial Highlights**

- The County's governmental fund revenues for fiscal year 2021 were \$19,111,003 compared to \$16,926,386 in fiscal year 2020, an increase of \$2,184,617, or 12.91%. The revenue classifications which mainly resulted in this increase were as follows: property and other county tax increased by \$642,618, local option sales tax increased by \$196,543, gambling taxes increased by \$239,185, intergovernmental revenues increased by \$734,136, charges for service increased by \$165,579 and miscellaneous revenues increased by \$131,289.
- The County's governmental fund expenditures for fiscal year 2021 were \$17,485,558, compared to \$16,597,667 in fiscal year 2020, an increase of \$887,891 or 5.35%. The expenditure function which primarily resulted in this increase was the capital projects which had an increase of \$1,272,191. The remaining expenditure functions decreased in total by (\$384,300).
- The County's total governmental fund balances increased by \$1,787,001, or 17.60%, from \$10,151,092 on June 30, 2020 to \$11,938,093 on June 30, 2021. During the fiscal year ended June 30, 2021, revenues exceeded expenditures by \$1,625,445 and other financing sources exceed other financing uses by \$161,556.
- Revenues of the County's governmental activities increased by \$4,156,569, or 22.33%, from \$18,613,636 in fiscal year 2020 to \$22,770,205 during fiscal year 2021. Program revenues increased by \$3,079,139, or 34.08%, from \$9,035,005 to \$12,114,144 and general revenues increased by \$1,077,430, or 11.25%, from \$9,578,631 to \$10,656,061.
- Expenses of the County's governmental activities decreased by (\$958,417), or (5.94%), from \$16,126,131 in fiscal year 2020 to \$15,167,714 during fiscal year 2021. The main function areas to decrease were the public safety and legal services function, which decreased by (\$238,053), or (6.13%), and the roads and transportation function, which decreased by (\$544,777), or (6.81%).
- The County's government-wide change in net position for governmental activities during fiscal year 2021 was an increase of \$7,602,491 over the June 30, 2020 balance of \$62,273,407; resulting in a net position of \$69,875,898 on June 30, 2021.

### **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 financial statements provide information about activities for which Lyon County

acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability Related Ratios and Notes.
- Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds.

## **Reporting the County's Financial Activities**

### *Government-Wide Financial Statements*

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse 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, interest on long-term debt and non-program activities. 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 custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for County offices, the County Assessor, E911, Emergency Management Services, 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 statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's overall financial position. Lyon County's combined net position increased from \$62,273,407 to \$69,875,898. The analysis that follows focuses on the changes in the net position of governmental activities.

### Net Position of Governmental Activities

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Current and Other Assets	\$ 21,522,374	\$ 20,622,959
Capital Assets	61,883,820	57,154,404
Total Assets	<u>83,406,194</u>	<u>77,777,363</u>
Deferred Outflows of Resources	1,046,017	927,079
Other Liabilities	438,938	1,343,082
Long-Term Liabilities	6,565,045	6,312,386
Total Liabilities	<u>7,003,983</u>	<u>7,655,468</u>
Deferred Inflows of Resources	7,572,330	8,775,567
Net Position		
Net Investment in Capital Assets	59,498,820	54,122,133
Restricted	8,458,445	7,063,308
Unrestricted	1,918,633	1,087,966
Total Net Position	<u>\$ 69,875,898</u>	<u>\$ 62,273,407</u>

Net position of Lyon County increased by \$7,602,491, or 12.21%.

The largest portion of the County's net position at June 30, 2021, 85.15%, 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, 12.10% of the County's June 30, 2021 net position, represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position, the remaining 2.75% of the County's June 30, 2021 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 by \$830,667, or 76.35%, from June 30 2021 compared to the June 30, 2020 balance.

## Changes in Net Position of Governmental Activities

	Year Ended June 30, 2021	Year Ended June 30, 2020
<b>Revenues:</b>		
Program Revenues:		
Charges for Service	\$ 3,139,083	\$ 1,854,418
Operating Grants, Contributions and Restricted Interest	6,045,698	5,284,158
Capital Grants, Contributions and Restricted Interest	2,929,363	1,896,429
General Revenues:		
Property and Other County Tax Levied for:		
General Purposes	6,766,019	6,163,657
Debt Service	529,762	519,953
Hotel/Motel Tax	925,047	104,647
Local Option Sales Tax	171,676	728,504
Gambling Taxes	695,745	456,560
Tax Increment Financing	651,640	571,574
Interest and Penalty on Property Tax	38,025	15,129
State Tax Credits	509,727	463,538
Grants and Contributions Not Restricted to Specific Purpose	114,512	76,499
Unrestricted Investment Earnings	132,964	237,047
Rents	41,525	44,845
Gain on Disposal of Capital Assets	63,071	45,878
Other General Revenues	16,348	150,800
Total Revenues	<u>22,770,205</u>	<u>18,613,636</u>
<b>Expenses:</b>		
Program Expenses:		
Public Safety and Legal Services	3,643,107	3,881,160
Physical Health and Social Services	574,938	620,993
Mental Health	357,084	302,283
County Environment and Education	1,033,457	1,086,747
Roads and Transportation	7,458,732	8,003,509
Governmental Services to Residents	540,778	583,917
Administration	1,226,233	1,249,194
Non-Program Current	120,884	122,233
Interest on Long-Term Debt	70,267	81,398
Capital Projects	142,234	194,697
Total Expenses	<u>15,167,714</u>	<u>16,126,131</u>
Increase in Net Position	7,602,491	2,487,505
Net Position Beginning of Year	<u>62,273,407</u>	<u>59,785,902</u>
Net Position End of Year	<u>\$ 69,875,898</u>	<u>\$ 62,273,407</u>

- The amount of the costs financed by users (charges for service) increased by \$1,284,665, or 69.28%. The increase from fiscal year 2020 to fiscal year 2021 was primarily due to an increase of \$1,126,844 in the roads and transportation function for bridge and road work reimbursements.
- Operating grants, contributions and restricted interest increased by \$761,540, or 14.41%. The increase from fiscal year 2020 to fiscal year 2021 was due to increases in the public safety and legal services - \$172,274, physical health and social services - \$158,016, county environment and education - \$289,537, and the roads and transportation - \$139,859 functions.
- Capital grants, contributions and restricted interest increased by \$1,032,934, or 54.47%. The increase was mainly the result of an increase in infrastructure assets contributed by the Iowa Department of Transportation.

- General revenues increased by \$1,077,430, or 11.25%. Property and other county tax revenues levied for general purposes increased by \$602,362, or 9.77%, local option sales tax increased by \$196,543, or 26.98%, and gambling taxes increased by \$239,185, or 52.39%.
- Expenses of the County’s governmental activities decreased by (\$958,417), or (5.94%). The main function areas to decrease were the public safety and legal services function, which decreased by (\$238,053), or (6.13%), and the roads and transportation function, which decreased by (\$544,777), or (6.81%).

Lyon County increased the total countywide property tax levy rate by 0.34747 and decreased the rural property tax levy rate by 0.02820 per \$1,000 of valuation. Taxable valuation by levy, actual levy rate per \$1,000 of valuation and total dollars levied are as follows:

	<b>Taxes Levied Fiscal Year 2021</b>	<b>Taxes Levied Fiscal Year 2020</b>
Countywide Taxable Valuation *	\$ 996,231,325	\$ 951,713,882
Countywide Levy Rate Without Debt Service	4.65569	4.29146
Dollars Levied Without Debt	4,638,145	4,084,243
Countywide Taxable Valuation for Debt Service *	1,062,268,513	1,010,527,600
Countywide Debt Service Levy	0.52343	0.54019
Dollars Levied for Debt Service	556,023	545,877
Total Countywide Levy Rate	5.17912	4.83165
Total Dollars Levied Countywide	5,194,168	4,630,120
Rural Taxable Valuation *	751,729,760	722,716,251
Rural Service Tax Levy	3.16626	3.19446
Dollars Levied for Rural Area Only	2,380,172	2,308,688
Total Levy Rate (All Property Taxes)	8.34538	8.02611
Total Dollars Levied (All Property Taxes)	7,574,340	6,938,808

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

#### Taxable Valuation History

<b>Fiscal Year</b>	<b>Based on January 1<sup>st</sup> Values</b>	<b>Countywide Valuation</b>	<b>Debt Service Valuation</b>	<b>Rural Service Valuation</b>
FY 2020/2021	January 1, 2019	\$ 996,231,325	\$ 1,062,268,513	\$ 751,729,760
FY 2019/2020	January 1, 2018	951,713,882	1,010,527,600	722,716,251
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

- Lyon County’s fiscal year 2020/2021 countywide taxable valuation (without gas and electric utilities) increased \$44,517,443, or 4.68%, from fiscal year 2019/2020; the fiscal year 2020/2021 debt service taxable valuation increased \$51,740,913, or 5.12%, from fiscal year 2019/2020; and the fiscal year 2020 rural service valuation increased \$29,013,509, or 4.01%, from fiscal year 2019/2020.

- 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”.
- Farmland sales for fiscal year 2020/2021 averaged \$12,900 per acre. According to a study coordinated by Iowa State and with input from ag real estate professionals and assessors, factors affecting the high market include higher commodity prices, favorable interest rates, strong yields, limited land supply, strong demand (including from investors), COVID-related government payments, and an overall good farm economy.

### Individual Major Fund Analysis

As Lyon County completed fiscal year 2021, its governmental funds reported a combined fund balance of \$11,938,093. This is in comparison to last fiscal year when the combined fund balance was \$10,151,092. This is an increase of \$1,787,001 from last year, or 17.60%. 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 \$6,091,465. This is in comparison to last fiscal year when the fund balance was \$4,864,836. This is an increase of \$1,226,629 from last year, or 20.14%. For fiscal year 2021, revenues totaled \$7,381,559 (fiscal year 2020 = \$6,513,725), an increase of \$867,834, or 13.32%; expenditures totaled \$5,461,284 (fiscal year 2020 = \$5,551,256), a decrease of (\$89,972), or (0.16%); operating transfers out totaled \$759,396 (fiscal year 2020 = \$476,889), an increase of \$282,507, or 59.24%; fiscal year 2021 sale of capital assets totaled \$40,250 (fiscal year 2020 = \$22,000), an increase of \$18,250, or 82.95%; and there was capital lease proceeds of \$25,500 during fiscal year 2021. The General Basic Fund levy for fiscal year 2021 was 3.50000 (fiscal year 2020 = 3.50000); the maximum amount allowed by law is 3.50000. The General Supplemental Fund levy was 0.79695 for fiscal year 2020 and 0.62468 for 2020. 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.
  - The primary reason for the increase in revenues was property and other county tax revenues increased by \$361,958, gambling taxes increased by \$239,185, intergovernmental revenues increased by \$212,096 and charges for service increased by \$157,760. Contributing to the increase in intergovernmental revenues was the County received reimbursement of some payroll costs for health services, the ambulance and law enforcement for COVID-19 prevention and mitigation through the CARES Act.
  - The primary reason for the increase in operating transfers out during fiscal year 2021 was the General Fund transferred \$525,000 to the Capital Projects Fund to provide additional funding for costs related to the construction of a nature center at Lake Pahoja.
  - The June 30, 2021 fund balance of \$6,091,465 is comprised of \$77,710 in nonspendable balances (inventories and prepaid expenditures), \$703,775 in restricted balances (supplemental levy purposes, jail improvements/courthouse security, hotel/motel tax, ambulance purposes and sheriff’s drug dog programs), \$350,000 in assigned balances (ambulance rig and annex building – plumbing/heating/repairs) and \$4,959,980 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 \$1,203,659 at June 30, 2021. This is in comparison to last fiscal year when the ending fund balance was \$828,226. This is an increase of \$375,433 from last fiscal year, or 45.33%. For fiscal year 2021, revenues totaled \$3,832,177 (fiscal year 2020 = \$3,422,191), an increase from last year of \$409,986, or 11.98%; expenditures totaled \$1,117,103 (fiscal year 2020 = \$1,188,316), a decrease from last year of (\$71,213), or (5.99%); and operating transfers out totaled \$2,339,641 (fiscal year 2020 = \$2,252,678), an increase from last year of \$86,963, or 3.86%. The rural services basic levy for fiscal year 2021 was 3.16626 (fiscal year 2020 = 3.19446). 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 2021, 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 and environmental/sanitarian. Operating transfers out go to the Secondary Roads and Economic Development Funds for operational costs.
  - During fiscal year 2021, the County received reimbursement of law enforcement patrol salaries for COVID-19 prevention and mitigation through the CARES Act.
  
- **Secondary Roads Fund:** The Secondary Roads Fund is used to account for secondary roads construction and maintenance. The Secondary Roads ending fund balance was \$4,768,461 at June 30, 2021. This is in comparison to last fiscal year when the ending fund balance was \$4,286,694. This is an increase of \$481,767 from last year, or 11.24%. For fiscal year 2021, fiscal year 2020 revenues totaled \$5,754,496 (fiscal year 2020 = \$5,418,623), an increase of \$335,873, or 6.20%; expenditures totaled \$7,812,572 (fiscal year 2020 = \$7,281,975), an increase from last year of \$530,597, or 9.79%; fiscal year 2020 transfers in totaled \$2,444,037 (fiscal year 2020 = \$2,349,567), an increase of \$94,470, or 4.02%; and fiscal year 2021 sale of capital assets totaled \$95,806 (fiscal year 2019 = \$78,880), an increase of \$16,926, or 21.46%.

  - Intergovernmental revenues increased by \$358,692, or 6.77%. Road use tax revenue increased by \$432,951.
  - Expenditures in the capital projects function increased by \$767,601, while expenditures in the roads and transportation function decreased by (\$237,004). The decrease in the roads and transportation function was primarily due to a decrease in the general roadway expenditures program (new equipment; equipment operations; tools, materials & supplies; and real estate & buildings).
  
- **County Tax Increment Financing Fund:** 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, 2021 in the County Tax Increment Financing Fund was (\$500,000). This is in comparison with the ending fund balance of (\$497,207) last fiscal year. This is a decrease of (\$2,793) during fiscal year 2021. Fiscal year 2021 revenues totaled \$660,665 (\$651,640 in tax increment financing collections and \$9,025 in tax credits and replacements). Fiscal year 2021 expenditures totaled \$663,458 (\$120,665 for rebates to businesses in County urban renewal areas and \$542,793 for infrastructure related costs in a County urban renewal area).

  - The \$500,000 unassigned deficit fund balance at June 30, 2021 is the result of a \$500,000 interfund loan payable to the Secondary Roads Fund. This interfund loan is expected to be repaid with fiscal year 2021/2022 tax increment financing revenues.

- Capital Projects Fund:** The Capital Projects Fund is utilized to account for costs related to the construction of a nature center at Lake Pahoja (being paid for through operating transfers from other funds and donations). The ending fund balance at June 30, 2021 in the Capital Projects Fund was \$0. This is in comparison with the ending fund balance of \$80,353 last fiscal year. This is a decrease of (\$80,353) during fiscal year 2021. For fiscal year 2021, revenues totaled \$324,734 (donations), expenditures totaled \$1,230,087 (nature center construction costs) and operating transfers in totaled \$825,000.
- 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 \$39,475 at June 30, 2021. This is in comparison to last fiscal year when the ending fund balance was \$27,802. This is a \$11,673 increase from last fiscal year. For fiscal year 2021, revenues totaled \$571,673 (fiscal year 2020 = \$560,476) and expenditures totaled \$560,000 (fiscal year 2020 = \$550,000), and revenues totaled \$560,476 (fiscal year 2019 = \$517,261). Transactions during fiscal year 2021 were as follows: property tax collections of \$530,900, tax credits and replacements of \$39,130, interest income of \$1,643, and principal payment on bonds of \$560,000.

### Budgetary Highlights

Over the course of the year, Lyon County amended its budget two times. The first amendment was adopted March 23, 2021 and resulted in an increase in budgeted receipts of \$187,427 and disbursements of \$244,141. The main reason for the increase in receipts was for intergovernmental grants. Some of the reasons for the increase in disbursements included \$15,350 for election equipment, \$113,217 for nature center project costs, \$45,154 for TIF project costs and \$57,400 for distributions to the Mental Health Region. Operating transfers increased by \$425,000 due to additional transfers for the nature center project.

The second amendment was adopted April 27, 2021 and resulted in a decrease in budgeted receipts of (\$233) and an increase in disbursements of \$606,700. The reasons for the increase in disbursements included \$601,701 for nature center project costs and \$5,000 for medical examiner fees and autopsies.

Lyon County budgets on a cash accounting basis. For fiscal year 2021, Lyon County’s actual receipts of \$19,063,695 were \$126,231 more than the amended budget for receipts of \$18,937,464. Lyon County’s actual disbursements of \$18,264,714 were \$2,579,423 less than the amended budget for disbursements of \$20,844,137. During the year ended June 30, 2021, although actual disbursements in total were less than the amount budgeted, disbursements exceeded the amount budgeted in the non-program current function and disbursements in two departments exceeded the amounts appropriated.

### Capital Assets and Debt Administration

#### Capital Assets

Lyon County concluded fiscal year 2021 with \$87,628,948 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, 2021	June 30, 2020
Land	\$ 2,179,929	\$ 2,179,929
Buildings & Improvements	14,144,989	11,854,025
Machinery, Equipment & Vehicles	14,483,763	13,897,766
Infrastructure	50,769,410	45,560,270
Construction in Progress	6,050,857	7,169,063
Total	\$ 87,628,948	\$ 80,661,053



This year's major asset additions included:

<b>Conservation Department</b>		<b>Secondary Roads Department</b>	
Utility Tractor & Loader	\$ 54,500	2 – Pup Trailers	86,454
Kubota Mower/Groomer	33,850	2 – Mack Trucks	278,714
Nature Center – Lake Pahoja	2,285,874	Cat Motor Grader	360,750
<b>Sheriff Department</b>		2 – Mack Plows for Trucks	202,928
Dodge Durango with Equipment	41,997	Roadway Infrastructure	5,209,140
Rooftop AC Unit	47,727		

The County had depreciation expense of \$2,730,065 in fiscal year 2021 and total accumulated depreciation of \$25,745,128 as of June 30, 2021.

**Long-Term Debt**

At June 30, 2021, Lyon County had \$6,565,045 of long-term debt, compared to \$6,312,386 at June 30, 2020, as shown below:

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

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total OPEB Liability	\$ 340,751	\$ 335,718
Net Pension Liability	3,277,286	2,456,548
Compensated Absences	461,515	466,473
General Obligation Bonds	2,385,000	2,945,000
Installment Purchase Payable	80,505	108,647
Capital Lease Payable	19,988	0
Total	\$ 6,565,045	\$ 6,312,386

Long-term debt increased primarily due to a large increase in the actuarial calculated net pension liability. During the fiscal year 2021, the County entered into a capital lease payable contract for the purchase of a utility tractor and loader for the Conservation department.

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 bonds, installment purchase payable and tax increment financing obligations are significantly below its constitutional debt limit of approximately \$75.0 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 2021/2022 budget. One of the factors is the economy. Unemployment in Lyon County in December 2020 was at 1.8%; while the unemployment rate for the State of Iowa in December 2020 was at 3.1%. As there was a world-wide pandemic with COVID-19 causing much economic distress, Lyon County seemed to weather the pandemic quite well in regards to unemployment.

Another significant factor is taxable property valuations. The valuations for fiscal year 2021/2022, excluding gas and electric utility valuations, were as follows: countywide taxable valuation = \$1,045,933,268 (increase of \$49,701,943 from FY 2020/2021); debt service taxable valuation = \$1,101,459,627 (increase of \$39,190,814 from FY 2020/2021); and rural services taxable valuation = \$786,251,825 (increase of \$34,522,065 from FY 2020/2021). With the increase in taxable property valuations, county levies decreased in FY 2021/2022 compared to FY 2020/2021. The debt service levy was dropped to zero for FY 2021/2022 as the Board approved to pay all of the general obligation bond payments from the General Fund. The Board worked hard to lower tax levies for FY 2021/2022 and adopted a budget that levied less tax dollars than levied in FY 2020/2021.

## 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, Chair	District #1	Term: 1-1-2019 to 12-31-2022
Doug Vanden Bosch	District #2	Term: 1-1-2021 to 12-31-2024
Cory Altena	District #3	Term: 1-1-2021 to 12-31-2024
Jerry Birkey, Vice Chair	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>

# Basic Financial Statements

Lyon County

# LYON COUNTY

## Exhibit A – Statement of Net Position

June 30, 2021

	<u>Governmental</u> <u>Activities</u>
<b>Assets:</b>	
Cash, Cash Equivalents and Pooled Investments	\$ 11,074,888
Receivables:	
Property Tax:	
Delinquent	953
Succeeding Year	6,667,107
Succeeding Year Tax Increment Financing	612,060
Interest and Penalty on Property Tax	883
Accounts	390,449
Accrued Interest	32
Due from Custodial Funds	119,381
Due from Other Governments	1,466,805
Inventories	969,864
Prepaid Expenses	189,159
Prepaid Lease	30,793
Capital Assets (Net of Accumulated Depreciation)	61,883,820
<b>Total Assets</b>	<u>83,406,194</u>
<b>Deferred Outflows of Resources:</b>	
Pension Related Deferred Outflows	<u>1,046,017</u>
<b>Liabilities:</b>	
Accounts Payable	207,199
Contracts Payable	99,771
Salaries and Benefits Payable	96,318
Compensated Absences	11,086
Due to Other Governments	19,794
Accrued Interest Payable	4,770
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
General Obligation Bonds	570,000
Capital Lease Payable	4,704
Compensated Absences	418,818

See Notes to Financial Statements.

**Exhibit A (Continued)****Liabilities (Continued):**

## Long-Term Liabilities (Continued):

## Portion Due or Payable After One Year:

General Obligation Bonds	1,815,000
Compensated Absences	42,697
Capital Lease Payable	15,284
Installment Purchase Payable	80,505
Net Pension Liability	3,277,286
Total OPEB Liability	340,751

**Total Liabilities** 7,003,983

**Deferred Inflows of Resources:**

Unavailable Property Tax Revenue	6,667,107
Unavailable Tax Increment Financing Revenue	612,060
Pension Related Deferred Inflows	170,934
OPEB Related Deferred Inflows	122,229

**Total Deferred Inflows of Resources** 7,572,330

**Net Position:**

Net Investment in Capital Assets 59,498,820

## Restricted for:

General Supplemental Levy Purposes	397,146
Jail Improvements/Courthouse Security	292,406
Hotel/Motel Tax Purposes	92,987
Rural Services Purposes	1,120,124
Secondary Roads Purposes	5,330,889
Debt Service	39,475
Other Purposes	1,185,418

Unrestricted 1,918,633

**Total Net Position** \$ 69,875,898

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**LYON COUNTY**  
**Exhibit B – Statement of Activities**  
**Year Ended June 30, 2021**

	<b>Program Revenues</b>				<b>Net (Expense) Revenue &amp; Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Service</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>	
<b>Functions/Programs:</b>					
<b>Governmental Activities:</b>					
Public Safety and Legal Services	\$ 3,643,107	941,371	234,352	0	(2,467,384)
Physical Health and Social Services	574,938	176,594	278,233	0	(120,111)
Mental Health	357,084	0	0	0	(357,084)
County Environment and Education	1,033,457	426,997	330,859	0	(275,601)
Roads and Transportation	7,458,732	1,244,240	5,200,115	2,929,363	1,914,986
Governmental Services to Residents Administration	540,778	345,026	2,139	0	(193,613)
	1,226,233	4,855	0	0	(1,221,378)
Non-Program Current	120,884	0	0	0	(120,884)
Interest on Long-Term Debt	70,267	0	0	0	(70,267)
Capital Projects	142,234	0	0	0	(142,234)
<b>Total</b>	<b>\$ 15,167,714</b>	<b>3,139,083</b>	<b>6,045,698</b>	<b>2,929,363</b>	<b>(3,053,570)</b>
<b>General Revenues:</b>					
Property and Other County Tax Levied for:					
General Purposes					6,766,019
Debt Service					529,762
Local Option Sales Tax					925,047
Hotel/Motel Tax					171,676
Gambling Taxes					695,745
Tax Increment Financing					651,640
Penalty and Interest on Property Tax					38,025
State Tax Credits					509,727
Grants and Contributions Not Restricted to Specific Purpose					114,512
Unrestricted Investment Earnings					132,964
Rents					41,525
Gain on Disposal of Capital Assets					63,071
Miscellaneous					16,348
<b>Total General Revenues</b>					<b>10,656,061</b>
<b>Change in Net Position</b>					<b>7,602,491</b>
<b>Net Position Beginning of Year</b>					<b>62,273,407</b>
<b>Net Position End of Year</b>					<b>\$ 69,875,898</b>

See Notes to Financial Statements.

**LYON COUNTY**  
**Exhibit C – Balance Sheet / Governmental Funds**  
**June 30, 2021**

	Special Revenue						Total
	General	Rural Services	Secondary Roads	County Tax Increment Financing	Debt Service	Nonmajor Special Revenue	
<b>Assets</b>							
Cash, Cash Equivalents and Pooled Investments	\$ 5,526,733	1,122,900	2,936,268	0	39,475	707,635	10,333,011
Receivables:							
Property Tax:							
Delinquent	872	30	0	0	0	51	953
Succeeding Year	4,051,221	2,380,736	0	0	0	235,150	6,667,107
Succeeding Year Tax Increment Financing	0	0	0	612,060	0	0	612,060
Interest and Penalty on Property Tax	883	0	0	0	0	0	883
Accounts	384,715	2,183	0	0	0	2,920	389,818
Accrued Interest	32	0	0	0	0	0	32
Due from Other Governmental Funds	300,000	0	500,000	0	0	0	800,000
Due from Custodial Funds	112,936	0	0	0	0	1,445	114,381
Due from Other Governments	115,984	80,775	1,270,003	0	0	674	1,467,436
Inventories	5,619	121	964,124	0	0	0	969,864
Prepaid Expenditures	72,091	0	5,700	0	0	0	77,791
Prepaid Lease	0	0	30,793	0	0	0	30,793
<b>Total Assets</b>	\$ 10,571,086	3,586,745	5,706,888	612,060	39,475	947,875	21,464,129
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ 81,672	171	121,561	0	0	921	204,325
Contracts Payable	0	0	23,089	0	0	76,682	99,771
Salaries and Benefits Payable	46,963	1,201	48,154	0	0	0	96,318
Compensated Absences	11,086	0	0	0	0	0	11,086
Due to Other Governmental Funds	0	0	0	500,000	0	300,000	800,000
Due to Other Governments	15,169	524	4,015	0	0	86	19,794
<b>Total Liabilities</b>	154,890	1,896	196,819	500,000	0	377,689	1,231,294



<b>Deferred Inflows of Resources:</b>									
Unavailable Revenues:									
Succeeding Year Property Tax	4,051,221	2,380,736	0	0	0	235,150	6,667,107		
Succeeding Year Tax Increment Financing	0	0	0	612,060	0	0	612,060		
Other	273,510	454	741,608	0	0	3	1,015,575		
<b>Total Deferred Inflows of Resources</b>	<b>4,324,731</b>	<b>2,381,190</b>	<b>741,608</b>	<b>612,060</b>	<b>0</b>	<b>235,153</b>	<b>8,294,742</b>		
<b>Fund Balances:</b>									
Nonspendable:									
Inventories	5,619	121	964,124	0	0	0	969,864		
Prepaid Expenditures/Lease	72,091	0	36,493	0	0	0	108,584		
Restricted For:									
Supplemental Levy Purposes	397,140	0	0	0	0	0	397,140		
Jail Improvements/Courthouse Security	197,094	0	0	0	0	0	197,094		
Hotel/Motel Tax Purposes	92,987	0	0	0	0	0	92,987		
Ambulance Purposes	14,911	0	0	0	0	0	14,911		
Sheriff's Drug Dog Programs	1,643	0	0	0	0	0	1,643		
Rural Services Purposes	0	1,203,538	0	0	0	0	1,203,538		
Secondary Roads Purposes	0	0	3,767,844	0	0	0	3,767,844		
Debt Service	0	0	0	0	39,475	0	39,475		
Other Purposes	0	0	0	0	0	257,623	257,623		
Committed For:									
Economic Development Purposes	0	0	0	0	0	203,977	203,977		
Assigned For:									
Ambulance Rig	50,000	0	0	0	0	0	50,000		
Annex Building - Plumbing/Heating/Repairs	300,000	0	0	0	0	0	300,000		
Unassigned	4,959,980	0	0	(500,000)	0	(126,567)	4,333,413		
<b>Total Fund Balances</b>	<b>6,091,465</b>	<b>1,203,659</b>	<b>4,768,461</b>	<b>(500,000)</b>	<b>39,475</b>	<b>335,033</b>	<b>11,938,093</b>		
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
	\$ 10,571,086	3,586,745	5,706,888	612,060	39,475	947,875	21,464,129		

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**LYON COUNTY**  
**Exhibit D – Reconciliation of the Balance Sheet –**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2021**

**Total Governmental Fund Balances (Pages 21-22)** \$ 11,938,093

*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 \$87,628,948 and the accumulated depreciation is \$25,745,128. 61,883,820

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 1,015,575

The Internal Service Fund is used by management to charge the costs 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. 855,371

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	\$ 1,046,017	
Deferred Inflows of Resources	(293,163)	752,854

Long-term liabilities, including the accrued interest payable, general obligation bonds payable, certain compensated absences payable, capital lease payable, installment purchase 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. (6,569,815)

**Net Position of Governmental Activities (Pages 17-18)** \$ 69,875,898

See Notes to Financial Statements.

**LYON COUNTY**  
**Exhibit E – Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2021**

	Special Revenue							Total
	County Tax				Debt Service	Capital Projects	Nonmajor Special Revenue	
	General	Rural Services	Secondary Roads	Increment Financing				
<b>Revenues:</b>								
Property and Other County Tax	\$ 4,123,820	2,309,617	0	0	530,900	0	343,346	7,307,683
Interest and Penalty on Property Tax	38,390	0	0	0	0	0	0	38,390
Local Option Sales Tax	0	925,047	0	0	0	0	0	925,047
Hotel/Motel Tax	171,676	0	0	0	0	0	0	171,676
Gambling Taxes	695,745	0	0	0	0	0	0	695,745
Tax Increment Financing	0	0	0	651,640	0	0	0	651,640
Intergovernmental	903,438	560,355	5,656,118	9,025	39,130	0	61,034	7,229,100
Licenses and Permits	47,605	34,688	12,995	0	0	0	0	95,288
Charges for Service	1,036,040	256	50	0	0	0	165,830	1,202,176
Use of Money and Property	172,009	0	500	0	1,643	0	878	175,030
Miscellaneous	192,836	2,214	84,833	0	324,734	0	14,611	619,228
<b>Total Revenues</b>	<b>7,381,559</b>	<b>3,832,177</b>	<b>5,754,496</b>	<b>660,665</b>	<b>571,673</b>	<b>324,734</b>	<b>585,699</b>	<b>19,111,003</b>
<b>Expenditures:</b>								
Operating:								
Public Safety and Legal Services	2,442,888	983,962	0	0	0	0	901	3,427,751
Physical Health and Social Services	557,184	11,382	0	0	0	0	0	568,566
Mental Health	0	0	0	0	0	0	354,965	354,965
County Environment and Education	752,474	101,456	0	0	0	0	116,895	970,825
Roads and Transportation	0	0	6,163,013	0	0	0	0	6,163,013
Governmental Services to Residents	453,513	1,770	0	0	0	0	1,053	456,336
Administration	1,150,271	18,533	0	120,665	0	0	0	1,168,804
Non-Program Current	0	0	0	0	0	0	0	120,665
Debt Service	104,954	0	0	0	560,000	0	0	664,954
Capital Projects	0	0	1,649,559	542,793	0	1,230,087	167,240	3,589,679
<b>Total Expenditures</b>	<b>5,461,284</b>	<b>1,117,103</b>	<b>7,812,572</b>	<b>663,458</b>	<b>560,000</b>	<b>1,230,087</b>	<b>641,054</b>	<b>17,485,558</b>

<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	1,920,275	2,715,074	(2,058,076)	(2,793)	(905,353)	11,673	(55,355)	1,625,445
<b>Other Financing Sources (Uses):</b>								
Sale of Capital Assets	40,250	0	95,806	0	0	0	0	136,056
Operating Transfers In	(759,396)	0	2,444,037	0	825,000	0	130,000	3,399,037
Operating Transfers Out	25,500	(2,339,641)	0	0	0	0	(300,000)	(3,399,037)
Capital Lease Proceeds		0	0	0	0	0	0	25,500
<b>Total Other Financing Sources (Uses)</b>	(693,646)	(2,339,641)	2,539,843	0	825,000	0	(170,000)	161,556
<b>Changes in Fund Balances</b>	1,226,629	375,433	481,767	(2,793)	(80,353)	11,673	(225,355)	1,787,001
<b>Fund Balances Beginning of Year</b>	4,864,836	828,226	4,286,694	(497,207)	80,353	27,802	560,388	10,151,092
<b>Fund Balances End of Year</b>	\$ 6,091,465	1,203,659	4,768,461	(500,000)	0	39,475	335,033	11,938,093

See Notes to Financial Statements.

## LYON COUNTY

### 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, 2021

**Change in Fund Balances – Total Governmental Funds (Pages 25-26)** \$ 1,787,001

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

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

Expenditures for Capital Assets	\$ 4,605,860	
Capital Assets Contributed by the Iowa Department of Transportation	2,929,363	
Depreciation Expense	<u>(2,730,065)</u>	4,805,158

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. (75,742)

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	(15,517)	
Other	<u>674,190</u>	658,673

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

Issued	(25,500)	
Repaid	<u>593,654</u>	568,154

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. 494,431

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	4,958	
Pension Expense	(647,388)	
OPEB Expense	2,751	
Interest on Long-Term Debt	<u>1,033</u>	(638,646)

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. 3,462

**Change in Net Position of Governmental Activities (Page 20)** \$ 7,602,491

See Notes to Financial Statements.

**LYON COUNTY**  
**Exhibit G – Statement of Net Position / Proprietary Fund**  
**June 30, 2021**

	<b>Internal Service - Employee Group Health</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 741,877
Due From County Custodial Fund	5,000
Prepaid Expenses	111,368
<b>Total Assets</b>	858,245
 <b>Liabilities:</b>	
Accounts Payable	2,874
 <b>Net Position:</b>	
Restricted for Employee Health	\$ 855,371

See Notes to Financial Statements.

**LYON COUNTY****Exhibit H – Statement of Revenues, Expenses and Changes in Fund Net Position / Proprietary Fund  
Year Ended June 30, 2021**

		<u>Internal Service - Employee Group Health</u>
<b>Operating Revenues:</b>		
Reimbursements from Governmental Funds		\$ 994,042
Reimbursements from Custodial Funds		49,458
Reimbursements from Current Employees		212,832
Reimbursements from Others		31,428
Insurance Reimbursements		<u>15,991</u>
<b>Total Operating Revenues</b>		<u>1,303,751</u>
<b>Operating Expenses:</b>		
Medical Claims	\$ 17,454	
Insurance Premiums	1,285,996	
Administrative Fees	1,734	
Actuarial Fees	1,150	
Reinsurance Assessment Fees	<u>2,052</u>	
<b>Total Operating Expenses</b>		<u>1,308,386</u>
<b>Operating Loss</b>		(4,635)
<b>Non-Operating Revenues:</b>		
Interest Income		<u>8,097</u>
<b>Net Income</b>		3,462
<b>Net Position Beginning of Year</b>		<u>851,909</u>
<b>Net Position End of Year</b>		<u><u>\$ 855,371</u></u>

See Notes to Financial Statements.



**LYON COUNTY**  
**Exhibit I – Statement of Cash Flows / Proprietary Fund**  
**Year Ended June 30, 2021**

	<b>Internal Service - Employee Group Health</b>
<b>Cash Flows From Operating Activities:</b>	
Cash Received from Governmental Funds Reimbursements	\$ 994,042
Cash Received from Custodial Fund Reimbursements	49,458
Cash Received from Current Employees and Others	244,260
Cash Received from Insurance Reimbursements	15,991
Cash Paid to Suppliers for Medical Claims	(17,645)
Cash Paid to Suppliers for Insurance Premiums	(1,286,983)
Cash Paid to Suppliers for Other Services/Fees	(6,066)
<b>Net Cash Used For Operating Activities</b>	<b>(6,943)</b>
 <b>Cash Flows From Investing Activities:</b>	
Repayment of Interfund Loan to Custodial Fund	5,000
Issuance of Interfund Loan to Custodial Fund	(5,000)
Interest on Investments	8,097
<b>Net Cash Provided By Investing Activities</b>	<b>8,097</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,154</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>740,723</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 741,877</b>
 <b>Reconciliation of Operating Loss to Net Cash Used For Operating Activities:</b>	
Operating Loss	\$ (4,635)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
(Increase) in Prepaid Expenses	(987)
(Decrease) in Accounts Payable	(371)
(Decrease) in Due to Other Governments	(950)
<b>Net Cash Used For Operating Activities</b>	<b>\$ (6,943)</b>

See Notes to Financial Statements.

## LYON COUNTY

### Exhibit J – Statement of Fiduciary Net Position / Custodial Funds

June 30, 2021

#### Assets:

Cash, Cash Equivalents and Pooled Investments:	
County Treasurer	\$ 1,802,735
Other County Officials	154,476
Receivables:	
Property Tax:	
Delinquent	4,335
Succeeding Year	16,310,463
Succeeding Year Tax Increment Financing	580,739
Accounts	11,099
Due from Other Custodial Fund	312
Due from Other Governments	62,297
Inventories	128
Prepaid Expenses	27,162
<b>Total Assets</b>	<u>18,953,746</u>

#### Liabilities:

Accounts Payable	5,396
Salaries and Benefits Payable	1,007
Due to County's Governmental Funds	114,381
Due to County's Internal Service Fund	5,000
Due to Other Custodial Fund	312
Due to Other Governments	613,836
Trusts Payable	152,402
Compensated Absences	29,368
<b>Total Liabilities</b>	<u>921,702</u>

#### Deferred Inflows of Resources:

Unavailable Revenues:	
Succeeding Year Property Tax	16,310,463
Succeeding Year Tax Increment Financing	580,739
<b>Total Deferred Inflows of Resources</b>	<u>16,891,202</u>

#### Net Position:

Restricted for Individuals, Organizations and Other Governments	<u>\$ 1,140,842</u>
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See Notes to Financial Statements.

**LYON COUNTY**

**Exhibit K – Statement of Changes in Fiduciary Net Position / Custodial Funds**  
**Year Ended June 30, 2021**

**Additions:**

Property and Other County Tax (Including TIF)	\$	16,715,733
E911 Surcharge		43,030
State Tax Credits		1,126,599
Intergovernmental Revenues		500,144
Contribution from Lyon County		69,500
Office Fees and Collections		679,882
Electronic Transaction Fee		4,099
Auto & Drivers Licenses, Use Tax and Postage		5,068,703
Interest		9,446
Assessments		7,995
Trusts		751,168
Private Reimbursements		833
Tower Insurance Proceeds		36,458
<b>Total Additions</b>		<u>25,013,590</u>

**Deductions:**

**Custodial Remittances:**

To County Funds/Other Custodial Funds		550,131
To Other Governments		23,740,489
Trusts Paid Out		755,743
<b>Total Deductions</b>		<u>25,046,363</u>

<b>Change in Net Position</b>		(32,773)
<b>Net Position Beginning of Year, As Restated</b>		<u>1,173,615</u>
<b>Net Position End of Year</b>	\$	<u>1,140,842</u>

See Notes to Financial Statements.

**LYON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2021**

**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 Service 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, Northwest Iowa Youth Emergency Services, Hazardous Material Response Commission (Region III), Sioux Rivers Regional Mental Health & Disability Services, 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 Custodial Funds of the County for the Lyon County Assessor, Lyon County Joint E911 Service and Lyon County Emergency Management, and not reported for the Northwest Iowa Area Solid Waste Agency, Lyon County Economic Development Consortium, Northwest Iowa Youth Emergency Services, Hazardous Material Response Commission (Region III), Sioux Rivers Regional Mental Health & Disability Services, and Northwest Iowa Regional Housing Authority.

During the year ended June 30, 2021, the County did not receive any revenue from or contribute/pay any money to the Lyon County Economic Development Consortium, the Lyon County Joint E911 Service or the Hazardous Material Response Commission (Region III). The County paid \$218 to the Northwest Iowa Solid Waste Agency for florescent light bulbs and paint disposal; paid Northwest Iowa Youth Emergency Services \$2,485 for juvenile services; contributed \$4,999 toward operations of the Northwest Iowa Regional Housing Authority; contributed \$69,500 toward support of the Emergency Management Services; and transferred \$278,078 to the Sioux Rivers Regional Mental Health & Disability Services for the County's share of regional mental health services. The

County Assessor and Emergency Management Services contributed \$33,066 and \$16,392, 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 Projects Fund is utilized to account for costs related to the construction of a nature center at Lake Pahoja (being paid for through operating transfers from other funds and donation/grants).
- **Debt Service Fund** - The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of 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. The County's Internal Service Fund accounts for the County's health insurance benefit plan.
- **Fiduciary Funds** – Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax 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 or installment purchase contracts, 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 restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to various funds, employees and others for health plan costs and insurance reimbursements. Operating expenses for the Internal Service Fund include the cost of medical claims, insurance premiums,

administrative fees, actuarial fees and reinsurance assessment fees. 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 they are 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, 2019 assessed property valuations; are for the tax accrual period July 1, 2020 through June 30, 2021 and reflect the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

- **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, 2021. The accounts receivable totals in the General Fund and governmental activities include \$164,241 and \$66,111 in jail fees and ambulance charges receivables, respectively, which were not collected within 60 days after June 30, 2021 and it is reasonably 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 Custodial Funds, Due from Other Custodial Fund, Due to Other Governmental Funds, Due to County's Governmental Funds, Due to County's Internal Service Fund, and Due to Other Custodial Fund** – During the course of its operations, the County has numerous transactions between the County's governmental funds, internal service fund and custodial funds. To the extent that certain transactions between the County's governmental funds; the County's governmental funds and custodial funds; the County's internal service fund and custodial funds; and between different custodial funds had not been paid or received as of June 30, 2021, 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 and custodial funds consist of expendable supplies held for consumption. Inventories of governmental and custodial funds are recorded as expenditures/expenses when consumed 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, 2021. 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 property tax receivable and other receivables not collected within sixty days after year end, and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which 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 restricted for future costs related to the County’s group health plan.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements exceeded the amount budgeted in the non-program current function and disbursements in two departments exceeded the amounts appropriated before the full departmental appropriation/budget amendments were properly approved by the Board of Supervisors.

**Note 2: Cash, Cash Equivalents and Pooled Investments**

The County’s deposits in banks at June 30, 2021 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, 2021, the County had the following investments:

<b>Type</b>	<b>Pool / Number</b>	<b>Maturity Date</b>	<b>Fair Value</b>
FHLMC	SER 2115 CL	January 15, 2029	\$ 7,413
FHLMC	SER 1570 SB	August 15, 2023	556
			\$ 7,969

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 \$7,969 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, 2021 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, 2021.

**Note 3: Due from Other Governmental Funds, Due from Custodial Funds, Due from Other Custodial Fund, Due to Other Governmental Funds, Due to County’s Governmental Funds, Due to County’s Internal Service Fund, and Due to Other Custodial Fund**

The details of receivables and payables between the County’s different governmental funds, governmental funds and custodial funds, the County’s internal service fund and custodial funds and between different custodial funds at June 30, 2021 are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	CS Projects & Conservation Land Acquisition Trust	\$ 300,000
General	Custodial:	
	County Offices (Recorder, Sheriff, Conservation)	98,129
	Auto License and Use Tax	14,807
Special Revenue:	Special Revenue:	
Secondary Roads	County Tax Increment Financing	500,000
County Recorder’s Records Management	Custodial:	
	County Offices (Recorder)	1,058
CS Projects & Conservation Land Acquisition Trust	County Offices (Conservation)	387
Internal Service:	Custodial:	
Employee Group Health	Other (Flex Benefits Spending)	5,000
Custodial:	Custodial:	
Other (County Recorder’s Electronic Fee)	County Offices (Recorder)	312
	Total	\$ 919,693

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 a custodial fund; the transactions/collections are recorded in the accounting system; and the resulting payments are made to the County’s appropriate governmental fund or custodial fund.

The \$300,000 balance owed to the General Fund by the CS Projects & Conservation Land Acquisition Trust Fund is the result of an interfund loan to help cover costs of the construction of a nature center at Lake Pahoja. The interfund loan of \$300,000 is expected to be repaid from charges for services revenues and donations as follows: \$100,000/year during the fiscal years ‘21/’22, ‘22/’23 and ‘23/’24.

The \$500,00 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. The interfund loan of \$500,000 is expected to be repaid during fiscal year ‘21/’22 as tax increment financing proceeds are received.

The \$5,000 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. The interfund loan of \$5,000 is expected to be repaid during fiscal year '21/'22 as payroll withholdings from participating employees are collected.

**Note 4: Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<b>Transfer To</b>	<b>Transfer From</b>	<b>Amount</b>
Special Revenue:		
Secondary Roads	General	\$ 169,396
	Special Revenue:	
	Rural Services	2,274,641
Capital Projects	General	525,000
	Special Revenue:	
	CS Projects & Conservation Land Acquisition Tr.	300,000
Special Revenue:		
Economic Development	General	65,000
	Special Revenue:	
	Rural Services	65,000
	<b>Total</b>	<b>\$ 3,399,037</b>

The General Fund 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 transfers from the General Fund and CS Projects & Conservation Land Acquisition Trust Fund to the Capital Projects Fund were to provide financial assistance towards the construction of a nature center at Lake Pahoja. The General Fund 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, 2021 were as follows:

	<b>Balance Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance End of Year</b>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,179,929	0	0	2,179,929
Construction in Progress	7,169,063	6,376,808	(7,495,014)	6,050,857
<b>Total Capital Assets Not Being Depreciated</b>	<b>9,348,992</b>	<b>6,376,808</b>	<b>(7,495,014)</b>	<b>8,230,786</b>
Capital Assets Being Depreciated:				
Buildings	10,716,998	2,290,964	0	13,007,962
Improvements Other Than Buildings	1,137,027	0	0	1,137,027
Machinery, Equipment and Vehicles	13,897,766	1,153,325	(567,328)	14,483,763
Infrastructure	45,560,270	5,209,140	0	50,769,410
<b>Total Capital Assets Being Depreciated</b>	<b>71,312,061</b>	<b>8,653,429</b>	<b>(567,328)</b>	<b>79,398,162</b>
Less Accumulated Depreciation For:				
Buildings	3,377,849	321,167	0	3,699,016
Improvements Other Than Buildings	746,367	52,642	0	799,009
Machinery, Equipment and Vehicles	7,684,980	820,308	(491,586)	8,013,702
Infrastructure	11,697,453	1,535,948	0	13,233,401
<b>Total Accumulated Depreciation</b>	<b>23,506,649</b>	<b>2,730,065</b>	<b>(491,586)</b>	<b>25,745,128</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>47,805,412</b>	<b>5,923,364</b>	<b>(75,742)</b>	<b>53,653,034</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 57,154,404</b>	<b>12,300,172</b>	<b>(7,570,756)</b>	<b>61,883,820</b>

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental Activities:</b>	
Public Safety and Legal Services	\$ 279,096
Physical Health and Social Services	1,639
County Environment and Education	135,271
Roads and Transportation	2,177,456
Governmental Services to Residents	100,006
Administration	36,597
<b>Total Depreciation Expense – Governmental Activities</b>	<b>\$ 2,730,065</b>

The County does not have any “intangible” capital assets as of June 30, 2021. Patrol car cameras costing \$119,725 were purchased under an installment purchase agreement. Accumulated depreciation on the patrol car cameras totaled \$39,908 at June 30, 2021. A utility tractor and loader costing \$54,500 were acquired under a capital lease purchase agreement. Accumulated depreciation on the utility tractor and loader totaled \$6,358 at June 30, 2021.

**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. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2021 is as follows:

<b>Fund</b>	<b>Description</b>	<b>Amount</b>
General	Services, Unemployment Insurance & Utilities	\$ 15,169
<b>Special Revenue:</b>		
Rural Services	Unemployment Insurance	524
Secondary Roads	Services, Unemployment Insurance & Utilities	4,015
Mental Health	Unemployment Insurance	41
Economic Development	Unemployment Insurance	45
<b>Total for Governmental Funds</b>		<b>\$ 19,794</b>
<b>Custodial:</b>		
County Offices	Collections	\$ 32,089
Agricultural Extension Education	Collections	2,313
County Assessor	Unemployment Insurance	154
Schools	Collections	110,780
Community Colleges	Collections	9,612
Corporations	Collections	17,728
Townships	Collections	3,919
Auto License and Use Tax	Collections	436,201
Emergency Management	Unemployment Insurance	35
All Other	Collections	1,005
<b>Total for Custodial Funds</b>		<b>\$ 613,836</b>

**Note 7: Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	<b>General Obligation Bonds</b>	<b>Capital Lease Payable</b>	<b>Installment Purchase Payable</b>	<b>Compensated Absences</b>
Balance Beginning of Year	\$ 2,945,000	0	108,647	466,473
Increases	0	25,500	0	529,094
Decreases	(560,000)	(5,512)	(28,142)	(534,052)
Balance End of Year	\$ 2,385,000	19,988	80,505	461,515
Due Within One Year	\$ 570,000	4,704	0	418,818

(Continued)	Net Pension	Total OPEB	Total
	Liability	Liability	
Balance Beginning of Year	\$ 2,456,548	335,718	6,312,386
Increases	820,738	5,033	1,380,365
Decreases	0	0	(1,127,706)
Balance End of Year	\$ 3,277,286	340,751	6,565,045
Due Within One Year	\$ 0	0	993,522

### Bonds Payable

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:

Year Ending June 30,	Interest Rates	Infrastructure Projects Bonds		
		Principal	Interest	Total
2022	2.25%	\$ 570,000	58,200	628,200
2023	2.50%	585,000	45,375	630,375
2024	2.50%	605,000	30,750	635,750
2025	2.50%	625,000	15,625	640,625
	Totals	\$ 2,385,000	149,950	2,534,950

During the fiscal year ended June 30, 2021, the County redeemed principal of \$560,000 on the general obligation bonds which was paid through the Debt Service Fund. The County paid interest of \$70,800 and bond administration charges of \$500 on these general obligation bonds through the General Fund. These expenditures are reported in the debt service function.

### Capital Lease Payable

On October 15, 2020, the County purchased a utility tractor and loader for a total of \$54,500 for the Conservation department. The County traded-in a tractor for \$29,000 and entered into a capital lease payable contract with John Deere Financial for the remaining balance of \$25,500. The capital lease contract requires the balance due to be paid in five annual payments of \$5,512. The capital lease payable carries a 3.961% interest rate. The June 30, 2021 capital lease payable indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2022	3.961%	\$ 4,704	808	5,512
2023	3.961%	4,895	617	5,512
2024	3.961%	5,092	420	5,512
2025	3.961%	5,297	215	5,512
	Totals	\$ 19,988	2,060	22,048

During the fiscal year ended June 30, 2021, the County paid principal of \$5,512 and no interest through the General Fund on this capital lease agreement. This expenditure was reported in the debt service function. This capital lease contract is secured by the utility tractor and loader which had a book value of \$48,142 as of June 30, 2021.

## Installment Purchase Payable

On October 25, 2019, the County entered into an installment purchase agreement with Keltek Incorporated for the purchase of eleven Arbitrator in-car cameras and body-worn cameras for a total of \$159,789 for the Sheriff's department. The portion of the agreement for the in-car cameras, at a cost of \$119,725, required a \$15,000 initial payment, with the balance due in six annual payments of \$17,454. The portion of the agreement for the body-worn cameras, at a cost of \$40,064, required an \$8,000 initial payment, with the balance due in three annual payments of \$10,688. The installment purchase payable carries a 0% interest rate. The June 30, 2021 installment purchase payable indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal
2023	0%	\$ 28,142
2024	0%	17,454
2025	0%	17,454
2026	0%	17,455
Total		<u>\$ 80,505</u>

The installment due July 1, 2021 of \$28,142 was paid in June 2021 through the General Fund. This expenditure was reported in the debt service function. This installment purchase agreement is secured by all resources necessary to satisfy the outstanding balance.

## 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 \$30,793, 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, 2021 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](http://www.ipers.org).

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

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

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

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

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

- 60% of average salary after completion of 22 years of 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 2021, 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 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County's contributions to IPERS for the year ended June 30, 2021 were \$494,431 (this amount includes \$470,902 for County employees/officials and \$23,529 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, 2021, the County reported a liability of \$3,277,286 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the County's proportion was 0.0466535%, which was an increase of 0.004231% from its proportion measured as of June 30, 2019.



For the year ended June 30, 2021, the County recognized pension expense of \$152,959. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 18,429	\$ 87,121
Changes of Assumptions	234,120	83,813
Net Difference Between Projected and Actual Earnings on IPERS' Investments	290,072	0
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	8,965	0
County Contributions Subsequent to the Measurement Date	494,431	0
Total	\$ 1,046,017	\$ 170,934

\$494,431 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Total</b>
2022	\$ 41,227
2023	75,568
2024	95,563
2025	168,377
2026	(83)
Total	\$ 380,652

There were no non-employer contributing entities to IPERS.

**Actuarial Assumptions** - The total pension liability in the June 30, 2020 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, 2020 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 2020 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%	4.43%
International Equity	17.5	5.15
Global Smart Beta Equity	6.0	4.87
Core Plus Fixed Income	28.0	(0.29)
Public Credit	4.0	2.29
Cash	1.0	(0.78)
Private Equity	11.0	6.54
Private Real Assets	7.5	4.48
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	\$ 6,485,943	3,277,286	587,697

**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](http://www.ipers.org).

**Payables to IPERS** - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2021.

#### **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, 2021, there were 75 employees covered by the benefit terms: 72 active employees with coverage and 3 retired employees or beneficiaries currently receiving benefit payments.

**Total OPEB Liability** - The County's total OPEB liability of \$340,751 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2021 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, 2021)	2.60% per Annum
Rates of Salary Increase (Effective June 30, 2021)	3.25% per Annum, Including Inflation
Discount Rate (Effective June 30, 2021)	2.19%, Compounded Annually, Including Inflation
Healthcare Cost Trend Rate (Effective June 30, 2021)	7.50% Initial Rate, Decreasing by 0.5% Annually to An Ultimate Rate of 4.5%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 2.19% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 general headcount weighted mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

**Changes in the Total OPEB Liability –**

	<u>Total OPEB Liability</u>
Total OPEB Liability, Beginning of the Year	\$ 335,718
Changes for the Year:	
Service Cost	28,975
Interest	9,527
Differences Between Expected and Actual Experiences	(31,263)
Changes in Assumptions	10,944
Benefit Payments	(13,150)
Net Changes	5,033
Total OPEB Liability, End of Year	<u>\$ 340,751</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2020 to 2.19% in fiscal year 2021.

**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 (1.19%) or 1% higher (3.19%) than the current discount rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(1.66%)</u>	<u>(2.66%)</u>	<u>(3.66%)</u>
Total OPEB Liability	\$ 364,865	340,751	317,781

**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 (6.5%, decreasing to an ultimate rate of 3.5%) or 1% higher (8.5%, decreasing to an ultimate rate of 5.5%) than the current healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
	<u>(6.5%)</u>	<u>Trend Rate</u>	<u>(8.5%)</u>
		<u>(7.5%)</u>	
Total OPEB Liability	\$ 300,262	340,751	388,375

**OPEB Expense and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2021, the County recognized OPEB expense of \$10,399. At June 30, 2021, the County reported deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ (161,684)
Changes in Assumptions	39,455
Total	<u>\$ (122,229)</u>

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

<u>Year Ended June 30,</u>	<u>Total</u>
2021	\$ (28,103)
2022	(28,103)
2023	(28,103)
2024	(17,386)
2025	(13,763)
Thereafter	(6,771)
Total	<u>\$ (122,229)</u>

**Note 11: Risk Management**

Lyon County is a member in 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 785 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 official’s 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 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, 2021 were \$174,283 (\$172,306 County’s governmental funds; \$2,977 County’s custodial funds).

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 exceeds the amount of risk-sharing protection provided by the member’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, 2021, no liability has been recorded in the County’s financial statements. As of June 30, 2021, 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 other insurers 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 coverage limitations. 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 has been funded by both employee and County contributions and the County is currently enrolled in a group health insurance plan through Sanford Health to provide coverage to eligible employees.

Monthly payments for premium contributions are paid to the Employee Group Health Fund and are recorded as expenditures from the operating (governmental and custodial) funds. Monthly payments of service fees and group health insurance premiums are paid from the Employee Group Health Fund. The County's contributions from governmental funds to this fund for the year ended June 30, 2021 were \$994,180. In addition, the County's custodial funds (County Assessor and Emergency Management Services) contributed \$49,458 in total to this fund during the fiscal year in order to participate in the County's health plan.

#### **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, 2021; however, as disclosed previously, the County paid \$217 for the disposal of florescent light bulbs and used paint.

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. Based on the most recent audit report available, June 30, 2020, the closure and post closure costs to the Agency have been estimated at \$3,596,365 as of June 30, 2020 and the portion of the liability that has been recognized by the Agency as of June 30, 2020 is \$3,229,577. These amounts are based on what it would cost to perform all closure and post closure care during the year ended June 30, 2020. The estimated remaining life of the landfill is 2 years and the capacity used at June 30, 2020 is approximately 95 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 \$2,033,370 as of June 30, 2020 for these purposes.

As required by Chapter 567-113.14(8) 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, 2021, 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 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, which began on December 1, 2008, are being paid semi-annually in December and June. The total rebated during the fiscal year ended June 30, 2021 was \$13,377 and the cumulative rebated amount to-date through June 20, 2021 was \$161,190.

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, which began on December 1, 2016, are being paid semi-annually in December and June. The total rebated during the fiscal year ended June 30, 2021 was \$25,930 and the cumulative rebated amount to-date through June 30, 2021 was \$122,782.

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, which began on December 1, 2018, are being paid semi-annually in December and June. The total rebated during the fiscal year ended June 30, 2021 was \$76,358 and the cumulative rebated amount to-date through June 30, 2021 was \$174,856.

The County agreed to rebate 100% of the incremental property tax paid by Vos BioTech, LLC in exchange for maintaining the use of the business property for the Company’s agribusiness/livestock feed lot operations. 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 5 years, up to a maximum rebate amount of \$25,000. Rebate payments, which began on June 1, 2021, are being paid annually in December. The total rebated during the fiscal year ended June 30, 2021 and the cumulative rebated amount to-date through June 30, 2021 was \$5,000.

**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, 2021, \$48,047 of property tax was diverted from the County under the urban renewal and economic development projects.

**Tax Abatements of Other Entities** – Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

<b>Entity</b>	<b>Tax Abatement Program</b>	<b>Amount of Tax Abated</b>
City of Rock Rapids	Urban Renewal and Economic Development Projects	\$ 35,088
City of Larchwood	Urban Renewal and Economic Development Projects	13,977
City of Doon	Urban Renewal and Economic Development Projects	13,315
City of Inwood	Urban Renewal and Economic Development Projects	6,379

**Note 16: Lyon County Financial Information Included in Sioux Rivers Regional Mental Health & Disabilities Services**

Sioux Rivers Regional Mental Health & Disability Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, included the following member counties during the fiscal year ended June 30, 2021: Sioux County, Plymouth County, Lyon County, O'Brien County and Dickinson County. The financial position of Lyon County's Special Revenue, Mental Health Fund is included in Sioux Rivers Regional Mental Health and Disability Services as of June 30, 2021, as follows:

<b>Assets</b>	<u><b>Amount</b></u>
Cash, Cash Equivalents and Pooled Investments	\$ 102,323
Receivables:	
Property Tax:	
Delinquent	51
Succeeding Year	235,150
Due From Other Governments	43
Total Assets	<u>\$ 337,567</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u><b>Amount</b></u>
<b>Liabilities:</b>	
Accounts Payable	\$ 61
Due to Other Governments	41
Total Liabilities	<u>\$ 102</u>
<b>Deferred Inflows of Resources:</b>	
Unavailable Revenues:	
Succeeding Year Property Tax	235,150
Other	3
Total Deferred Inflows of Resources	<u>235,153</u>
<b>Fund Balance:</b>	
Restricted for Mental Health Purposes	102,312
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 337,567</u>

The financial activity of Lyon County's Special Revenue, Mental Health Fund is included in Sioux Rivers Regional Mental Health & Disability Services Region for the year ended June 30, 2021, as follows:

	<u><b>Amount</b></u>
<b>Revenues:</b>	
Property and Other County Tax	\$ 343,346
Intergovernmental Revenues:	
State Tax Credits	\$ 20,121
Other State Tax Replacements	5,676
State/Federal Pass-Thru Revenues	171
Total Revenues	<u>369,314</u>
<b>Expenditures:</b>	
Services to Persons With:	
Mental Health Problems/Mental Illness (Coordination Service)	76,887
General Administration:	
Distribution to Regional Fiscal Agent	278,078
Total Expenditures	<u>354,965</u>
<b>Excess of Revenues Over Expenditures</b>	14,349
<b>Fund Balance Beginning of the Year</b>	<u>87,963</u>
<b>Fund Balance End of the Year</b>	<u>\$ 102,312</u>

**Note 17: Deficit Fund Balances**

The Special Revenue, County Tax Increment Financing Fund had a deficit fund balance at June 30, 2021 of \$500,000. The deficit balance in the County Tax Increment Financing Fund was a result of qualifying roadway 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, 2022 upon collection of tax increment financing revenues.

The Special Revenue, CS Projects & Conservation Land Acquisition Trust Fund had a deficit fund balance at June 30, 2021 of \$126,567. The deficit balance in the CS Projects & Conservation Land Acquisition Trust Fund was a result of contributions made toward the construction of a nature center at Lake Pahoja. This deficit is expected to be eliminated during fiscal years ending June 30, 2022 to June 30, 2024 through charges for services revenues and donations.

**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, 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 \$11,158 per this agreement during the fiscal year ended June 30, 2021.

In January 2021, the Board of Supervisors approved a contract for \$510,742 for a bridge project. As of June 30, 2021, the total amount paid from the Secondary Roads Fund was \$221,590. Subsequent to June 30, 2021, the project is still in process and an additional \$249,074 has been paid for work in process. The remaining contract will be paid as work on the project progresses.

**Note 19: Subsequent Events**

In October 2021, the County purchased 77.34 acres of land for \$1,179,435 through the General Fund. The County plans to utilize approximately 55 acres for farmland rental and the remaining acres as a gravel pit.

In November 2021, the Board of Supervisors authorized internal loans for fund the undertaking of new urban renewal projects to be completed within the Urban Renewal Area. The costs of the projects include the installation of new fiberoptic cable by Premier Communications for \$300,000 to be paid from the General Fund, and the construction of a county bridge and culvert improvements for \$171,000 to be paid from the Secondary Roads Fund. The internal loans will be repaid from the Urban Renewal Tax Increment Financing Fund to the General Fund and Secondary Roads Fund with future tax increment financing revenues.

In December 2021, the County issued a \$2,675,000 Road Use Tax Revenue Note, Series 2021. The purpose of the note is for the acquisition of road graders for use by the County's secondary roads personnel. The note is through American State Bank, carries a 1.74% per annum interest rate, and has a maturity date of June 1, 2028.

**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: Covid - 19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Lyon County, remains uncertain.



To date, the outbreak has not created a material disruption to the operations of Lyon County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Lyon County.

**Note 22: Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was fully implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net Position June 30, 2020, as Previously Reported	\$ 1,083,744
Change to Fully Implement GASBS No. 84	<u>89,871</u>
Net Position July 1, 2020, as Restated	<u>\$ 1,173,615</u>

**Note 23: Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require revised financial reporting for leases meeting certain parameters.

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**Required Supplementary Information**  
Lyon County

**LYON COUNTY****Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –  
Budget and Actual (Cash Basis) – All Governmental Funds  
Year Ended June 30, 2021**

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
<b>Receipts:</b>				
Property and Other County Tax	\$ 9,655,240	9,355,027	9,355,026	300,214
Interest and Penalty on Property Tax	37,852	25,070	25,070	12,782
Intergovernmental	7,277,576	7,844,823	8,030,766	(753,190)
Licenses and Permits	95,252	72,850	72,850	22,402
Charges for Service	1,171,051	1,007,696	1,007,696	163,355
Use of Money and Property	175,025	271,631	271,631	(96,606)
Miscellaneous	651,699	173,174	174,425	477,274
<b>Total Receipts</b>	<b>19,063,695</b>	<b>18,750,271</b>	<b>18,937,464</b>	<b>126,231</b>
<b>Disbursements:</b>				
Public Safety and Legal Services	3,471,536	3,655,207	3,665,958	194,422
Physical Health and Social Services	580,555	716,271	716,271	135,716
Mental Health	354,932	360,118	417,518	62,586
County Environment and Education	900,610	935,408	914,856	14,246
Roads and Transportation	6,484,258	7,710,099	7,710,099	1,225,841
Governmental Services to Residents	452,735	458,933	474,283	21,548
Administration	1,158,760	1,199,938	1,199,938	41,178
Non-Program Current	120,665	118,922	118,922	(1,743)
Debt Service	631,300	631,400	631,400	100
Capital Projects	4,109,363	4,207,000	4,994,892	885,529
<b>Total Disbursements</b>	<b>18,264,714</b>	<b>19,993,296</b>	<b>20,844,137</b>	<b>2,579,423</b>
<b>Excess (Deficiency) of Receipts Over (Under) Disbursements</b>	<b>798,981</b>	<b>(1,243,025)</b>	<b>(1,906,673)</b>	<b>2,705,654</b>
<b>Other Financing Sources, Net</b>	<b>41,807</b>	<b>53,500</b>	<b>53,500</b>	<b>(11,693)</b>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<b>840,788</b>	<b>(1,189,525)</b>	<b>(1,853,173)</b>	<b>2,693,961</b>
<b>Balance Beginning of Year</b>	<b>9,492,223</b>	<b>8,462,962</b>	<b>8,462,962</b>	<b>1,029,261</b>
<b>Balance End of Year</b>	<b>\$ 10,333,011</b>	<b>7,273,437</b>	<b>6,609,789</b>	<b>3,723,222</b>

See Accompanying Independent Auditor's Report.

**LYON COUNTY**  
**Budgetary Comparison Schedule – Budget to GAAP Reconciliation**  
**Year Ended June 30, 2021**

	<b>Governmental Funds</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
<b>Revenues</b>	\$ 19,063,695	47,308	19,111,003
<b>Expenditures</b>	18,264,714	(779,156)	17,485,558
<b>Net</b>	798,981	826,464	1,625,445
<b>Other Financing Sources, Net</b>	41,807	119,749	161,556
<b>Beginning Fund Balances</b>	9,492,223	658,869	10,151,092
<b>Ending Fund Balances</b>	\$ 10,333,011	1,605,082	11,938,093

See Accompanying Independent Auditor's Report.

## **LYON COUNTY**

### **Notes to Required Supplementary Information – Budgetary Reporting Year Ended June 30, 2021**

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 Custodial Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 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, two budget amendments increased budgeted receipts by \$187,193 and disbursements by \$850,841. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2021, disbursements exceeded the amount budgeted in the non-program current function and disbursements in two departments exceeded the amounts appropriated before the full departmental appropriation/budget amendments were properly approved by the Board of Supervisors.

**LYON COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Iowa Public Employees' Retirement System**  
**Last Seven Years\***

	2021	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.0466535%	0.0424226%	0.0448500%	0.0488560%	0.0481969%	0.0445212%	0.0424134%
County's Proportionate Share of the Net Pension Liability	\$ 3,277,286	2,456,548	2,838,220	3,254,425	3,033,183	3,033,183	1,682,075
County's Covered Payroll	\$ 5,123,315	5,002,725	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	63.97%	49.10%	57.58%	67.95%	66.76%	49.17%	38.58%
IPERS' Net Position as a Percentage of the Total Pension Liability	82.90%	85.45%	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 preceding fiscal year.

See Accompanying Independent Auditor's Report.

**LYON COUNTY**  
**Schedule of County Contributions**  
**Iowa Public Employees' Retirement System**  
**Last Ten Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Statutorily Required Contribution</b>	\$ 494,431	487,865	480,764	450,646	439,545	419,294	414,687	403,269	384,150	361,822
<b>Contributions in Relation to the Statutorily Required Contribution</b>	(494,431)	(487,865)	(480,764)	(450,646)	(439,545)	(419,294)	(414,687)	(403,269)	(384,150)	(361,822)
<b>Contribution Deficiency (Excess)</b>	\$ 0	\$ 0	0	0	0	0	0	0	0	0
<b>County's Covered Payroll</b>	\$ 5,239,103	5,123,315	5,002,725	4,928,911	4,789,772	4,543,369	4,473,556	4,359,517	4,223,136	4,207,349
<b>Contributions as a Percentage of Covered Payroll</b>	9.44%	9.52%	9.61%	9.14%	9.18%	9.23%	9.27%	9.25%	9.10%	8.60%

See Accompanying Independent Auditor's Report.



**LYON COUNTY**  
**Notes to Required Supplementary Information –**  
**Pension Liability**  
**Year Ended June 30, 2021**

**Changes of Benefit Terms:**

There are no significant changes in benefit terms.

**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.

## LYON COUNTY

### Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes Last Four Years

	2021	2020	2019	2018
Service Cost	\$ 28,975	\$ 34,158	\$ 32,845	\$ 33,979
Interest Cost	9,527	14,362	15,542	16,114
Difference between Expected and Actual Experiences	(31,263)	(100,520)	(36,120)	(96,727)
Changes in Assumptions	10,944	19,979	10,754	21,722
Benefit Payments	(13,150)	(14,454)	(19,002)	(25,872)
Net Change in Total OPEB Liability	5,033	(46,475)	4,019	(50,784)
Total OPEB Liability, Beginning of Year	335,718	382,193	378,174	428,958
Total OPEB Liability, End of Year	\$ 340,751	\$ 335,718	\$ 382,193	\$ 378,174
Covered-Employee Payroll	4,630,400	4,564,081	5,133,006	4,470,973
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.36%	7.36%	7.45%	8.46%

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

##### *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, 2021	2.19%
Year Ended June 30, 2020	2.66%
Year Ended June 30, 2019	3.51%
Year Ended June 30, 2018	3.87%
Year Ended June 30, 2017	3.58%

See Accompanying Independent Auditor's Report.

**Supplementary Information**  
Lyon County

# LYON COUNTY

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

June 30, 2021

	Special			
	Mental Health	Economic Development	Resource Enhancement and Protection	County Recorder's Records Management
<b>Assets</b>				
Cash, Cash Equivalents and Pooled Investments	\$ 102,323	132,299	25,626	28,125
Receivables:				
Property Tax:				
Delinquent	51	0	0	0
Succeeding Year	235,150	0	0	0
Accounts Receivable	0	0	0	0
Due from Custodial Funds	0	0	0	1,058
Due from Other Governments	43	0	0	0
<b>Total Assets</b>	<b>\$ 337,567</b>	<b>132,299</b>	<b>25,626</b>	<b>29,183</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 61	860	0	0
Contracts Payable	0	0	0	0
Due to Other Governmental Funds	0	0	0	0
Due to Other Governments	41	45	0	0
<b>Total Liabilities</b>	<b>102</b>	<b>905</b>	<b>0</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenues:				
Succeeding Year Property Tax	235,150	0	0	0
Other	3	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>235,153</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>				
Restricted For:				
Other Purposes	102,312	0	25,626	29,183
Committed For:				
Economic Development Purposes	0	131,394	0	0
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<b>102,312</b>	<b>131,394</b>	<b>25,626</b>	<b>29,183</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 337,567</b>	<b>132,299</b>	<b>25,626</b>	<b>29,183</b>

See Accompanying Independent Auditor's Report.

Schedule 1 (Continued)

Revenue						
County Attorney Incentive	Revolving Loans-Development Projects	Sheriff's Asset Forfeiture	CS Projects & Conservation Land Acquisition Trust	Well Closing Trust		Total
42,314	72,583	29,584	246,808	27,973		707,635
0	0	0	0	0		51
0	0	0	0	0		235,150
0	0	0	2,920	0		2,920
0	0	0	387	0		1,445
631	0	0	0	0		674
42,945	72,583	29,584	250,115	27,973		947,875
0	0	0	0	0		921
0	0	0	76,682	0		76,682
0	0	0	300,000	0		300,000
0	0	0	0	0		86
0	0	0	376,682	0		377,689
0	0	0	0	0		235,150
0	0	0	0	0		3
0	0	0	0	0		235,153
42,945	0	29,584	0	27,973		257,623
0	72,583	0	0	0		203,977
0	0	0	(126,567)	0		(126,567)
42,945	72,583	29,584	(126,567)	27,973		335,033
42,945	72,583	29,584	250,115	27,973		947,875

**LYON COUNTY**

**Schedule 2 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances /  
Nonmajor Governmental (Special Revenue) Funds  
Year Ended June 30, 2021**

	<b>Special</b>			
	<b>Mental Health</b>	<b>Economic Development</b>	<b>Resource Enhancement and Protection</b>	<b>County Recorder's Records Management</b>
<b>Revenues:</b>				
Property and Other County Tax	\$ 343,346	0	0	0
Intergovernmental	25,968	0	10,027	0
Charges for Service	0	0	0	4,099
Use of Money and Property	0	0	72	97
Miscellaneous	0	0	0	0
<b>Total Revenues</b>	<b>369,314</b>	<b>0</b>	<b>10,099</b>	<b>4,196</b>
<b>Expenditures:</b>				
Operating:				
Public Safety and Legal Services	0	0	0	0
Mental Health	354,965	0	0	0
County Environment and Education	0	115,895	0	0
Governmental Services to Residents	0	0	0	1,053
Capital Projects	0	0	0	0
<b>Total Expenditures</b>	<b>354,965</b>	<b>115,895</b>	<b>0</b>	<b>1,053</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>14,349</b>	<b>(115,895)</b>	<b>10,099</b>	<b>3,143</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	0	130,000	0	0
Operating Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>130,000</b>	<b>0</b>	<b>0</b>
<b>Changes in Fund Balances</b>	<b>14,349</b>	<b>14,105</b>	<b>10,099</b>	<b>3,143</b>
<b>Fund Balances Beginning of Year</b>	<b>87,963</b>	<b>117,289</b>	<b>15,527</b>	<b>26,040</b>
<b>Fund Balances End of Year</b>	<b>\$ 102,312</b>	<b>131,394</b>	<b>25,626</b>	<b>29,183</b>

See Accompanying Independent Auditor's Report.

**Schedule 2 (Continued)**

<b>Revenue</b>						
<b>County Attorney Incentive</b>	<b>Revolving Loans- Development Projects</b>	<b>Sheriff's Asset Forfeiture</b>	<b>CS Projects &amp; Conservation Land Acquisition Trust</b>	<b>Well Closing Trust</b>	<b>Total</b>	
0	0	0	0	0	343,346	
0	0	0	25,039	0	61,034	
0	0	0	161,731	0	165,830	
0	0	0	709	0	878	
5,806	4,014	2,078	2,713	0	14,611	
5,806	4,014	2,078	190,192	0	585,699	
669	0	232	0	0	901	
0	0	0	0	0	354,965	
0	1,000	0	0	0	116,895	
0	0	0	0	0	1,053	
0	0	0	167,240	0	167,240	
669	1,000	232	167,240	0	641,054	
5,137	3,014	1,846	22,952	0	(55,355)	
0	0	0	0	0	130,000	
0	0	0	(300,000)	0	(300,000)	
0	0	0	(300,000)	0	(170,000)	
5,137	3,014	1,846	(277,048)	0	(225,355)	
37,808	69,569	27,738	150,481	27,973	560,388	
42,945	72,583	29,584	(126,567)	27,973	335,033	

**LYON COUNTY**

**Schedule 3 – Combining Schedule of Fiduciary Net Position / Custodial Funds**

**June 30, 2021**

	<b>County Offices</b>	<b>Agricultural Extension Education</b>	<b>County Assessor</b>	<b>Schools</b>	<b>Community Colleges</b>	<b>Corporations</b>
<b>Assets:</b>						
Cash, Cash Equivalents and Pooled Investments:						
County Treasurer	\$ 0	2,313	117,960	110,780	9,612	17,728
Other County Officials	154,476	0	0	0	0	0
Receivables:						
Property Tax:						
Delinquent	0	54	70	2,162	224	1,819
Succeeding Year	0	251,710	326,465	11,456,720	1,038,003	2,839,225
Succeeding Year Tax Increment Financing	0	0	0	0	0	580,739
Accounts	389	0	833	0	0	0
Due from Other Custodial Fund	0	0	0	0	0	0
Due from Other Governments	0	0	78	0	0	0
Inventories	0	0	128	0	0	0
Prepaid Expenses	0	0	5,960	0	0	0
<b>Total Assets</b>	<b>154,865</b>	<b>254,077</b>	<b>451,494</b>	<b>11,569,662</b>	<b>1,047,839</b>	<b>3,439,511</b>
<b>Liabilities:</b>						
Accounts Payable	0	0	61	0	0	0
Salaries and Benefits Payable	0	0	1,007	0	0	0
Due to County's Governmental Funds	99,574	0	0	0	0	0
Due to County's Internal Service Fund	0	0	0	0	0	0
Due to Other Custodial Fund	312	0	0	0	0	0
Due to Other Governments	32,089	2,313	154	110,780	9,612	17,728
Trusts Payable	22,890	0	0	0	0	0
Compensated Absences	0	0	24,968	0	0	0
<b>Total Liabilities</b>	<b>154,865</b>	<b>2,313</b>	<b>26,190</b>	<b>110,780</b>	<b>9,612</b>	<b>17,728</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable Revenues:						
Succeeding Year Property Tax	0	251,710	326,465	11,456,720	1,038,003	2,839,225
Succeeding Year Tax Increment Financing	0	0	0	0	0	580,739
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>251,710</b>	<b>326,465</b>	<b>11,456,720</b>	<b>1,038,003</b>	<b>3,419,964</b>
<b>Net Position:</b>						
Restricted for Individuals, Organizations and Other Governments	\$ 0	54	98,839	2,162	224	1,819

See Accompanying Independent Auditor's Report.



Schedule 3 (Continued)

Townships	Auto License and Use Tax	E911 Surcharge	E911 Operating	Emergency Management	Advance Tax Collections	Tax Redemption Trust	Other	Total
3,919	451,008	910,816	8,008	31,057	110,722	18,790	10,022	1,802,735
0	0	0	0	0	0	0	0	154,476
6	0	0	0	0	0	0	0	4,335
395,749	0	0	0	0	0	0	2,591	16,310,463
0	0	0	0	0	0	0	0	580,739
0	0	9,877	0	0	0	0	0	11,099
0	0	0	0	0	0	0	312	312
0	0	62,219	0	0	0	0	0	62,297
0	0	0	0	0	0	0	0	128
0	0	21,202	0	0	0	0	0	27,162
399,674	451,008	1,004,114	8,008	31,057	110,722	18,790	12,925	18,953,746
0	0	4,947	0	388	0	0	0	5,396
0	0	0	0	0	0	0	0	1,007
0	14,807	0	0	0	0	0	0	114,381
0	0	0	0	0	0	0	5,000	5,000
0	0	0	0	0	0	0	0	312
3,919	436,201	0	0	35	0	0	1,005	613,836
0	0	0	0	0	110,722	18,790	0	152,402
0	0	0	0	4,400	0	0	0	29,368
3,919	451,008	4,947	0	4,823	110,722	18,790	6,005	921,702
395,749	0	0	0	0	0	0	2,591	16,310,463
0	0	0	0	0	0	0	0	580,739
395,749	0	0	0	0	0	0	2,591	16,891,202
6	0	999,167	8,008	26,234	0	0	4,329	1,140,842

**LYON COUNTY**

**Schedule 4 – Combining Schedule of Changes in Fiduciary Net Position / Custodial Funds  
Year Ended June 30, 2021**

	<b>County Offices</b>	<b>Agricultural Extension Education</b>	<b>County Assessor</b>	<b>Schools</b>	<b>Community Colleges</b>	<b>Corporations</b>
<b>Additions:</b>						
Property and Other County Tax (Including TIF)	\$ 0	247,358	332,032	11,380,019	1,040,719	3,307,666
E911 Surcharge	0	0	0	0	0	0
State Tax Credits	0	14,527	19,500	682,497	60,793	331,792
Intergovernmental Revenues	0	4,098	5,812	177,947	17,219	100,067
Contribution from Lyon County	0	0	0	0	0	0
Office Fees and Collections	679,882	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	52	0	0	0	0	0
Assessments	0	0	0	0	0	0
Trusts	101,300	0	0	0	0	0
Private Reimbursements	0	0	833	0	0	0
Tower Insurance Proceeds	0	0	0	0	0	0
<b>Total Additions</b>	<b>781,234</b>	<b>265,983</b>	<b>358,177</b>	<b>12,240,463</b>	<b>1,118,731</b>	<b>3,739,525</b>
<b>Deductions:</b>						
<b>Custodial Remittances:</b>						
To County Funds/Other Custodial Funds	330,800	0	33,066	0	0	0
To Other Governments	349,134	267,390	391,440	12,302,229	1,124,595	3,753,090
Trusts Paid Out	101,300	0	0	0	0	0
<b>Total Deductions</b>	<b>781,234</b>	<b>267,390</b>	<b>424,506</b>	<b>12,302,229</b>	<b>1,124,595</b>	<b>3,753,090</b>
<b>Changes in Net Position</b>	<b>0</b>	<b>(1,407)</b>	<b>(66,329)</b>	<b>(61,766)</b>	<b>(5,864)</b>	<b>(13,565)</b>
<b>Net Position Beginning of Year, As Restated</b>	<b>0</b>	<b>1,461</b>	<b>165,168</b>	<b>63,928</b>	<b>6,088</b>	<b>15,384</b>
<b>Net Position End of Year</b>	<b>\$ 0</b>	<b>54</b>	<b>98,839</b>	<b>2,162</b>	<b>224</b>	<b>1,819</b>

See Accompanying Independent Auditor's Report.

Schedule 4 (Continued)

Townships	Auto License and Use Tax	E911 Surcharge and Operating	Emergency Management	Advance Tax Collections	Tax Redemption Trust	State Credits/Tax Holding	Other	Total
405,363	0	0	0	0	0	0	2,576	16,715,733
0	0	43,030	0	0	0	0	0	43,030
17,339	0	0	0	0	0	0	151	1,126,599
5,211	0	184,925	4,822	0	0	0	43	500,144
0	0	0	69,500	0	0	0	0	69,500
0	0	0	0	0	0	0	0	679,882
0	0	0	0	0	0	0	4,099	4,099
0	5,068,703	0	0	0	0	0	0	5,068,703
0	0	9,392	0	0	0	0	2	9,446
0	0	0	0	0	0	0	7,995	7,995
0	0	0	0	113,690	49,512	441,146	45,520	751,168
0	0	0	0	0	0	0	0	833
0	0	36,458	0	0	0	0	0	36,458
427,913	5,068,703	273,805	74,322	113,690	49,512	441,146	60,386	25,013,590
0	169,873	0	16,392	0	0	0	0	550,131
430,514	4,898,830	132,807	75,504	0	0	0	14,956	23,740,489
0	0	0	0	113,690	49,512	441,146	50,095	755,743
430,514	5,068,703	132,807	91,896	113,690	49,512	441,146	65,051	25,046,363
(2,601)	0	140,998	(17,574)	0	0	0	(4,665)	(32,773)
2,607	0	866,177	43,808	0	0	0	8,994	1,173,615
6	0	1,007,175	26,234	0	0	0	4,329	1,140,842

# LYON COUNTY

## Schedule 5 – Schedule of Revenues by Source and Expenditures by Function /

### All Governmental Funds

#### Last Ten Years

	<b>Modified</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>				
Property and Other County Tax	\$ 7,307,683	\$ 6,665,065	6,195,627	6,288,457
Interest and Penalty on Property Tax	38,390	15,416	24,346	23,878
Local Option Sales Tax	925,047	728,504	698,589	659,761
Hotel/Motel Tax	171,676	104,647	131,278	135,230
Gambling Taxes	695,745	456,560	551,025	500,805
Tax Increment Financing	651,640	571,574	554,269	501,198
Intergovernmental	7,229,100	6,494,964	5,876,244	6,629,327
Licenses and Permits	95,288	85,536	69,252	62,342
Charges for Service	1,202,176	1,036,597	987,880	969,963
Use of Money and Property	175,030	279,584	322,640	276,397
Miscellaneous	619,228	487,939	268,076	704,451
<b>Total Revenues</b>	<b>\$ 19,111,003</b>	<b>\$ 16,926,386</b>	<b>15,679,226</b>	<b>16,751,809</b>
<b>Expenditures:</b>				
Operating:				
Public Safety and Legal Services	\$ 3,427,751	\$ 3,624,930	3,527,965	3,228,767
Physical Health and Social Services	568,566	585,685	611,155	588,726
Mental Health	354,965	295,707	117,467	247,929
County Environment and Education	970,825	993,986	901,905	899,116
Roads and Transportation	6,163,013	6,400,017	8,729,754	5,472,784
Governmental Services to Residents	456,336	442,742	468,712	505,085
Administration	1,168,804	1,154,437	1,267,723	1,286,451
Non-Program Current	120,665	122,233	89,564	92,601
Debt Service	664,954	660,442	597,400	600,419
Capital Projects	3,589,679	2,317,488	1,978,299	5,931,814
<b>Total Expenditures</b>	<b>\$ 17,485,558</b>	<b>\$ 16,597,667</b>	<b>18,289,944</b>	<b>18,853,692</b>

See Accompanying Independent Auditor's Report.

**Schedule 5 (Continued)**

<b>Accrual</b>			<b>Basis</b>		
<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
6,647,791	6,313,019	5,881,814	5,529,147	5,323,928	4,929,682
24,894	24,837	24,920	25,082	22,984	21,567
724,738	677,747	673,150	569,653	616,018	716,701
185,185	114,910	178,983	150,007	111,806	133,182
488,948	498,215	519,796	528,672	519,791	513,401
499,157	487,307	508,960	580,480	335,741	80,478
6,389,735	6,716,627	6,293,401	5,045,593	4,697,199	5,291,886
76,478	69,046	66,821	61,865	62,559	77,845
961,823	952,355	949,882	923,743	866,816	940,095
186,847	165,631	149,512	144,278	135,751	141,876
433,444	349,291	554,247	262,495	275,536	361,804
<b>16,619,040</b>	<b>16,368,985</b>	<b>15,801,486</b>	<b>13,821,015</b>	<b>12,968,129</b>	<b>13,208,517</b>
3,137,700	3,068,612	3,137,731	2,838,112	3,057,014	2,788,242
578,638	576,995	617,930	784,421	818,020	783,744
248,141	564,734	290,046	331,318	426,553	1,054,644
896,083	878,991	977,523	1,007,684	827,644	767,823
5,427,293	6,455,486	5,047,765	4,770,338	3,995,491	4,767,489
504,877	496,609	479,461	468,680	535,107	475,670
1,164,817	1,225,502	1,134,346	1,070,505	1,110,242	1,088,565
228,308	74,189	70,716	85,632	85,741	80,478
313,420	243,560	243,623	243,022	242,323	241,523
3,409,510	2,814,724	3,619,052	768,419	827,606	1,458,493
<b>15,908,787</b>	<b>16,399,402</b>	<b>15,618,193</b>	<b>12,368,131</b>	<b>11,925,741</b>	<b>13,506,671</b>

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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*  
Lyon County



# De Noble, Austin & Company PC

CERTIFIED PUBLIC ACCOUNTANTS



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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, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 18, 2022.

### **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 as a basis for designing 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, G and H-2021 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, I and J-2021 to be significant deficiencies.

### **MEMBERS**

American Institute - Certified Public Accountants | Private Companies Practice Section | Iowa Society - Certified Public Accountants



## **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, 2021 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

February 18, 2022

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**Schedule of Findings**  
Lyon County

**LYON COUNTY**  
**Schedule of Findings**  
**Year Ended June 30, 2021**

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**A-2021 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, 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. The actual deposit of the receipts should be made by an independent person. Later, an independent person should compare this same listing to supporting receipt documentation, to the cash receipt records, and to the actual deposit.
- 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 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-2021 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 a component of the County's 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/department.

**Conclusion** – Response accepted. Please stress to each office the importance of maintaining an updated written accounting procedures manual.

**C-2021 Job Rotations and Cross-Training**

**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. Rotation of financial duals can provide the dual benefit of establishing 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 rotation of duties and cross-training. There are no policies in effect addressing the need for rotation of duties and cross-training.

**Effect** – Lack of job rotations and cross-training could adversely affect employees of the County 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/department accountable on developing plans to implement this recommendation.

**D-2021 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 the extent 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 purchasing fuel, especially through the use of County credit cards, the capital asset’s identification and the mileage at the time of fueling are not always being noted on the invoice or 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 affects 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 the importance of implementing 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-2021 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. 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 increase the probability of employees being compensated for time not actually worked and 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 that 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 completed time sheets as part of the County’s payroll procedures.

#### **F-2021 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 in order to strengthen safeguards over inventory.

**Response** – We will have the appropriate departments work on developing 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-2021 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 to work on developing procedures which can be implemented in order to 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.



## **H-2021 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 procedures which create a higher level of oversight by the governing board and management over developing internal control and compliance procedures, verify existing procedures and policies which have been established are in place and enforced, and communicate expected ethical standards.

**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 develop and implement internal control, compliance and anti-fraud policies and procedures and to communicate the importance of the policies and procedures to each department/office.

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

## **I-2021 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.

**J-2021 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.

**LYON COUNTY**  
**Schedule of Findings**  
**Year Ended June 30, 2021**

**Other Findings Related to Required Statutory Reporting:**

**2021-1 Certified Budget** – Disbursements during the year ended June 30, 2021 exceeded the amount budgeted in the nonprogram current function and disbursements in the conservation board and district court departments exceeded the amounts appropriated before the full allocation was granted and in total for the fiscal year.

**Recommendation** – The County budget should have been amended in accordance with Chapters 331.435 and 331.437 of the Code of Iowa before disbursements were allowed to exceed the amount budgeted for the function and the amounts appropriated for the departments.

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

**Response** - We are aware of the issue which created the debt service function and conservation board and district court departments being exceeded and have taken steps to prevent it from happening again in the future.

**Conclusion** - Response accepted.

**2021-2 Questionable Expenditures** – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

We noted several meal expense reimbursements to employees that did not have the proper support retained and several instances of missing receipts on fuel and supply purchases. Additionally, there were 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.

**2021-3 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: 2021-2” for a possible related comment.

- 2021-4 Business Transactions** – No business transactions between the County and County officials or employees were noted.
- 2021-5 Restricted Donor Activity** – In accordance with Chapter 68B of the Code of Iowa, there were no transactions noted of County officials receiving or soliciting gifts from a restricted donor.
- 2021-6 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.
- 2021-7 Board Minutes** – During a review of the Board of Supervisors Minutes, we noted three employees whose payrate increases were not approved by the Board of Supervisors. Additionally, the Compensation Board had an instance when the record does not document the vote of each member as required by Chapter 21 of the Code of Iowa.

**Recommendation** – The Board of Supervisors should implement procedures to ensure that all employee payrates are approved by the Board of Supervisors and when a unanimous vote is not the result a documentation of the vote of each member needs to be recorded to comply with Chapter 21 of the Code of Iowa.

**Response** – We will work to implement procedures to make sure that payrates are approved for all employees and be sure to record the vote as required.

**Conclusion** – Response accepted.

- 2021-8 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 US Bank for a month during the year.

**Recommendation** – The resolution adopted by the Board of Supervisors should be in amounts sufficient to cover anticipated balances at all approved depositories at all times throughout the year.

**Response** – We will monitor the bank balances and consider the need to increase appropriate bank balances to ensure the depository resolution amounts are not exceeded at any of the approved banks in the future.

**Conclusion** – Response accepted.

- 2021-9 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).

- 2021-10 Annual Urban Renewal Report** – The County’s Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

- 2021-11 Financial Condition** – There was a deficit fund balance of \$500,000 in the County Tax Increment Financing Fund and a deficit fund balance of \$126,567 in the CS Projects and Conservation Land Acquisition Trust Fund at June 30, 2021.

**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.

**2021-12 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 several 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.

**2021-13 E911 Budget** – Actual disbursements exceeded the total amount budgeted for the E911 Services during the fiscal year ended June 30, 2021.

**Recommendation** – The County E911 needs to develop procedures to make sure the budget is amended in accordance with the Code of Iowa so total actual disbursements do not exceed the amount in the approved budget.

**Response** – We will discuss with the E911 Director the importance of the E911 amending the budget in order to keep actual disbursements below the approved budgeted amount.

**Conclusion** – Response accepted.

**2021-14 Lease Purchase Agreement** – The Conservation entered into a lease purchase agreement for the purchase of a utility tractor and loader. However, as required by Chapter 331.301(10)(e) of the Code of Iowa, there was not a notice of public hearing published in either of the County’s official newspapers, a public hearing was not held and there was no passage of a resolution authorizing the issuance of this noncurrent debt.

**Recommendation** – In the future, the County should hold a public hearing prior to the authorization of a lease purchase agreement. Additionally, a public hearing must be held and the issuance of noncurrent debt must be approved by resolution by the Board of Supervisors in accordance with Chapters 331.301(10)(e) of the Code of Iowa.

**Response** – We will implement procedures to be complied with in the future.

**Conclusion** – Response accepted.

**2021-15 Donations** – During the year ended June 30, 2021, the County donated \$11,400 to various local non-profit organizations.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31 of the Constitution of the State of Iowa states, “...no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly.”

At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that “a governmental body may not donate public funds to a private entity, even if the entity is established for charitable educational purposes and performs work which the government could perform directly. The Opinions further state, “Even if the function of a private non-profit corporation fits within the scope of activities generally recognized as serving a public purpose, a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes.”

Political subdivisions and municipalities, including cities/utilities, counties, schools and townships are municipal – governmental – entities. As governmental entities they are governed by elected bodies, are directly responsible to the public as a whole, and are subject to the limitations imposed on them by the state. Although a private organization may be formed to provide and support ‘public’ services which are the same or similar to the services provided by government, the private organizations are not subjected to the same degree of public accountability and oversight as governmental entities.”

**Recommendation** – We are not aware of any statutory authority for the County to donate public funds to private non-profit organizations. The County should immediately cease making future such donations.

**Response** – We are in the process of consulting with our legal counsel to ensure this issue will be complied with in the future.

**Conclusion** - Response accepted.

**2021-16 Monthly Balances** – The County did not comply with Iowa Code 331.476 as the County allowed a deficit cash basis fund balance in the Secondary Roads Fund during the fiscal year ended June 30, 2021 for the majority of the period of October 27, 2021 until December 8, 2021.

**Recommendation** – The County should have approved and performed an interfund loan to the Secondary Roads Fund before allowing this Fund to enter into a deficit position.

**Response** – We will implement this recommendation.

**Conclusion** – Response accepted.

**2021-17 Obligations Report** – The “Outstanding Obligations Disclosure Statement Report Year 2021” improperly reported the amount of debt issued and outstanding at June 30, 2021. Chapter 12.1 of the Code of Iowa requires that the balance be reported at the actual principal balance.

**Recommendation** – The County should develop procedures to ensure that all bonding activity and debt is properly reported in accordance with the Code of Iowa Chapter 12.1. The “Outstanding Obligations Disclosure Statement Report Year 2021” should also be corrected to include all debt at the correct amounts.

**Response** – We will correct the report and establish procedures to ensure that all debt is reported properly on the “Outstanding Obligations Disclosure Statement Report Year 2021.”

**Conclusion** – Response accepted.

**LYON COUNTY  
Staff**

**This Audit was Performed By:**

David De Noble, CPA, Senior Auditor  
Carmen Austin, CPA, Senior Auditor  
Kayla Reck, Assistant Auditor

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