



# 2022

## LYON COUNTY

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

June 30, 2022

Prepared By:

**De Noble, Austin & Company PC**

121 South Story Street  
Rock Rapids, Iowa 51246

# LYON COUNTY

June 30, 2022

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**LYON COUNTY**

June 30, 2022

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**LYON COUNTY**

June 30, 2022

**Officials**

<b>Name</b>	<b>Title</b>	<b>Term Expires/Term</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
Michele Stewart	County Treasurer	December 31, 2022
Jennifer Smit	County Auditor	December 31, 2024
Stewart VanderStoep	County Sheriff	December 31, 2024
Marilee Schleusner	County Assessor	December 31, 2022
Craig Van Otterloo	County Conservation Director	December 31, 2021 (Retired)
Justin Smith	County Conservation Director	January 1, 2021 to 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 Audit of the Financial Statements**

#### **Opinions**

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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

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, 2022 and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

As discussed in Note 20 to the financial statements, Lyon County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

#### ***MEMBERS***

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lyon County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lyon County's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions (IPERS), and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 6 through 16 and 61 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 6 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2023 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

June 27, 2023



# 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, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **Fiscal Year 2021-2022 Financial Highlights**

- The County's governmental fund revenues for fiscal year 2021-2022 were \$18,103,884 compared to \$19,111,003 in fiscal year 2020-2021, a decrease of (\$1,007,119), or (5.27%). The revenue classifications which mainly resulted in this decrease were as follows: property and other county tax decreased by (\$635,370), intergovernmental revenues decreased by (\$303,874), charges for service and miscellaneous revenues decreased by (\$248,982).
- The County's governmental fund expenditures for fiscal year 2021-2022 were \$17,524,995, compared to \$17,485,558 in fiscal year 2020-2021, an increase of \$39,437 or 0.23%. While the total expenditures remained consistent, the functions which had significant changes were as follows: public safety and legal services increased by \$525,466, roads and transportation increased by \$1,929,665, administration increased by \$186,885, and capital projects decreased by (\$2,900,545). The remaining expenditure functions increased in total by \$297,966.
- The County's total governmental fund balances increased by \$3,680,749, or 30.83%, from \$11,938,093 on June 30, 2021 to \$15,618,842 on June 30, 2022. During the fiscal year ended June 30, 2022, revenues exceeded expenditures by \$578,889 and other financing sources exceed other financing uses by \$3,101,860 (sale of capital assets = \$426,860 and revenue note proceeds = \$2,675,000).
- Revenues of the County's governmental activities decreased by (\$4,507,588), or (19.80%), from \$22,770,205 in fiscal year 2020-2021 to \$18,262,617 during fiscal year 2021-2022. Program revenues decreased by (\$4,532,129), or (59.77%), from \$12,114,144 in fiscal year 2020-2021 to \$7,582,015 in fiscal year 2021-2022. General revenues increased by \$24,541, or 0.23%, from \$10,656,061 in fiscal year 2020-2021 to \$10,680,602 during fiscal year 2021-2022.
- Expenses of the County's governmental activities decreased by (\$621,736), or (4.10%), from \$15,167,714 in fiscal year 2020-2021 to \$14,545,978 during fiscal year 2021-2022. The main function areas to decrease were the public safety and legal services function, which decreased by (\$99,081), or (2.72%), the roads and transportation function, which decreased by (\$411,535), or (5.52%) and the capital projects function, which decreased by (\$104,159), or (73.23%).
- The County's government-wide change in net position for governmental activities during fiscal year 2021-2022 was an increase of \$3,716,639 over the June 30, 2021 balance of \$69,875,898; resulting in a net position of \$73,592,537 on June 30, 2022.

### **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 financial information about the County's employee group health plan and 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 (asset) and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability Related Ratios and Notes.
- Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds.

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

### *Government-Wide Financial Statements*

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse 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, Road Use Tax Revenue, and Motor Graders Acquisition, 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 \$69,875,898 to \$73,592,537. The analysis that follows focuses on the changes in the net position of governmental activities.

### Net Position of Governmental Activities

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Current and Other Assets	\$ 26,623,217	\$ 21,522,374
Capital Assets	63,126,698	61,883,820
Net Pension Asset	1,513,538	0
Total Assets	91,263,453	83,406,194
Deferred Outflows of Resources	759,633	1,046,017
Other Liabilities	2,043,208	438,938
Long-Term Liabilities	5,207,416	6,565,045
Total Liabilities	7,250,624	7,003,983
Deferred Inflows of Resources	11,179,925	7,572,330
Net Position		
Net Investment in Capital Assets	60,048,670	59,498,820
Restricted	10,466,407	8,458,445
Unrestricted	3,077,460	1,918,633
Total Net Position	\$ 73,592,537	\$ 69,875,898

Net position of Lyon County increased by \$3,716,639, or 5.32%.

The largest portion of the County's net position at June 30, 2022, 81.60%, 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, 14.22% of the County's June 30, 2022 net position, represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position, the remaining 4.18% of the County's June 30, 2022 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 \$1,158,827, or 60.40%, from June 30, 2022 compared to the June 30, 2021 balance.

**Changes in Net Position of Governmental Activities**

	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>
<b>Revenues:</b>		
Program Revenues:		
Charges for Service	\$ 2,041,166	\$ 3,139,083
Operating Grants, Contributions and Restricted Interest	5,004,535	6,045,698
Capital Grants, Contributions and Restricted Interest	536,314	2,929,363
General Revenues:		
Property and Other County Tax Levied for:		
General Purposes	6,676,240	6,163,657
Debt Service	0	519,953
Local Option Sales Tax	1,025,635	925,047
Hotel/Motel Tax	220,091	171,676
Gambling Taxes	816,247	695,745
Tax Increment Financing	605,415	651,640
Interest and Penalty on Property Tax	24,631	38,025
State Tax Credits	445,373	509,727
American Rescue Plan Act	366,835	0
Grants and Contributions Not Restricted to Specific Purpose	137,877	114,512
Unrestricted Investment Earnings	106,967	132,964
Rents	59,861	41,525
Gain on Disposal of Capital Assets	166,155	63,071
Other General Revenues	29,275	16,348
Total Revenues	<u>18,262,617</u>	<u>22,770,205</u>
<b>Expenses:</b>		
Program Expenses:		
Public Safety and Legal Services	3,544,026	3,643,107
Physical Health and Social Services	548,027	574,938
Mental Health	345,271	357,084
County Environment and Education	1,046,959	1,033,457
Roads and Transportation	7,047,197	7,458,732
Governmental Services to Residents	563,236	540,778
Administration	1,234,488	1,226,233
Non-Program Current	116,757	120,884
Interest on Long-Term Debt	61,942	70,267
Capital Projects	38,075	142,234
Total Expenses	<u>14,545,978</u>	<u>15,167,714</u>
Increase in Net Position	3,716,639	7,602,491
Net Position Beginning of Year	<u>69,875,898</u>	<u>62,273,407</u>
Net Position End of Year	<u>\$ 73,592,537</u>	<u>\$ 69,875,898</u>

- The amount of the costs financed by users (charges for service) decreased by (\$1,097,917), or (34.98)%. The decrease from fiscal year 2020-2021 to fiscal year 2021-2022 was primarily due to an increase of (\$1,076,440) in the roads and transportation function.
- Operating grants, contributions and restricted interest decreased by (\$1,041,163), or (17.22%). The decrease from fiscal year 2020-2021 to fiscal year 2021-2022 was due to decreases in the public safety

and legal services – (\$216,651), physical health and social services – (\$146,228), county environment and education – (\$266,013), and the roads and transportation – (\$410,158) functions.

- Capital grants, contributions and restricted interest increased by (\$2,393,049), or (81.69%). The decrease was mainly the result of a decrease in infrastructure assets contributed by the Iowa Department of Transportation in the roads and transportation function.
- General revenues decreased by \$24,541, or 0.23%. Property and other county tax revenues levied for debt service decreased by (\$529,762), or (100%), local option sales tax increased by \$100,588, or 10.87%, gambling taxes increased by \$120,502, or 17.32%, and the American Rescue Plan Act grant proceeds increased by \$366,835 (\$0 in the prior fiscal year).
- Expenses of the County’s governmental activities decreased by (\$621,736), or (4.10%), from \$15,167,714 in fiscal year 2020-2021 to \$14,545,978 during fiscal year 2021-2022. The main function areas to decrease were the public safety and legal services function, which decreased by (\$99,081), or (2.72%), the roads and transportation function, which decreased by (\$411,535), or (5.52%) and the capital projects function, which decreased by (\$104,159), or (73.23%).

Lyon County decreased the total countywide property tax levy rate by (0.25045) and decreased the rural property tax levy rate by (0.02817) 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 2021-2022</b>	<b>Taxes Levied Fiscal Year 2020-2021</b>
Countywide Taxable Valuation *	\$ 1,045,933,268	\$ 996,231,325
Countywide Levy Rate Without Debt Service	4.40524	4.65569
Dollars Levied Without Debt	\$ 4,607,587	\$ 4,638,145
Countywide Taxable Valuation for Debt Service *	\$ 1,101,459,627	\$ 1,062,268,513
Countywide Debt Service Levy	0.0	0.52343
Dollars Levied for Debt Service	\$ 0	\$ 556,023
Total Countywide Levy Rate	4.40524	5.17912
Total Dollars Levied Countywide	\$ 4,607,587	\$ 5,194,168
Rural Taxable Valuation *	\$ 786,251,825	\$ 751,729,760
Rural Service Tax Levy	3.13809	3.16626
Dollars Levied for Rural Area Only	\$ 2,467,329	\$ 2,380,172
Total Levy Rate (All Property Taxes)	7.54333	8.34538
Total Dollars Levied (All Property Taxes)	\$ 7,074,916	\$ 7,574,340

\* 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 2021-2022	January 1, 2020	\$ 1,045,933,268	\$ 1,101,459,627	\$ 786,251,825
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

- Lyon County’s fiscal year 2021-2022 countywide taxable valuation (without gas and electric utilities) increased \$49,701,943, or 4.99%, from fiscal year 2020-2021; the fiscal year 2021-2022 debt service taxable valuation increased \$39,191,114, or 3.69%, from fiscal year 2020-2021; and the fiscal year 2020-2021 rural service valuation increased \$34,522,065, or 4.59%, from fiscal year 2021-2022.
- Taxable value is the property value used for computing property taxes. It is the fully assessed valuation reduced by any applicable tax abatement and statewide rollback factors. Residential, commercial, and industrial property is based on fair market value and agricultural property is based on productivity and net earnings capacity value. Each county has an average productivity value. This value is based on a 5-year average of annual Iowa Crop and Livestock Reporting Service census data. The data is updated every odd-numbered year using the past 5 years of data. Iowa Code Section 441.21(1)e states “value of agricultural property shall be determined on the basis of productivity and net earnings capacity...applied uniformly among counties and among classes of property”.

### Individual Major Fund Analysis

As Lyon County completed fiscal year 2021-22, its governmental funds reported a combined fund balance of \$15,618,842. This is in comparison to last fiscal year when the combined fund balance was \$11,938,093. This is an increase of \$3,680,749 from last year, or 30.83%. 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 at June 30, 2022 was \$5,597,950. This is in comparison to last fiscal year when the June 30, 2021 fund balance was \$6,091,465. This is a decrease of (\$493,515) from last year, or (8.01%). For fiscal year 2021-2022, revenues totaled \$7,390,760 (fiscal year 2020-2021 = \$7,381,559), an increase of \$9,201, or 0.12%; expenditures totaled \$7,598,986 (fiscal year 2020-2021 = \$5,461,284), an increase of \$2,137,702, or 39.14%; operating transfers out totaled \$342,729 (fiscal year 2020-2021 = \$759,396), a decrease of (\$416,667), or (54.87%); and sale of capital assets totaled \$57,440 (fiscal year 2021 = \$40,250). The General Basic Fund levy for fiscal year 2022 was 3.50000 (fiscal year 2021 = 3.50000); the maximum amount allowed by law is 3.50000. The General Supplemental Fund levy was 0.56494 for fiscal year 2021-2022 and 0.79695 for 2020-2021. 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 revenues remained consistent from fiscal year 2020-2021 to fiscal year 2021-2022. Property and other county tax decreased due to the reduction in the General Supplementary levy; hotel/motel tax and gambling taxes collection increased; and intergovernmental revenues decreased.
  - The significant increase in expenditures occurred in the following functions: public safety and legal services (increase of \$191,131), roads and transportation (increase of \$1,179,113), administration (increase of \$99,131), and debt service (\$518,693).
  - The June 30, 2022 fund balance of \$5,597,950 is comprised of \$102,597 in nonspendable balances (inventories and prepaid expenditures), \$600,296 in restricted balances (supplemental levy purposes, jail improvements/courthouse security, hotel/motel tax, and ambulance purposes), \$500,000 in assigned balances (ambulance rig, annex building – plumbing/heating/repairs, and courthouse elevator upgrade) and \$4,395,057 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 \$1,482,498 at June 30, 2022. This is in comparison to last fiscal year when the ending fund balance was \$1,203,659. This is an increase of

\$278,839 from last fiscal year, or 23.17%. For fiscal year 2021-2022, revenues totaled \$3,858,172 (fiscal year 2020-2021 = \$3,832,177), an increase from last year of \$25,995, or 0.68%; expenditures totaled \$1,136,610 (fiscal year 2020-2021 = \$1,117,103), an increase from last year of \$19,507, or 1.75%; and operating transfers out totaled \$2,442,723 (fiscal year 2020-2021 = \$2,339,641), an increase from last year of \$103,082, or 4.41%. The rural services basic levy for fiscal year 2021-2022 was 3.13809 (fiscal year 2020-2021 = 3.16626). 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 2021-2022, 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.
- **Secondary Roads Fund:** The Secondary Roads Fund is used to account for secondary roads construction and maintenance. The Secondary Roads ending fund balance was \$4,966,815 at June 30, 2022. This is in comparison to last fiscal year when the ending fund balance was \$4,768,461. This is an increase of \$198,354 from last year, or 4.16%. For fiscal year 2021-2022, revenues totaled \$2,692,531 (fiscal year 2020-2021 = \$5,754,496), a decrease of (\$3,061,965), or (53.21%); expenditures totaled \$6,102,049 (fiscal year 2020-2021 = \$7,812,572), a decrease from last year of (\$1,710,523), or (21.89%); fiscal year 2021-2022 operating transfers in totaled \$3,555,452 (fiscal year 2021 = \$2,444,037), an increase of \$1,111,415, or 45.47%; and fiscal year 2021-2022 sale of capital assets totaled \$52,420 (fiscal year 2020-2021 = \$95,806), a decrease of (\$43,386), or (45.29%).
  - Intergovernmental revenues decreased by (\$3,050,386), or (53.93%). The primary reasoning for the decrease is beginning in January 2022, the road use tax funds were reported as revenue in the Road Use Tax Revenue Fund.
  - Expenditures in the roads and transportation function decreased by (\$703,624) and the capital projects function decreased by (\$1,006,899).
  - The primary reason for the operating transfers in increase was \$1,000,000 was received from the Road Use Tax Revenue Fund.
- **Road Use Tax Revenue Fund:** The Road Use Tax Revenue Fund was established during fiscal year 2021-2022 to account for the road use tax allocation from the State of Iowa in accordance with the "Road Use Tax Revenue Note, Series 2022". In accordance with the note, the road use tax proceeds are transferred to the County's Debt Service Fund and the Secondary Roads Fund. During fiscal year 2021-2022, the Road Use Tax Revenue Fund had road use tax revenue of \$2,698,307; transferred \$1,000,000 to the Secondary Roads Fund and \$694,300 to the Debt Service Fund; and had an ending fund balance on June 30, 2022 of \$1,004,007.
- **Motor Graders Acquisition Fund:** The Motor Graders Acquisition Fund was established during fiscal year 2021-2022 to account for the proceeds from the "Road Use Tax Revenue Note, Series 2022" and the purchase of ten motor graders for the County's secondary roads personnel. During fiscal year 2021-2022, the Motor Graders Acquisition Fund had expenditures of \$1,453,600 (roads and transportation function – purchase of four motor graders); sale of capital assets of \$317,000 (value received on four motor graders traded-in); road use tax revenue proceeds of \$2,675,000; and had an ending fund balance on June 30, 2022 of \$1,538,400.
- **Debt Service Fund:** The Debt Service Fund is being utilized to account for interest earnings and "operating transfers in" from the Road Use Tax Revenue Fund in order to make a partial payment of principal on the County's general obligation bonds and the principal and interest payment on the road use tax revenue note. For fiscal year 2021-2022, the Debt Service Fund had revenues of \$3,859 (interest income); debt service expenditures totaled \$228,192 (\$39,514 principal on the "General Obligation

Corporate Purpose Bonds, Series 2017” bonds - the remaining debt service on these bonds is currently being paid for by the General Fund; and \$186,000 principal and \$2,678 interest on the “Road Use Tax Revenue Note, Series 2022” note); and operating transfers in of \$694,300 from the Road Use Tax Revenue Fund. The Debt Service Fund ending fund balance was \$509,442 at June 30, 2022. This is in comparison to last fiscal year when the June 30, 2021 ending fund balance was \$39,475. This is a \$469,967 increase from last fiscal year. The Lyon County Board of Supervisors approved maintaining a balance of approximately \$500,000 in this fund to ensure funds are available for the next debt service payment.

### **Budgetary Highlights**

In accordance with Iowa Code Section 331.434, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except the County’s Internal Service and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of fiscal year 2022, Lyon County amended its budget six times.

The first amendment was adopted July 13, 2021 and resulted in a decrease in receipts of (\$109,909) and an increase in disbursements of \$1,211,600. The reason for the decrease in receipts was for property and other county taxes. Reasons for the increase in disbursements included \$1,188,000 for a gravel pit purchase, \$13,000 for new server and additional license for Solutions imaging service, and \$10,600 for flyover expenses.

The second amendment was adopted August 10, 2021 and resulted in an increase in disbursements of \$110,000. The reason for the increase was for nature center project costs.

The third amendment was adopted on November 23, 2021 and resulted in an increase in receipts of \$44,470, an increase of \$2,675,000 for road use tax revenue note proceeds for ten new motor graders, and an increase in disbursements of \$2,764,251. Revenue increased due to a grant of \$19,470 for a DNR mussel project and a donation of \$25,000 from the Gilchrist Foundation for a display of artifacts at the nature center. The increase in disbursements primarily included: \$2,675,000 for the purchase of ten motor graders, \$25,000 for a display of artifacts at the nature center, \$21,635 for mussel habitat, and \$14,416 for two air conditioning units, and \$12,000 for ambulance medical supplies.

The fourth amendment was adopted January 11, 2022 and resulted in an increase in receipts of \$1,141,635 and an increase in disbursements of \$419,061. The reason for the increase in receipts was for American Rescue Plan grant proceeds. The reason for the increase in disbursements primarily included: \$91,198 for IT updates, \$20,000 for a new website, \$275,695 for a new ambulance and power lift, and \$11,360 for the purchase of dual band radios.

The fifth amendment was approved on March 22, 2022 and resulted in an increase in expenditures of \$221,663. The reason for the increase in disbursements primarily included: \$73,935 for health insurance adjustments, \$108,223 for a distribution to the Mental Health Region, and \$12,000 for ambulance drivers’ wages.

The sixth and final amendment was approved on May 24, 2022 and resulted in a projected increase of receipts of \$34,500 and an increase in disbursements of \$277,634. The reason for the increase in receipts was for \$10,000 for a HAVA grant and \$24,500 for Lyon County Riverboat Foundation grants. The reason for the increase in disbursements primarily included: \$25,461 for the ambulance to purchase LUCAS device, radios and jump bags, \$40,000 for a distribution to the Mental Health Region, and \$191,300 for a debt service payment of principal and interest on the road use tax revenue note.

Lyon County budgets on a cash accounting basis. For fiscal year 2021-2022, Lyon County’s actual receipts of \$19,000,067 were \$1,546,658 higher than the amended budget for receipts of \$17,453,409. Lyon County’s actual disbursements of \$17,010,148 were \$5,863,631 less than the amended budget for disbursements of \$22,873,779. During the fiscal year ended June 30, 2022, the County’s actual disbursements did not exceed the final amount budgeted for any function or the amount appropriated for any department.



## Capital Assets and Debt Administration

### Capital Assets

Lyon County concluded fiscal year 2021-2022 with \$90,775,247 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

	<b>June 30, 2022</b>	<b>June 30, 2021 (As Restated)</b>
Land	\$ 3,359,042	\$ 2,179,929
Buildings & Improvements	14,216,596	14,144,989
Machinery, Equipment & Vehicles	15,548,946	14,483,763
Infrastructure	54,115,748	50,769,410
Right-To-Use Leased Equipment	67,077	12,842
Construction in Progress	3,467,838	6,050,857
Total	<b>\$ 90,775,247</b>	<b>\$ 87,641,790</b>

This year's major asset additions included:

<u>Ambulance</u>		<u>Secondary Roads</u>	
'21 Ram Ambulance/Power Load/Radio	\$ 275,695	Roadway Infrastructure	\$ 3,346,338
		4 - Cat Motor Grader	\$ 1,453,600
		2 - Mack Plow Truck	\$ 283,346
		2 - Willemsen Dump Bod	\$ 118,204
<u>Conservation</u>		Cat Sheeps Foot	\$ 102,362
'22 Kubota Skidloader	\$ 54,100	Rock Rapids Shop - Tile Project	\$ 71,607
21 Chevy Silverado Pickup	\$ 41,440	Kubota Skidloader	\$ 59,908
		2 - Henke Wing & Hitch	\$ 49,514
<u>Sheriff</u>		Willemsen Pup Trailer	\$ 38,644
13 Sharp Copiers/Printers/Scanners	\$ 45,717	'22 Rome Disc	\$ 32,350
'21 Chevy Silverado	\$ 37,727	2 - Henke Plow	\$ 20,082
'21 Dodge Ram Pickup	\$ 35,006		
<u>General County</u>			
Gravel Pit	\$ 1,179,113		

The County had depreciation expense of \$3,239,044 in fiscal year 2021-2022 and total accumulated depreciation of \$27,648,549 as of June 30, 2022.

### Long-Term Debt

At June 30, 2022, Lyon County had \$5,207,416 of long-term debt, compared to \$6,577,887 at June 30, 2021, as shown on the next page:

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

	<b>June 30, 2022</b>	<b>June 30, 2021 (As Restated)</b>
Total OPEB Liability	\$ 305,153	\$ 340,751
Net Pension Liability	0	3,277,286
Compensated Absences	471,835	461,515
Lease Agreements	58,783	12,842
General Obligation Bonds	1,815,000	2,385,000
Road Use Tax Revenue Note	2,489,000	0
Installment Purchase Payable	52,362	80,505
Capital Lease Payable	15,283	19,988
<b>Total</b>	<b>\$ 5,207,416</b>	<b>\$ 6,577,887</b>

Long-term debt decreased, despite the issuance of the road use tax revenue note, primarily due to a large decrease in the actuarial calculated net pension liability. During the fiscal year 2021-2022, the County closed on a road use tax revenue note for the purchase of ten motor graders for the County’s secondary roads 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 \$76,206,390. 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 2022-2023 budget. One of the factors is the economy. Unemployment in Lyon County in December 2021 was at 2.0%; while the unemployment rate for the State of Iowa in December 2021 was at 3.9%. As the effects from the worldwide pandemic of COVID-19 continued nationwide, Lyon County seemed to bounce back quite quickly. One of the biggest issues resulting from the pandemic was staffing. Staffing open positions proved to be harder and many departments had to offer an increase in pay in order to attract potential employees as well as keep current employees.

Another significant factor is taxable property valuations. The valuations for fiscal year 2022-23, excluding gas and electric utility valuations, were as follows: countywide valuation = \$1,082,463,050 (increase of \$36,529,782 from FY 2021-2022); debt service valuation = \$1,151,190,405 (increase of \$49,730,778 from FY 2021-2022); and rural service valuation = \$815,612,410 (increase of \$29,360,585 from FY 2021-2022). With the increase in property valuations, county levies decreased in fiscal year 2022-2023 compared to fiscal year 2021-2022. The mental health levy was discontinued during fiscal year 2022-2023 due to legislation making mental health a state funded service starting July 1, 2023. The Board worked hard to lower levies for fiscal year 2022-2023 and adopted a budget that levied less dollars than levied in fiscal year 2021-2022.

**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:

Doug Vanden Bosch	District #1	Term: 1-1-2021 to 12-31-2024
Dennis Scholten	District #2	Term: 1-1-2023 to 12-31-2026
Cory Altena	District #3	Term: 1-1-2021 to 12-31-2024
Jerry Birkey, Chair	District #4	Term: 1-1-2023 to 12-31-2026
Steve Herman, Vice-Chair	District #5	Term: 1-1-2023 to 12-31-2026

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

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# Basic Financial Statements

Lyon County

**LYON COUNTY**  
**Exhibit A – Statement of Net Position**  
**June 30, 2022**

	<u>Governmental</u> <u>Activities</u>
<b>Assets:</b>	
Cash, Cash Equivalents and Pooled Investments	\$ 15,678,195
Receivables:	
Property Tax:	
Delinquent	477
Succeeding Year	6,684,119
Succeeding Year Tax Increment Financing	577,086
Interest and Penalty on Property Tax	380
Accounts	374,497
Accrued Interest	22
Due from Custodial Funds	111,698
Due from Other Governments	1,229,205
Lease Receivable	44,243
Inventories	1,602,789
Prepaid Expenses	320,506
Capital Assets, Net of Accumulated Depreciation/Amortization	63,126,698
Net Pension Asset	1,513,538
	<u>91,263,453</u>
<b>Total Assets</b>	
<b>Deferred Outflows of Resources:</b>	
Pension Related Deferred Outflows	<u>759,633</u>
<b>Liabilities:</b>	
Accounts Payable	1,122,442
Contracts Payable	26,401
Salaries and Benefits Payable	95,607
Compensated Absences	4,185
Due to Other Governments	16,054
Unearned Revenues	774,800
Accrued Interest Payable	3,719
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
General Obligation Bonds	585,000
Road Use Tax Revenue Note	388,000
Capital Lease Payable	4,894
Installment Purchase Payable	17,454
Lease Agreements	13,445
Compensated Absences	435,794

See Notes to Financial Statements.

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

## Long-Term Liabilities (Continued):

## Portion Due or Payable After One Year:

General Obligation Bonds	1,230,000
Road Use Tax Revenue Note	2,101,000
Compensated Absences	36,041
Capital Lease Payable	10,389
Installment Purchase Payable	34,908
Lease Agreements	45,338
Total OPEB Liability	305,153

**Total Liabilities**

7,250,624

**Deferred Inflows of Resources:**

Lease Related	44,243
Unavailable Property Tax Revenue	6,684,119
Unavailable Tax Increment Financing Revenue	577,086
Pension Related Deferred Inflows	3,730,024
OPEB Related Deferred Inflows	144,453

**Total Deferred Inflows of Resources**

11,179,925

**Net Position:**

Net Investment in Capital Assets	60,048,670
Restricted for:	
General Supplemental Levy Purposes	109,413
Jail Improvements/Courthouse Security	276,583
Hotel/Motel Tax Purposes	202,532
Rural Services Purposes	1,483,162
Secondary Roads Purposes	5,401,400
Debt Service	509,442
Other Purposes	2,483,875
Unrestricted	3,077,460

**Total Net Position**

\$ 73,592,537

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**LYON COUNTY**  
**Exhibit B – Statement of Activities**  
**Year Ended June 30, 2022**

	<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	\$ 3,544,026	941,148	17,701	77,438	(2,507,739)
Physical Health and Social Services	548,027	172,968	132,005	0	(243,054)
Mental Health	345,271	0	0	0	(345,271)
County Environment and Education	1,046,959	364,566	64,846	0	(617,547)
Roads and Transportation	7,047,197	167,800	4,789,957	458,876	(1,630,564)
Governmental Services to Residents	563,236	391,401	26	0	(171,809)
Administration	1,234,488	3,283	0	0	(1,231,205)
Non-Program Current	116,757	0	0	0	(116,757)
Interest on Long-Term Debt	61,942	0	0	0	(61,942)
Capital Projects	38,075	0	0	0	(38,075)
<b>Total</b>	<b>\$ 14,545,978</b>	<b>2,041,166</b>	<b>5,004,535</b>	<b>536,314</b>	<b>(6,963,963)</b>
<b>General Revenues:</b>					
Property and Other County Tax Levied for:					
General Purposes					6,676,240
Local Option Sales Tax					1,025,635
Hotel/Motel Tax					220,091
Gambling Taxes					816,247
Tax Increment Financing					605,415
Penalty and Interest on Property Tax					24,631
State Tax Credits					445,373
American Rescue Plan Act					366,835
Grants and Contributions Not Restricted to Specific Purpose					137,877
Unrestricted Investment Earnings					106,967
Rents					59,861
Gain on Disposal of Capital Assets					166,155
Miscellaneous					29,275
<b>Total General Revenues</b>					<b>10,680,602</b>
<b>Change in Net Position</b>					<b>3,716,639</b>
<b>Net Position Beginning of Year</b>					<b>69,875,898</b>
<b>Net Position End of Year</b>					<b>\$ 73,592,537</b>

See Notes to Financial Statements.

# LYON COUNTY

## Exhibit C – Balance Sheet / Governmental Funds

June 30, 2022

	Special Revenue							Total
	General	Rural Services	Secondary Roads	Road Use Tax Revenue	Motor Graders Acquisition	Debt Service	Nonmajor	
<b>Assets</b>								
Cash, Cash Equivalents and Pooled Investments	\$ 5,128,598	1,364,253	4,105,741	620,546	1,807,800	509,442	1,473,970	15,010,350
Receivables:								
Property Tax:								
Delinquent	471	6	0	0	0	0	0	477
Succeeding Year	4,284,071	2,400,048	0	0	0	0	0	6,684,119
Succeeding Year Tax								
Increment Financing	0	0	0	0	0	0	577,086	577,086
Interest and Penalty on								
Property Tax	380	0	0	0	0	0	0	380
Accounts	372,510	888	236	0	0	0	863	374,497
Accrued Interest	22	0	0	0	0	0	0	22
Due from Other Governmental Funds	200,000	0	0	0	0	0	0	200,000
Due from Custodial Funds	103,819	0	0	0	0	0	2,879	106,698
Due from Other Governments	99,898	78,512	666,459	383,461	0	0	875	1,229,205
Leases Receivable	44,243	0	0	0	0	0	0	44,243
Inventories	664	131	1,601,994	0	0	0	0	1,602,789
Prepaid Expenditures	101,933	39,627	31,865	0	0	0	27,358	200,783
<b>Total Assets</b>	<b>\$ 10,336,609</b>	<b>3,883,465</b>	<b>6,406,295</b>	<b>1,004,007</b>	<b>1,807,800</b>	<b>509,442</b>	<b>2,083,031</b>	<b>26,030,649</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 119,162	225	716,324	0	269,400	0	9,470	1,114,581
Contracts Payable	0	0	26,401	0	0	0	0	26,401
Salaries and Benefits Payable	46,115	31	49,461	0	0	0	0	95,607
Compensated Absences	4,185	0	0	0	0	0	0	4,185
Due to Other Governmental Funds	0	0	0	0	0	0	200,000	200,000
Due to Other Governments	14,668	0	1,386	0	0	0	0	16,054
Unearned Revenues	0	0	0	0	0	0	774,800	774,800
<b>Total Liabilities</b>	<b>184,130</b>	<b>256</b>	<b>793,572</b>	<b>0</b>	<b>269,400</b>	<b>0</b>	<b>984,270</b>	<b>2,231,628</b>

**Deferred Inflows of Resources:**

## Unavailable Revenues:

Succeeding Year Property Tax	4,284,071	2,400,048	0	0	0	0	0	6,684,119
Succeeding Year Tax Increment Financing	0	0	0	0	0	0	577,086	577,086
Other	226,215	663	645,908	0	0	0	1,945	874,731
Lease Related	44,243	0	0	0	0	0	0	44,243

**Total Deferred Inflows of Resources**

	4,554,529	2,400,711	645,908	0	0	0	579,031	8,180,179
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**Fund Balances:**

## Nonspendable:

Inventories	664	131	1,601,994	0	0	0	0	1,602,789
Prepaid Expenditures	101,933	39,627	31,865	0	0	0	27,358	200,783

## Restricted For:

Supplemental Levy Purposes	183,222	0	0	0	0	0	0	183,222
Jail Improvements/Courthouse Security	213,289	0	0	0	0	0	0	213,289
Hotel/Motel Tax Purposes	202,532	0	0	0	0	0	0	202,532
Ambulance Purposes	1,253	0	0	0	0	0	0	1,253
Rural Services Purposes	0	1,442,740	0	0	0	0	0	1,442,740
Secondary Roads Purposes	0	0	3,332,956	0	0	0	0	3,332,956
Road Use Tax Purposes	0	0	0	1,004,007	0	0	0	1,004,007
Debt Service	0	0	0	0	0	509,442	0	509,442
Other Purposes	0	0	0	0	1,538,400	0	168,160	1,706,560

## Committed For:

Economic Development Purposes	0	0	0	0	0	0	221,292	221,292
Conservation Purposes	0	0	0	0	0	0	106,831	106,831

## Assigned For:

Ambulance Rig	100,000	0	0	0	0	0	0	100,000
Annex Building - Plumbing/Heating/Repairs	300,000	0	0	0	0	0	0	300,000
Courthouse Elevator Upgrade	100,000	0	0	0	0	0	0	100,000

## Unassigned

	4,395,057	0	0	0	0	0	(3,911)	4,391,146
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**Total Fund Balances**

	5,597,950	1,482,498	4,966,815	1,004,007	1,538,400	509,442	519,730	15,618,842
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**Total Liabilities, Deferred Inflows of Resources and Fund Balances**

	\$ 10,336,609	3,883,465	6,406,295	1,004,007	1,807,800	509,442	2,083,031	26,030,649
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See Notes to Financial Statements.

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**LYON COUNTY**  
**Exhibit D – Reconciliation of the Balance Sheet –**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2022**

<b>Total Governmental Fund Balances (Pages 23-24)</b>	\$	15,618,842
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
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 \$90,775,247 and the accumulated depreciation/amortization is \$27,648,549.		63,126,698
Other long-term assets are not available to pay current year expenditures, as follows:		
Deferred Inflows of Resources	\$ 874,731	
Net Pension Asset	1,513,538	2,388,269
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.		784,707
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	\$ 759,633	
Deferred Inflows of Resources	(3,874,477)	(3,114,844)
Long-term liabilities, including lease agreements payable, accrued interest payable, general obligation bonds payable, road use tax revenue note, certain compensated absences payable, capital lease payable, installment purchase payable, and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(5,211,135)
<b>Net Position of Governmental Activities (Pages 19-20)</b>	<b>\$</b>	<b>73,592,537</b>

See Notes to Financial Statements.

# LYON COUNTY

## Exhibit E – Statement of Revenues, Expenditures and Changes in Fund Balances /

### Governmental Funds

Year Ended June 30, 2022

	Special Revenue							Total
	General	Rural Services	Secondary Roads	Road Use Tax Revenue	Motor Graders Acquisition	Debt Service	Nonmajor Special Revenue	
<b>Revenues:</b>								
Property and Other County Tax	\$ 4,058,069	2,379,097	0	0	0	0	235,147	6,672,313
Interest and Penalty on Property Tax	24,580	0	0	0	0	0	0	24,580
Local Option Sales Tax	0	1,025,635	0	0	0	0	0	1,025,635
Hotel/Motel Tax	220,091	0	0	0	0	0	0	220,091
Gambling Taxes	816,247	0	0	0	0	0	0	816,247
Tax Increment Financing	0	0	0	0	0	0	605,415	605,415
Intergovernmental	773,779	437,957	2,605,732	2,698,307	0	0	409,451	6,925,226
Licenses and Permits	44,048	12,690	11,725	0	0	0	0	68,463
Charges for Service	1,019,319	1,682	6,018	0	0	0	158,255	1,185,274
Use of Money and Property	179,557	0	0	0	0	3,859	6,978	190,394
Miscellaneous	255,070	1,111	69,056	0	0	0	45,009	370,246
<b>Total Revenues</b>	<b>7,390,760</b>	<b>3,858,172</b>	<b>2,692,531</b>	<b>2,698,307</b>	<b>0</b>	<b>3,859</b>	<b>1,460,255</b>	<b>18,103,884</b>
<b>Expenditures:</b>								
Operating:								
Public Safety and Legal Services	2,634,019	997,251	0	0	0	0	321,947	3,953,217
Physical Health and Social Services	585,377	18,629	0	0	0	0	0	604,006
Mental Health	0	0	0	0	0	0	354,542	354,542
County Environment and Education	827,340	100,769	0	0	0	0	112,203	1,040,312
Roads and Transportation	1,179,113	0	5,459,389	0	1,453,600	0	576	8,092,678
Governmental Services to Residents	500,088	1,300	0	0	0	0	6,895	508,283
Administration	1,249,402	18,661	0	0	0	0	49,598	1,317,661
Non-Program Current	0	0	0	0	0	0	113,323	113,323
Debt Service	623,647	0	0	0	0	228,192	0	851,839
Capital Projects	0	0	642,660	0	0	0	46,474	689,134
<b>Total Expenditures</b>	<b>7,598,986</b>	<b>1,136,610</b>	<b>6,102,049</b>	<b>0</b>	<b>1,453,600</b>	<b>228,192</b>	<b>1,005,558</b>	<b>17,524,995</b>

<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(208,226)	2,721,562	(3,409,518)	2,698,307	(1,453,600)	(224,333)	454,697	578,889
<b>Other Financing Sources (Uses):</b>								
Sale of Capital Assets	57,440	0	52,420	0	317,000	0	0	426,860
Operating Transfers In	0	0	3,555,452	0	0	694,300	230,000	4,479,752
Operating Transfers Out	(342,729)	(2,442,723)	0	(1,694,300)	0	0	0	(4,479,752)
Revenue Note Proceeds	0	0	0	0	2,675,000	0	0	2,675,000
<b>Total Other Financing Sources (Uses)</b>	(285,289)	(2,442,723)	3,607,872	(1,694,300)	2,992,000	694,300	230,000	3,101,860
<b>Changes in Fund Balances</b>	(493,515)	278,839	198,354	1,004,007	1,538,400	469,967	684,697	3,680,749
<b>Fund Balances Beginning of Year</b>	6,091,465	1,203,659	4,768,461	0	0	39,475	(164,967)	11,938,093
<b>Fund Balances End of Year</b>	\$ 5,597,950	1,482,498	4,966,815	1,004,007	1,538,400	509,442	519,730	15,618,842

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, 2022

**Change in Fund Balances – Total Governmental Funds (Pages 27-28)** \$ 3,680,749

*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	\$ 4,613,439	
Capital Assets Contributed by the Iowa Department of Transportation	127,809	
Right-To-Use Leased Capital Assets	54,235	
Depreciation/Amortization Expense	(3,239,044)	1,556,439

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. (326,403)

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	\$ 76	
Other	(140,919)	(140,843)

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 issuances exceeded repayments, as follows:

Issued	\$ (2,729,235)	
Repaid	797,142	(1,932,093)

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. 517,506

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	\$ (10,320)	
Pension Expense	427,843	
OPEB Expense	13,374	
Interest on Long-Term Debt	1,051	431,948

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. (70,664)

**Change in Net Position of Governmental Activities (Page 22)** \$ 3,716,639

See Notes to Financial Statements.



**LYON COUNTY**  
**Exhibit G – Statement of Net Position / Proprietary Fund**  
**June 30, 2022**

		<b>Internal Service - Employee Group Health</b>
<b>Assets:</b>		
Cash and Cash Equivalents	\$	667,845
Due From County Custodial Fund		5,000
Prepaid Expenses		119,723
<b>Total Assets</b>		<b>792,568</b>
 <b>Liabilities:</b>		
Accounts Payable		7,861
 <b>Net Position:</b>		
Restricted for Employee Health	\$	784,707

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, 2022

		<b>Internal Service - Employee Group Health</b>
<b>Operating Revenues:</b>		
Reimbursements from Governmental Funds		\$ 1,075,005
Reimbursements from Custodial Funds		50,677
Reimbursements from Current Employees		196,407
Reimbursements from Others		22,993
<b>Total Operating Revenues</b>		<b>1,345,082</b>
<b>Operating Expenses:</b>		
Medical Claims	\$ 2,914	
Insurance Premiums	1,384,783	
Health Savings Account Contributions	7,250	
Administrative Fees	1,060	
Actuarial Fees	5,250	
HR Service/Compliance Fees	18,064	
Reinsurance Assessment Fees	2,037	
<b>Total Operating Expenses</b>		<b>1,421,358</b>
<b>Operating Loss</b>		<b>(76,276)</b>
<b>Non-Operating Revenues:</b>		
Interest Income		5,612
<b>Net Loss</b>		<b>(70,664)</b>
<b>Net Position Beginning of Year</b>		<b>855,371</b>
<b>Net Position End of Year</b>		<b>\$ 784,707</b>

See Notes to Financial Statements.

**LYON COUNTY**  
**Exhibit I – Statement of Cash Flows / Proprietary Fund**  
**Year Ended June 30, 2022**

	<b>Internal Service - Employee Group Health</b>
<b>Cash Flows From Operating Activities:</b>	
Cash Received from Governmental Funds Reimbursements	\$ 1,075,005
Cash Received from Custodial Fund Reimbursements	50,677
Cash Received from Current Employees and Others	219,400
Cash Paid to Suppliers for Medical Claims	(2,913)
Cash Paid to Suppliers for Insurance Premiums	(1,393,139)
Cash Paid for Health Savings Account Contributions	(7,250)
Cash Paid to Suppliers for Other Services/Fees	(21,424)
<b>Net Cash Used For Operating Activities</b>	<b>(79,644)</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	5,612
<b>Net Cash Provided By Investing Activities</b>	<b>5,612</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	(74,032)
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>741,877</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 667,845</b>
<b>Reconciliation of Operating Loss to Net Cash Used For Operating Activities:</b>	
Operating Loss	\$ (76,276)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
(Increase) in Prepaid Expenses	(8,355)
Increase in Accounts Payable	4,987
<b>Net Cash Used For Operating Activities</b>	<b>\$ (79,644)</b>

See Notes to Financial Statements.

# LYON COUNTY

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

June 30, 2022

### Assets:

Cash, Cash Equivalents and Pooled Investments:	
County Treasurer	\$ 1,789,963
Other County Officials	185,820
Receivables:	
Property Tax:	
Delinquent	3,074
Succeeding Year	16,408,286
Succeeding Year Tax Increment Financing	874,868
Accounts	10,327
Due from Other Custodial Fund	324
Due from Other Governments	49,262
Inventories	586
Prepaid Expenses	163,200
<b>Total Assets</b>	<b><u>19,485,710</u></b>

### Liabilities:

Accounts Payable	105
Salaries and Benefits Payable	1,054
Due to County's Governmental Funds	106,698
Due to County's Internal Service Fund	5,000
Due to Other Custodial Fund	324
Due to Other Governments	583,750
Trusts Payable	180,993
Compensated Absences	27,907
<b>Total Liabilities</b>	<b><u>905,831</u></b>

### Deferred Inflows of Resources:

Unavailable Revenues:	
Succeeding Year Property Tax	16,408,286
Succeeding Year Tax Increment Financing	874,868
<b>Total Deferred Inflows of Resources</b>	<b><u>17,283,154</u></b>

### Net Position:

Restricted for Individuals, Organizations and Other Governments	<b><u>\$ 1,296,725</u></b>
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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, 2022**

**Additions:**

Property and Other County Tax (Including TIF)	\$ 16,916,743
E911 Surcharge	40,669
State Tax Credits	1,103,659
Intergovernmental Revenues	516,272
Contribution from Lyon County	69,500
Office Fees and Collections	759,436
Electronic Transaction Fee	3,766
Auto & Drivers Licenses, Use Tax and Postage	5,131,597
Interest	7,800
Assessments	8,584
Trusts	879,000
Private Reimbursements	3,000
<b>Total Additions</b>	<u>25,440,026</u>

**Deductions:**

**Custodial Remittances:**

To County Funds/Other Custodial Funds	586,561
To Other Governments	23,819,968
Trusts Paid Out	877,614
<b>Total Deductions</b>	<u>25,284,143</u>

**Change in Net Position** 155,883

**Net Position Beginning of Year** 1,140,842

**Net Position End of Year** \$ 1,296,725

**LYON COUNTY**  
**Notes to Financial Statements**  
**June 30, 2022**

**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.

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, Sioux Rivers Regional Mental Health & Disability Services, and Northwest Iowa Regional Housing Authority.

During the year ended June 30, 2022, the County did not receive any revenue from or contribute/pay any money to the Lyon County Economic Development Consortium. The County paid \$132 to the Northwest Iowa Solid Waste Agency for florescent light bulbs and battery disposal; paid Northwest Iowa Youth Emergency Services \$20,720 for juvenile services; contributed \$3,905 toward operations of the Northwest Iowa Regional Housing Authority; contributed \$69,500 toward support of the Emergency Management Services; and transferred \$271,472 to the Sioux Rivers Regional Mental Health & Disability Services for the County's share of regional mental health services. The Joint E911 Service paid the County \$6,000 for sign work and supplies; and the County Assessor and Emergency Management Services contributed \$33,433 and \$17,244, 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 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 revenues to be used for secondary roads construction and maintenance and transfers from the General Fund and the Special Revenue, Rural Services Fund.
  - The Road Use Tax Revenue Fund is used to account for the road use tax allocation from the State of Iowa in accordance with the “Road Use Tax Revenue Note, Series 2022”. The road use tax proceeds are transferred to the County’s Debt Service Fund and the Secondary Roads Fund.
  - The Motor Graders Acquisition Fund is used to account for the proceeds from the “Road Use Tax Revenue Note, Series 2022” and the purchase of ten motor graders for the County’s secondary roads personnel.

- **Debt Service Fund** - The Debt Service Fund is utilized to account for interest earnings and “operating transfers in” from the Road Use Tax Revenue Fund in order to make a partial payment of principal on the County’s general obligation bonds and the principal and interest payment on the road use tax revenue note.

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, 2020 assessed property valuations; are for the tax accrual period July 1, 2021 through June 30, 2022 and reflect the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

- **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, 2022. The accounts receivable totals in the General Fund and governmental activities include \$110,947 and \$76,908 in jail fees and ambulance charges receivables, respectively, which were not collected within 60 days after June 30, 2022 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, 2022, 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** – Prepaid expenses/expenditures represent the use of a fair building 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, 1980 (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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<b>Asset Class</b>	<b>Amount</b>
Infrastructure	\$ 50,000
Intangibles	25,000
Land, Buildings and Improvements	5,000
Right-to-use leased assets	5,000
Machinery, Equipment and Vehicles	5,000

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

<b>Asset Class</b>	<b>Estimated Useful Lives (In Years)</b>
Buildings	20 – 50
Building improvement	10 – 65
Infrastructure	3 – 40
Intangibles	10 – 50
Right-to-use leased assets	3 – 10
Equipment	3 – 10
Vehicles	3 – 10

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

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

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

Lyon County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and, when applicable, a purchase option price that the County is reasonably certain to exercise.

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

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

- **Leases – County as Lessor** – Lyon County is a lessor for several noncancellable leases of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

Lyon County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

- **Deferred Outflows of Resources** – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense; the unamortized portion of the differences between expected and actual experiences/changes in assumptions on the pension plan; changes in proportion and differences between the County contributions and the County's proportionate share of contributions for the pension plan; 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.

- **Unearned Revenue** – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities for the current year. Unearned revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.
- **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, 2022. 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, 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 (asset), 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 (asset) attributable to the governmental activities will be paid primarily by the General Fund and the following Special Revenue Funds: Rural Services, Secondary Roads, 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, 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 differences between expected and actual experiences/changes in assumptions on the pension plan and County’s OPEB plan; the unamortized portion of the net differences between projected and actual earnings on pension plan assets; and deferred amounts related to leases.

- **Fund Balance** – In the governmental fund financial statements, fund balances are classified as follows:
  - **Nonspendable** – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
  - **Restricted** – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.
  - **Committed** – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.
  - **Assigned** – Amounts the Board of Supervisors intend to use for specific purposes.
  - **Unassigned** – All amounts not included in the preceding classifications.
- **Net Position** – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, the County’s actual disbursements did not exceed the final amount budgeted for any function or the amount appropriated for any department.

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

The County’s deposits in banks at June 30, 2022 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, 2022, 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	\$ 4,742
FHLMC	SER 1570 SB	August 15, 2023	192
			\$ 4,934

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 \$4,934 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, 2022 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, 2022.

**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, 2022 are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Special Revenue: CS Projects & Conservation Land Acquisition Trust	\$ 200,000
General	Custodial: County Offices (Recorder, Sheriff, Conservation) Auto License and Use Tax	88,440 15,379
Special Revenue: County Recorder’s Records Management CS Projects & Conservation Land Acquisition Trust	Special Revenue: Custodial: County Offices (Recorder)  County Offices (Conservation)	1,945 934
Internal Service: Employee Group Health	Custodial: Other (Flex Benefits Spending)	5,000
Custodial: Other (County Recorder’s Electronic Fee)	Custodial: County Offices (Recorder) Total	324 <u>\$ 312,022</u>

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 \$200,000 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 \$200,000 is expected to be repaid from charges for services revenues and donations as follows: \$100,000/year during the fiscal years '22/'23 and '23/'24.

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 '22/'23 as payroll withholdings from participating employees are collected.

**Note 4: Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<b>Transfer To</b>	<b>Transfer From</b>	<b>Amount</b>
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	\$ 177,729 2,377,723
Special Revenue: Secondary Roads	Special Revenue: Road Use Tax Revenue	1,000,000
Debt Service	Special Revenue: Road Use Tax Revenue	694,300
Special Revenue: CS Projects & Conservation Land Acquisition Trust	General	100,000
Special Revenue: Economic Development	General Special Revenue: Rural Services	65,000 65,000
	<b>Total</b>	<b>\$ 4,479,752</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 Road Use Tax Revenue transfers to the Secondary Roads Fund and Debt Services Fund were to move resources from the fund required to collect the resources per the “Road Use Tax Revenue Note, Series 2022” to the funds statutorily and per the note document required to expend the resources. The transfer from the General Fund to the CS Projects & Conservation Land Acquisition Trust Fund was for the purpose of donating the money necessary to make the interfund loan payment scheduled for fiscal year '21/'22. 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: Farm Land Leases Receivable**

The County owns farm land throughout the County which is leased for farming purposes. As of June 30, 2022, the County has five farm land lease agreements in effect which extended over multiple years. Per the agreements, the County is to receive lease income, with an implicit rate of 1.74%, as follows.

<b>Fiscal Year Ending,</b>	<b>Amount</b>
<b>June 30,</b>	
2023	\$ 31,227
2024	14,025
Total	45,252
Less Interest	(1,009)
Present Value	<u>\$ 44,243</u>

**Note 6: Capital Assets**

Capital assets activity for the year ended June 30, 2022 were as follows:

	<b>Restated, 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/Amortized:				
Land	\$ 2,179,929	1,179,113	0	3,359,042
Construction in Progress	6,050,857	763,319	(3,346,338)	3,467,838
Total Capital Assets Not Being Depreciated/Amortized	<u>8,230,786</u>	<u>1,942,432</u>	<u>(3,346,338)</u>	<u>6,826,880</u>
Capital Assets Being Depreciated/Amortized:				
Buildings	13,007,962	0	0	13,007,962
Improvements Other Than Buildings	1,137,027	71,607	0	1,208,634
Machinery, Equipment and Vehicles	14,483,763	2,727,209	(1,662,026)	15,548,946
Infrastructure	50,769,410	3,346,338	0	54,115,748
Right-To-Use Leased Equipment	12,842	54,235	0	67,077
Total Capital Assets Being Depreciated/Amortized	<u>79,411,004</u>	<u>6,199,389</u>	<u>(1,662,026)</u>	<u>83,948,367</u>
Less Accumulated Depreciation/Amortization For:				
Buildings	3,699,016	371,667	0	4,070,683
Improvements Other Than Buildings	799,009	43,002	0	842,011
Machinery, Equipment and Vehicles	8,013,702	1,012,983	(1,335,623)	7,691,062
Infrastructure	13,233,401	1,802,586	0	15,035,987
Right-To-Use Leased Equipment	0	8,806	0	8,806
Total Accumulated Depreciation/Amortization	<u>25,745,128</u>	<u>3,239,044</u>	<u>(1,335,623)</u>	<u>27,648,549</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>53,665,876</u>	<u>2,960,345</u>	<u>(326,403)</u>	<u>56,299,818</u>
Governmental Activities Capital Assets, Net	<u>\$ 61,896,662</u>	<u>4,902,777</u>	<u>(3,672,741)</u>	<u>63,126,698</u>

Depreciation/amortization expense was charged to the following functions:

	<b>Amount</b>
<b>Governmental Activities:</b>	
Public Safety and Legal Services	\$ 297,209
Physical Health and Social Services	1,682
County Environment and Education	180,446
Roads and Transportation	2,626,010
Governmental Services to Residents	94,370
Administration	39,327
Total Depreciation Expense – Governmental Activities	<u>\$ 3,239,044</u>

Patrol car cameras costing \$119,725 were purchased under an installment purchase agreement. Accumulated depreciation on the patrol car cameras totaled \$63,853 at June 30, 2022. 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 \$17,258 at June 30, 2022.

**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, 2022 is as follows:



<b>Fund</b>	<b>Description</b>	<b>Amount</b>
General	Services, Permits, Hotel/Motel Tax & Utilities	\$ 14,668
Special Revenue:		
Secondary Roads	Utilities	1,386
Total for Governmental Funds		<u>\$ 16,054</u>
Custodial:		
County Offices	Collections	\$ 32,050
Agricultural Extension Education	Collections	1,930
Schools	Collections	91,495
Community Colleges	Collections	7,978
Corporations	Collections	13,612
Townships	Collections	3,342
Auto License and Use Tax	Collections	427,270
All Other	Collections	6,073
Total for Custodial Funds		<u>\$ 583,750</u>

### Note 7: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<b>General Obligation Bonds</b>	<b>Road Use Tax Revenue Note</b>	<b>Capital Lease Payable</b>	<b>Installment Purchase Payable</b>
Balance Beginning of Year, Restated	\$ 2,385,000	0	19,988	80,505
Increases	0	2,675,000	0	0
Decreases	(570,000)	(186,000)	(4,705)	(28,143)
Balance End of Year	<u>\$ 1,815,000</u>	<u>2,489,000</u>	<u>15,283</u>	<u>52,362</u>
Due Within One Year	<u>\$ 585,000</u>	<u>388,000</u>	<u>4,894</u>	<u>17,454</u>
	<b>Lease Agreements</b>	<b>Compensated Absences</b>	<b>Net Pension Liability (Asset)</b>	<b>Total OPEB Liability</b>
Balance Beginning of Year, Restated	\$ 12,842	461,515	3,277,286	340,751
Increases	54,236	531,738	0	0
Decreases	(8,295)	(521,418)	(4,790,824)	(35,598)
Balance End of Year	<u>\$ 58,783</u>	<u>471,835</u>	<u>(1,513,538)</u>	<u>305,153</u>
Due Within One Year	<u>\$ 13,445</u>	<u>435,794</u>	<u>0</u>	<u>0</u>
	<b>Total</b>			
Balance Beginning of Year, Restated	\$ 6,577,887			
Increases	3,260,974			
Decreases	(6,144,983)			
Balance End of Year	<u>\$ 3,693,878</u>			
Due Within One Year	<u>\$ 1,444,587</u>			

## General Obligation 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
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	\$ 1,815,000	91,750	1,906,750

During the fiscal year ended June 30, 2022, the County redeemed principal of \$570,000 on the general obligation bonds; \$530,486 was paid through the General Fund and \$39,514 through the Debt Service Fund. The County paid interest of \$58,200 and bond administration charges of \$500 on these general obligation bonds through the General Fund. These expenditures are reported in the debt service function.

## Road Use Tax Revenue Note Payable

On January 13, 2022, the County closed on a \$2,675,000 “Road Use Tax Revenue Note, Series 2022.” The purpose of the note is for the acquisition of ten motor graders for the County’s secondary roads department. This note carries a 1.74% per annum interest rate and has a maturity date of June 1, 2028.

The note is payable from the amounts received from the State of Iowa for road use tax funds. The collection of the road use tax allocation will be collected in the Road Use Tax Revenue Fund and transferred regularly to the County’s Debt Service Fund for the redemption of principal and interest on the road use tax revenue note payable. The County reserves the right to optionally prepay note principal in whole or in part on any date prior to and in inverse order of maturity on terms of par and accrued interest. The amortization of these bonds is scheduled as follows:

Year Ending June 30,	Interest Rates	Motor Graders Acquisition Note		
		Principal	Interest	Total
2023	1.74%	\$ 388,000	40,108	428,108
2024	1.74%	397,000	35,580	432,580
2025	1.74%	410,000	28,391	438,391
2026	1.74%	419,000	21,091	440,091
2027	1.74%	429,000	13,622	442,622
2028	1.74%	446,000	5,961	451,961
	Totals	\$ 2,489,000	144,753	2,633,753

During the fiscal year ended June 30, 2022, the County paid principal of \$186,000 and interest of \$2,678 through the Debt Service Fund on this road use tax revenue note payable. This road use tax revenue note payable is secured solely by the amounts received from the State of Iowa for road use tax funds. 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 agreed to 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, 2022 capital lease payable indebtedness is as follows:

<b>Year Ending June 30,</b>	<b>Interest Rates</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	3.961%	\$ 4,894	618	5,512
2024	3.961%	5,092	420	5,512
2025	3.961%	5,297	215	5,512
	Totals	\$ 15,283	1,253	16,536

During the fiscal year ended June 30, 2022, the County paid principal of \$4,705 and interest of \$807 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 \$37,242 as of June 30, 2022.

## 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, 2022 installment purchase payable indebtedness is as follows:

<b>Year Ending June 30,</b>	<b>Interest Rates</b>	<b>Principal</b>
2024	0%	\$ 17,454
2025	0%	17,454
2026	0%	17,454
Total		\$ 52,362

The installment due July 1, 2022 of \$28,143 was paid in June 2022 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.

## Lease Agreements

During March 2021, the County entered into a lease agreement for a Sharp copier/printer/scanner for the Engineer's office. An initial lease liability was recorded in the amount of \$12,842. The agreement bears interest using the County's estimated incremental borrowing rate of 1.74% per annum and is payable in monthly installments of \$239 over 5 years, with a final payment due during February 2026.

During November 2021, the County entered into a lease agreement for eleven Sharp copiers/printers/scanners for the Sheriff's office. An initial lease liability was recorded in the amount of \$45,717. The agreement bears interest using the County's estimated incremental borrowing rate of 1.74% per annum and is payable in monthly installments of \$795 over 5 years, with a final payment due during November 2026.

During June 2022, the County entered into a lease agreement for a postage machine for the Treasurer's office. An initial lease liability was recorded in the amount of \$8,519. The agreement bears interest using the County's

estimated incremental borrowing rate of 1.74% per annum and is payable in quarterly installments of \$373 over 1 year and \$462 over 4 years, with a final payment due during March 2027.

The value of these right-to-use assets as of the end of the current fiscal year was \$67,077 and had accumulated amortization of \$8,806. During the year ended June 30, 2022, the County paid principle of \$8,295 and interest of \$614 on the lease agreements. Future principal and interest lease payments as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Sharp Copier/Printer/Scanner			11 Sharp Copiers/Printers/Scanners		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,712	155	2,867	\$ 8,913	627	9,540
2024	2,759	108	2,867	9,070	470	9,540
2025	2,807	60	2,867	9,229	311	9,540
2026	1,899	12	1,911	9,391	149	9,540
2027	-	-	-	3,484	14	3,498
Totals	\$ 10,177	335	10,512	\$ 40,087	1,571	41,658

Fiscal Year Ending June 30,	Postage Machine			Totals		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,820	134	1,954	\$ 13,445	916	14,361
2024	1,744	105	1,849	13,573	683	14,256
2025	1,774	75	1,849	13,810	446	14,256
2026	1,806	43	1,849	13,096	204	13,300
2027	1,375	12	1,387	4,859	26	4,885
Totals	\$ 8,519	369	8,888	\$ 58,783	2,275	61,058

**Note 8: Fair Building Arrangement**

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 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 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 value of use of the fair building of \$27,460, reported as an asset in the Statement of Net Position and the Balance Sheet (Governmental Funds) in the Secondary Roads Fund, represents the amortized value of the benefit of using the fair building remaining from July 1, 2022 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 2022, 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 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2022 were \$517,506 (this amount includes \$493,951 for County employees/officials and \$23,555 for Assessor and Emergency Management employees).

**Net Pension Liability (Asset), Pension Expense (Income), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the County reported a net pension (asset) of \$(1,513,538) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County's proportion was 0.4384183%, which was an increase of 0.391765% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (income) of \$(945,603). At June 30, 2022, 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	\$ 160,179	\$ 54,695
Changes of Assumptions	57,418	43,224
Net Difference Between Projected and Actual Earnings on IPERS' Investments	0	3,632,105
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	24,530	0
County Contributions Subsequent to the Measurement Date	517,506	0
Total	\$ 759,633	\$ 3,730,024

\$517,506 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 (asset) in the year ending June 30, 2023. 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>
2023	\$ (883,170)
2024	(865,471)
2025	(794,436)
2026	(959,812)
2027	14,991
Total	\$ (3,487,898)

There were no non-employer contributing entities to IPERS.

**Actuarial Assumptions** - The total pension liability (asset) in the June 30, 2021 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, 2021 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 2021 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	6.01
Global Smart Beta Equity	6.0	5.10
Core Plus Fixed Income	26.0	0.29
Public Credit	4.0	2.08
Cash	1.0	(0.25)
Private Equity	13.0	9.51
Private Real Assets	7.5	4.63
Private Credit	3.0	2.87
Total	100.0%	

**Discount Rate** - The discount rate used to measure the total pension liability (asset) 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 (asset).

**Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,228,7303	(1,513,538)	(4,281,003)

**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, 2022.

**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, 2022, there were 77 employees covered by the benefit terms: 76 active employees with coverage and 2 retired employees or beneficiaries currently receiving benefit payments.

**Total OPEB Liability** – The County’s total OPEB liability of \$305,153 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** – The total OPEB liability in the June 30, 2022 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, 2022)	2.60% per Annum
Rates of Salary Increase (Effective June 30, 2022)	3.25% per Annum, Including Inflation
Discount Rate (Effective June 30, 2022)	4.09%, Compounded Annually, Including Inflation
Healthcare Cost Trend Rate (Effective June 30, 2022)	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 4.09% 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, 2022 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	\$ 340,751
Changes for the Year:	
Service Cost	30,432
Interest	7,940
Differences Between Expected and Actual Experiences	(26,657)
Changes in Assumptions	(29,961)
Benefit Payments	(17,352)
Net Changes	(35,598)
Total OPEB Liability, End of Year	<u>\$ 305,153</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2021 to 4.09% in fiscal year 2022.

**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 (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease</u> <u>(3.09%)</u>	<u>Discount Rate</u> <u>(4.09%)</u>	<u>1% Increase</u> <u>(5.09%)</u>
Total OPEB Liability	\$ 326,471	305,153	284,897

**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>(6.5%)</u>	<u>Healthcare Cost</u> <u>Trend Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
Total OPEB Liability	\$ 273,670	305,153	341,373



**OPEB Expense and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2022, the County recognized OPEB expense of \$3,978. At June 30, 2022, the County reported deferred inflows of resources related to OPEB from the following resources:

	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ (148,567)
Changes in Assumptions	4,114
Total	<u>\$ (144,453)</u>

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

<b>Year Ended June 30,</b>	<b>Total</b>
2023	\$ (34,394)
2024	(34,394)
2025	(23,677)
2026	(20,054)
2027	(8,549)
Thereafter	(23,385)
Total	<u>\$ (144,453)</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 794 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, employment practices liability, public officials liability, and police professional liability. There have been no reductions in insurance coverage from prior years.

Each member’s annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool’s general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool’s general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year’s member contributions.

The County’s property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County’s contributions to the Pool for the year ended June 30, 2022 were \$212,596 (\$208,834 County’s governmental funds; \$3,762 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, employment practices, 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, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, 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 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, along with health savings account contributions, are paid from the Employee Group Health Fund. The County's contributions from governmental funds to this fund for the year ended June 30, 2022 were \$1,075,005. In addition, the County's custodial funds (County Assessor and Emergency Management Services) contributed \$50,677 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, 2022; however, as disclosed previously, the County paid \$132 for the disposal of florescent light bulbs and batteries.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County by resolution has approved to act as a "Local Government Guarantee" in order to provide a financial assurance mechanism instrument for the Agency. The closure and post closure costs to the Agency have been estimated at \$3,849,707 as of June 30, 2022 and the portion of the liability that has been recognized by the Agency as of June 30, 2022 is \$3,656,024. These amounts are based on what it would cost to perform all closure and post closure care during the year ended June 30, 2022. The estimated remaining life of the landfill is 0 years and the capacity used at June 30, 2022 is approximately 99.83 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 \$2,094,896 as of June 30, 2022 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, 2022, 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, 2022 was \$8,226 and the cumulative rebated amount to-date through June 20, 2022 was \$169,416.

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, 2022 was \$25,930 and the cumulative rebated amount to-date through June 30, 2022 was \$148,712.

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, 2022 was \$74,168 and the cumulative rebated amount to-date through June 30, 2022 was \$249,024.

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 was to 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, were paid semi-annually in December and June. This agreement was terminated by the County effective as of June 30, 2022. The total rebated during the fiscal year ended June 30, 2022 was \$5,000 and the cumulative rebated amount until the termination of the agreement was \$10,000.

#### **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, 2022, \$44,562 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, 2022 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	\$ 34,240
City of Lester	Urban Renewal and Economic Development Projects	10,052
City of Doon	Urban Renewal and Economic Development Projects	4,820
City of Inwood	Urban Renewal and Economic Development Projects	6,279

**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, 2022: Emmet County, Dickinson County, Lyon County, O’Brien County, Plymouth County, and Sioux County. The financial activity of Lyon County’s Special Revenue, Mental Health Fund is included in Sioux Rivers Regional Mental Health & Disability Services for the year ended June 30, 2022, as follows:

	<u>Amount</u>
<b>Revenues:</b>	
Property and Other County Tax	\$ 235,147
Intergovernmental Revenues:	
State Tax Credits	\$ 13,365
Other State Tax Replacements	3,718
Total Revenues	<u>17,083</u>
	<u>252,230</u>
<b>Expenditures:</b>	
Services to Persons With:	
Mental Health Problems/Mental Illness (Coordination Services)	83,070
General Administration:	
Distribution to Regional Fiscal Agent	<u>271,472</u>
Total Expenditures	<u>354,542</u>
<b>Deficiency of Revenues Under Expenditures</b>	(102,312)
<b>Fund Balance Beginning of the Year</b>	<u>102,312</u>
<b>Fund Balance End of the Year</b>	<u>\$ 0</u>

**Note 17: 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, 2023 through June 30, 2027 is \$11,934 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 \$11,934 per this agreement during the fiscal year ended June 30, 2022.

In January 2021, the Board of Supervisors approved a contract for \$510,742 for a bridge project. As of June 30, 2022, the total amount paid from the Secondary Roads Fund was \$470,664. The remaining contract will be paid as work on the project progresses.

In November 2021, the Board of Supervisors authorized the undertaking of new urban renewal projects to be completed within the Urban Renewal Area which included installation of new fiberoptic cable in Lyon County by Premier Communications for \$300,000. The Urban Renewal Tax Increment Financing Fund collected \$300,000 from tax increment financing revenues during fiscal year 2022-2023 and paid Premier Communications \$150,000 in December 2022 and \$150,000 in May 2023 for the installation of new fiberoptic cable in Lyon County.

In December 2021, the Board of Supervisors approved a contract for \$478,362 for a bridge project. As of June 30, 2022, the total amount paid from the Secondary Roads Fund was \$386,436. The remaining contract balance will be paid as work on the project progresses.

**Note 18: 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 19: Opioid Litigation Settlement**

The State of Iowa along with other state settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payment from the Defendant companies over the next seventeen years. The County is required to use the funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction, and recovery services.

**Note 20: Accounting Change**

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect of the beginning net position.

	<b>Capital Assets</b>	<b>Long-Term Liabilities Lease Agreements</b>
Balances June 30, 2021, as Previously Reported	\$ 61,883,820	\$ 0
Change to Fully Implement GASBS No. 87	12,842	12,842
Balances July 1, 2022, as Restated	<u>\$ 61,896,662</u>	<u>\$ 12,842</u>

**Note 21: Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party’s information technology software alone or in combination with tangible capital assets that are not currently reported.

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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 Required Supplementary Information Year Ended June 30, 2022

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<b>Receipts:</b>				
Property and Other County Tax	\$ 9,332,461	8,853,033	8,743,124	589,337
Interest and Penalty on Property Tax	25,134	25,070	25,070	64
Intergovernmental	7,841,321	6,096,634	7,267,739	573,582
Licenses and Permits	68,980	76,600	76,600	(7,620)
Charges for Service	1,191,178	1,029,325	1,029,325	161,853
Use of Money and Property	196,746	210,461	210,461	(13,715)
Miscellaneous	344,247	51,590	101,090	243,157
<b>Total Receipts</b>	<b>19,000,067</b>	<b>16,342,713</b>	<b>17,453,409</b>	<b>1,546,658</b>
<b>Disbursements:</b>				
Public Safety and Legal Services	3,966,643	3,623,149	4,081,110	114,467
Physical Health and Social Services	605,882	671,718	673,218	67,336
Mental Health	354,645	355,132	503,355	148,710
County Environment and Education	1,015,866	990,044	1,030,584	14,718
Roads and Transportation	7,506,378	7,485,368	11,349,245	3,842,867
Governmental Services to Residents	507,285	494,527	548,832	41,547
Administration	1,352,374	1,324,596	1,430,291	77,917
Non-Program Current	113,323	119,236	124,236	10,913
Debt Service	818,185	628,800	820,908	2,723
Capital Projects	769,567	2,177,000	2,312,000	1,542,433
<b>Total Disbursements</b>	<b>17,010,148</b>	<b>17,869,570</b>	<b>22,873,779</b>	<b>5,863,631</b>
<b>Excess (Deficiency) of Receipts Over (Under) Disbursements</b>	<b>1,989,919</b>	<b>(1,526,857)</b>	<b>(5,420,370)</b>	<b>7,410,289</b>
<b>Other Financing Sources, Net</b>	<b>2,687,420</b>	<b>1,000</b>	<b>2,676,000</b>	<b>11,420</b>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<b>4,677,339</b>	<b>(1,525,857)</b>	<b>(2,744,370)</b>	<b>7,421,709</b>
<b>Balance Beginning of Year</b>	<b>10,333,011</b>	<b>8,181,738</b>	<b>8,181,738</b>	<b>2,151,273</b>
<b>Balance End of Year</b>	<b>\$ 15,010,350</b>	<b>6,655,881</b>	<b>5,437,368</b>	<b>9,572,982</b>

See Accompanying Independent Auditor's Report.



**LYON COUNTY**  
**Budgetary Comparison Schedule – Budget to GAAP Reconciliation**  
**Required Supplementary Information**  
**Year Ended June 30, 2022**

	<b>Governmental Funds</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
<b>Revenues</b>	\$ 19,000,067	(896,183)	18,103,884
<b>Expenditures</b>	17,010,148	514,847	17,524,995
<b>Net</b>	1,989,919	(1,411,030)	578,889
<b>Other Financing Sources, Net</b>	2,687,420	414,440	3,101,860
<b>Beginning Fund Balances</b>	10,333,011	1,605,082	11,938,093
<b>Ending Fund Balances</b>	\$ 15,010,350	608,492	15,618,842

See Accompanying Independent Auditor's Report.

## **LYON COUNTY**

### **Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2022**

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 Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, six budget amendments increased budgeted receipts by \$1,110,696 and disbursements by \$5,004,209. 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, 2022, the County's actual disbursements did not exceed the final amount budgeted for any function or the amount appropriated for any department.

**LYON COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**  
**Iowa Public Employees' Retirement System**  
**Required Supplementary Information**  
**Last Eight Years\***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
County's Proportion of the Net Pension Liability (Asset)	0.4384183%	0.0466535%	0.0424226%	0.0448500%	0.0488560%	0.0481969%	0.0445212%	0.0424134%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,513,538)	\$ 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	\$ 5,239,103	\$ 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 (Asset) as a Percentage of its Covered Payroll	(28.89)%	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 (Asset)	100.81%	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**  
**Required Supplementary Information**  
**Last Ten Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Statutorily Required Contribution</b>	\$ 517,506	494,431	487,865	480,764	450,646	439,545	419,294	414,687	403,269	384,150
<b>Contributions in Relation to the Statutorily Required Contribution</b>	<u>(517,506)</u>	<u>(494,431)</u>	<u>(487,865)</u>	<u>(480,764)</u>	<u>(450,646)</u>	<u>(439,545)</u>	<u>(419,294)</u>	<u>(414,687)</u>	<u>(403,269)</u>	<u>(384,150)</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>County's Covered Payroll</b>	\$ 5,552,060	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
<b>Contributions as a Percentage of Covered Payroll</b>	9.32%	9.44%	9.52%	9.61%	9.14%	9.18%	9.23%	9.27%	9.25%	9.10%

See Accompanying Independent Auditor's Report.

**LYON COUNTY**  
**Notes to Required Supplementary Information –Pension Liability**  
**Year Ended June 30, 2022**

**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  
Required Supplementary Information  
Last Five Years**

	2022	2021	2020	2019	2018
Service Cost	\$ 30,432	28,975	34,158	32,845	33,979
Interest Cost	7,940	9,527	14,362	15,542	16,114
Difference between Expected and Actual Experiences	(26,657)	(31,263)	(100,520)	(36,120)	(96,727)
Changes in Assumptions	(29,961)	10,944	19,979	10,754	21,722
Benefit Payments	(17,352)	(13,150)	(14,454)	(19,002)	(25,872)
Net Change in Total OPEB Liability	(35,598)	5,033	(46,475)	4,019	(50,784)
Total OPEB Liability, Beginning of Year	340,751	335,718	382,193	378,174	428,958
Total OPEB Liability, End of Year	\$ 305,153	340,751	335,718	382,193	378,174
Covered-Employee Payroll	\$ 4,878,771	4,630,400	4,564,081	5,133,006	4,470,973
Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.25%	7.36%	7.36%	7.45%	8.46%

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

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

*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, 2022	4.09%
Year Ended June 30, 2021	2.19%
Year Ended June 30, 2020	2.66%
Year Ended June 30, 2019	3.51%
Year Ended June 30, 2018	3.87%
Year Ended June 30, 2017	3.58%

See Accompanying Independent Auditor's Report.

Supplementary Information  
Lyon County

# LYON COUNTY

## Schedule 1 – Combining Balance Sheet / Nonmajor Governmental Funds

June 30, 2022

	<b>Special</b>				
	<b>Economic Development</b>	<b>Resource Enhancement and Protection</b>	<b>County Recorder's Records Management</b>	<b>County Attorney Incentive</b>	<b>County Tax Increment Financing</b>
<b>Assets</b>					
Cash, Cash Equivalents and Pooled Investments	\$ 152,069	35,433	16,670	48,223	0
Receivables:					
Succeeding Year Tax Increment Financing	0	0	0	0	577,086
Accounts Receivable	0	0	0	0	0
Due from Custodial Funds	0	0	934	0	0
Due from Other Governments	0	0	0	875	0
Prepaid Expenditures	8,950	0	0	0	0
<b>Total Assets</b>	<b>161,019</b>	<b>35,433</b>	<b>17,604</b>	<b>49,098</b>	<b>577,086</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	3,545	0	0	0	0
Due to Other Governmental Funds	0	0	0	0	0
Unearned Revenues	0	0	0	0	0
<b>Total Liabilities</b>	<b>3,545</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities:</b>					
Unavailable Revenues:					
Succeeding Year Tax Increment Financing	0	0	0	0	577,086
Other	0	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>577,086</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid Expenditures	8,950	0	0	0	0
Restricted For:					
Other Purposes	0	35,433	17,604	49,098	0
Committed For:					
Economic Development Purposes	148,524	0	0	0	0
Conservation Purposes	0	0	0	0	0
Unassigned	0	0	0	0	0
<b>Total Fund Balances</b>	<b>157,474</b>	<b>35,433</b>	<b>17,604</b>	<b>49,098</b>	<b>0</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 161,019</b>	<b>35,433</b>	<b>17,604</b>	<b>49,098</b>	<b>577,086</b>

See Accompanying Independent Auditor's Report.



**Schedule 1 (Continued)**

<b>Revenue</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>American Rescue Plan</b>	<b>Capital Project - Nature Center</b>	<b>Total</b>	
72,768	38,552	305,977	27,973	775,376	929	1,473,970	
0	0	0	0	0	0	577,086	
0	0	863	0	0	0	863	
0	0	1,945	0	0	0	2,879	
0	0	0	0	0	0	875	
0	0	0	0	10,408	8,000	27,358	
72,768	38,552	308,785	27,973	785,784	8,929	2,083,031	
0	500	938	0	4,487	0	9,470	
0	0	200,000	0	0	0	200,000	
0	0	0	0	774,800	0	774,800	
0	500	200,938	0	779,287	0	984,270	
0	0	0	0	0	0	577,086	
0	0	1,945	0	0	0	1,945	
0	0	1,945	0	0	0	579,031	
0	0	0	0	10,408	8,000	27,358	
0	38,052	0	27,973	0	0	168,160	
72,768	0	0	0	0	0	221,292	
0	0	105,902	0	0	929	106,831	
0	0	0	0	(3,911)	0	(3,911)	
72,768	38,052	105,902	27,973	6,497	8,929	519,730	
72,768	38,552	308,785	27,973	785,784	8,929	2,083,031	

**LYON COUNTY**

**Schedule 2 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances /  
Nonmajor Governmental Funds  
Year Ended June 30, 2022**

	<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>County Attorney Incentive</b>
<b>Revenues:</b>					
Property and Other County Tax	\$ 235,147	0	0	0	0
Tax Increment Financing	0	0	0	0	0
Intergovernmental	17,083	0	9,769	0	0
Charges for Service	0	0	0	3,766	0
Use of Money and Property	0	0	38	26	0
Miscellaneous	0	0	0	0	7,506
<b>Total Revenues</b>	<b>252,230</b>	<b>0</b>	<b>9,807</b>	<b>3,792</b>	<b>7,506</b>
<b>Expenditures:</b>					
Operating:					
Public Safety and Legal Services	0	0	0	0	1,353
Mental Health	354,542	0	0	0	0
County Environment and Education	0	103,920	0	0	0
Roads and Transportation	0	0	0	0	0
Governmental Services to Residents	0	0	0	2,948	0
Administration	0	0	0	12,423	0
Non-Program Current	0	0	0	0	0
Capital Projects	0	0	0	0	0
<b>Total Expenditures</b>	<b>354,542</b>	<b>103,920</b>	<b>0</b>	<b>15,371</b>	<b>1,353</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(102,312)</b>	<b>(103,920)</b>	<b>9,807</b>	<b>(11,579)</b>	<b>6,153</b>
<b>Other Financing Sources:</b>					
Operating Transfers In	0	130,000	0	0	0
<b>Total Other Financing Sources</b>	<b>0</b>	<b>130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes in Fund Balances</b>	<b>(102,312)</b>	<b>26,080</b>	<b>9,807</b>	<b>(11,579)</b>	<b>6,153</b>
<b>Fund Balances Beginning of Year</b>	<b>102,312</b>	<b>131,394</b>	<b>25,626</b>	<b>29,183</b>	<b>42,945</b>
<b>Fund Balances End of Year</b>	<b>\$ 0</b>	<b>157,474</b>	<b>35,433</b>	<b>17,604</b>	<b>49,098</b>

See Accompanying Independent Auditor's Report.

**Schedule 2 (Continued)**

Revenue								
County Tax Increment Financing	Revolving Loans- Development Projects	Sheriff's Asset Forfeiture	CS Projects & Conservation Land Acquisition Trust	Well Closing Trust	American Rescue Plan	Capital Project - Nature Center	Total	
0	0	0	0	0	0	0	235,147	
605,415	0	0	0	0	0	0	605,415	
7,908	0	7,855	0	0	366,836	0	409,451	
0	0	0	154,489	0	0	0	158,255	
0	0	0	417	0	6,497	0	6,978	
0	2,468	2,069	7,966	0	0	25,000	45,009	
613,323	2,468	9,924	162,872	0	373,333	25,000	1,460,255	
0	0	1,456	0	0	319,138	0	321,947	
0	0	0	0	0	0	0	354,542	
0	2,283	0	0	0	6,000	0	112,203	
0	0	0	0	0	576	0	576	
0	0	0	0	0	3,947	0	6,895	
0	0	0	0	0	37,175	0	49,598	
113,323	0	0	0	0	0	0	113,323	
0	0	0	30,403	0	0	16,071	46,474	
113,323	2,283	1,456	30,403	0	366,836	16,071	1,005,558	
500,000	185	8,468	132,469	0	6,497	8,929	454,697	
0	0	0	100,000	0	0	0	230,000	
0	0	0	100,000	0	0	0	230,000	
500,000	185	8,468	232,469	0	6,497	8,929	684,697	
(500,000)	72,583	29,584	(126,567)	27,973	0	0	(164,967)	
0	72,768	38,052	105,902	27,973	6,497	8,929	519,730	

# LYON COUNTY

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

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
<b>Assets:</b>						
Cash, Cash Equivalents and Pooled Investments:						
County Treasurer	\$ 0	1,930	135,683	91,495	7,978	13,612
Other County Officials	185,820	0	0	0	0	0
Receivables:						
Property Tax:						
Delinquent	0	28	37	1,303	122	1,583
Succeeding Year	0	258,081	332,091	11,418,228	1,122,777	2,834,008
Succeeding Year Tax Increment Financing	0	0	0	0	0	874,868
Accounts	784	0	0	0	0	0
Due from Other Custodial Fund	0	0	0	0	0	0
Due from Other Governments	0	0	0	0	0	0
Inventories	0	0	586	0	0	0
Prepaid Expenses	0	0	5,839	0	0	0
<b>Total Assets</b>	<b>186,604</b>	<b>260,039</b>	<b>474,236</b>	<b>11,511,026</b>	<b>1,130,877</b>	<b>3,724,071</b>
<b>Liabilities:</b>						
Accounts Payable	0	0	0	0	0	0
Salaries and Benefits Payable	0	0	1,054	0	0	0
Due to County's Governmental Funds	91,319	0	0	0	0	0
Due to County's Internal Service Fund	0	0	0	0	0	0
Due to Other Custodial Fund	324	0	0	0	0	0
Due to Other Governments	32,050	1,930	0	91,495	7,978	13,612
Trusts Payable	62,911	0	0	0	0	0
Compensated Absences	0	0	23,671	0	0	0
<b>Total Liabilities</b>	<b>186,604</b>	<b>1,930</b>	<b>24,725</b>	<b>91,495</b>	<b>7,978</b>	<b>13,612</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable Revenues:						
Succeeding Year Property Tax	0	258,081	332,091	11,418,228	1,122,777	2,834,008
Succeeding Year Tax Increment Financing	0	0	0	0	0	874,868
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>258,081</b>	<b>332,091</b>	<b>11,418,228</b>	<b>1,122,777</b>	<b>3,708,876</b>
<b>Net Position:</b>						
Restricted for Individuals, Organizations and Other Governments	\$ 0	28	117,420	1,303	122	1,583

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	
	3,342	442,649	919,409	8,008	31,300	113,577	4,505	16,475	1,789,963
	0	0	0	0	0	0	0	0	185,820
	1	0	0	0	0	0	0	0	3,074
	440,619	0	0	0	0	0	2,482	16,408,286	
	0	0	0	0	0	0	0	874,868	
	0	0	9,543	0	0	0	0	10,327	
	0	0	0	0	0	0	324	324	
	0	0	48,762	0	500	0	0	49,262	
	0	0	0	0	0	0	0	586	
	0	0	157,361	0	0	0	0	163,200	
	443,962	442,649	1,135,075	8,008	31,800	113,577	4,505	19,281	19,485,710
	0	0	0	0	105	0	0	0	105
	0	0	0	0	0	0	0	0	1,054
	0	15,379	0	0	0	0	0	0	106,698
	0	0	0	0	0	0	5,000	5,000	
	0	0	0	0	0	0	0	324	
	3,342	427,270	0	0	0	0	6,073	583,750	
	0	0	0	0	113,577	4,505	0	180,993	
	0	0	0	0	4,236	0	0	27,907	
	3,342	442,649	0	0	4,341	113,577	4,505	11,073	905,831
	440,619	0	0	0	0	0	2,482	16,408,286	
	0	0	0	0	0	0	0	874,868	
	440,619	0	0	0	0	0	2,482	17,283,154	
	1	0	1,135,075	8,008	27,459	0	0	5,726	1,296,725

# LYON COUNTY

## Schedule 4 – Combining Schedule of Changes in Fiduciary Net Position / Custodial Funds

Year Ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
<b>Additions:</b>						
Property and Other County Tax (Including TIF)	\$ 0	251,726	326,490	11,576,945	1,052,364	3,283,519
E911 Surcharge	0	0	0	0	0	0
State Tax Credits	0	14,306	18,555	669,598	59,540	323,914
Intergovernmental Revenues	20,381	3,980	5,161	172,441	16,605	96,275
Contribution from Lyon County	0	0	0	0	0	0
Office Fees and Collections	759,286	0	150	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	44	0	0	0	0	0
Assessments	0	0	0	0	0	0
Trusts	301,731	0	0	0	0	0
Private Reimbursements	0	0	0	0	0	0
<b>Total Additions</b>	<b>1,081,442</b>	<b>270,012</b>	<b>350,356</b>	<b>12,418,984</b>	<b>1,128,509</b>	<b>3,703,708</b>
<b>Deductions:</b>						
<b>Custodial Remittances:</b>						
To County Funds/Other Custodial Funds	358,001	0	33,433	0	0	0
To Other Governments	421,710	270,038	298,342	12,419,843	1,128,611	3,703,944
Trusts Paid Out	301,731	0	0	0	0	0
<b>Total Deductions</b>	<b>1,081,442</b>	<b>270,038</b>	<b>331,775</b>	<b>12,419,843</b>	<b>1,128,611</b>	<b>3,703,944</b>
<b>Changes in Net Position</b>	<b>0</b>	<b>(26)</b>	<b>18,581</b>	<b>(859)</b>	<b>(102)</b>	<b>(236)</b>
<b>Net Position Beginning of Year</b>	<b>0</b>	<b>54</b>	<b>98,839</b>	<b>2,162</b>	<b>224</b>	<b>1,819</b>
<b>Net Position End of Year</b>	<b>\$ 0</b>	<b>28</b>	<b>117,420</b>	<b>1,303</b>	<b>122</b>	<b>1,583</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
423,111	0	0	0	0	0	0	2,588	16,916,743
0	0	40,669	0	0	0	0	0	40,669
17,599	0	0	0	0	0	0	147	1,103,659
5,122	0	169,572	26,694	0	0	0	41	516,272
0	0	0	69,500	0	0	0	0	69,500
0	0	0	0	0	0	0	0	759,436
0	0	0	0	0	0	0	3,766	3,766
0	5,131,597	0	0	0	0	0	0	5,131,597
0	0	7,754	0	0	0	0	2	7,800
0	0	0	0	0	0	0	8,584	8,584
0	0	0	0	134,675	36,382	356,692	49,520	879,000
0	0	3,000	0	0	0	0	0	3,000
445,832	5,131,597	220,995	96,194	134,675	36,382	356,692	64,648	25,440,026
0	171,883	6,000	17,244	0	0	0	0	586,561
445,837	4,959,714	79,087	77,725	0	0	0	15,117	23,819,968
0	0	0	0	134,675	36,382	356,692	48,134	877,614
445,837	5,131,597	85,087	94,969	134,675	36,382	356,692	63,251	25,284,143
(5)	0	135,908	1,225	0	0	0	1,397	155,883
6	0	1,007,175	26,234	0	0	0	4,329	1,140,842
1	0	1,143,083	27,459	0	0	0	5,726	1,296,725

# LYON COUNTY

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

### All Governmental Funds

#### For The Last Ten Years

	<b>Modified</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>				
Property and Other County Tax	\$ 6,672,313	7,307,683	6,665,065	6,195,627
Interest and Penalty on Property Tax	24,580	38,390	15,416	24,346
Local Option Sales Tax	1,025,635	925,047	728,504	698,589
Hotel/Motel Tax	220,091	171,676	104,647	131,278
Gambling Taxes	816,247	695,745	456,560	551,025
Tax Increment Financing	605,415	651,640	571,574	554,269
Intergovernmental	6,925,226	7,229,100	6,494,964	5,876,244
Licenses and Permits	68,463	95,288	85,536	69,252
Charges for Service	1,185,274	1,202,176	1,036,597	987,880
Use of Money and Property	190,394	175,030	279,584	322,640
Miscellaneous	370,246	619,228	487,939	268,076
<b>Total Revenues</b>	<b>\$ 18,103,884</b>	<b>19,111,003</b>	<b>16,926,386</b>	<b>15,679,226</b>
<b>Expenditures:</b>				
Operating:				
Public Safety and Legal Services	\$ 3,953,217	3,427,751	3,624,930	3,527,965
Physical Health and Social Services	604,006	568,566	585,685	611,155
Mental Health	354,542	354,965	295,707	117,467
County Environment and Education	1,040,312	970,825	993,986	901,905
Roads and Transportation	8,092,678	6,163,013	6,400,017	8,729,754
Governmental Services to Residents	508,283	456,336	442,742	468,712
Administration	1,317,661	1,168,804	1,154,437	1,267,723
Non-Program Current	113,323	120,665	122,233	89,564
Debt Service	851,839	664,954	660,442	597,400
Capital Projects	689,134	3,589,679	2,317,488	1,978,299
<b>Total Expenditures</b>	<b>\$ 17,524,995</b>	<b>17,485,558</b>	<b>16,597,667</b>	<b>18,289,944</b>

See Accompanying Independent Auditor's Report.



**Schedule 5 (Continued)**

<b>Accrual</b>		<b>Basis</b>			
<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
6,288,457	6,647,791	6,313,019	5,881,814	5,529,147	5,323,928
23,878	24,894	24,837	24,920	25,082	22,984
659,761	724,738	677,747	673,150	569,653	616,018
135,230	185,185	114,910	178,983	150,007	111,806
500,805	488,948	498,215	519,796	528,672	519,791
501,198	499,157	487,307	508,960	580,480	335,741
6,629,327	6,389,735	6,716,627	6,293,401	5,045,593	4,697,199
62,342	76,478	69,046	66,821	61,865	62,559
969,963	961,823	952,355	949,882	923,743	866,816
276,397	186,847	165,631	149,512	144,278	135,751
704,451	433,444	349,291	554,247	262,495	275,536
<b>16,751,809</b>	<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>
3,228,767	3,137,700	3,068,612	3,137,731	2,838,112	3,057,014
588,726	578,638	576,995	617,930	784,421	818,020
247,929	248,141	564,734	290,046	331,318	426,553
899,116	896,083	878,991	977,523	1,007,684	827,644
5,472,784	5,427,293	6,455,486	5,047,765	4,770,338	3,995,491
505,085	504,877	496,609	479,461	468,680	535,107
1,286,451	1,164,817	1,225,502	1,134,346	1,070,505	1,110,242
92,601	228,308	74,189	70,716	85,632	85,741
600,419	313,420	243,560	243,623	243,022	242,323
5,931,814	3,409,510	2,814,724	3,619,052	768,419	827,606
<b>18,853,692</b>	<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>

**LYON COUNTY**  
**Schedule 6 – Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Grantor/Program	Assistance Listing Number	Agency or Pass-Through Number	Program Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Provider Relief Fund	93.50		\$ 18,946
Passed Through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,097
Foster Care - Title IV-E	93.658		1,122
Refugee and Entrant Assistance	93.566		5
Adoption Assistance	93.659		613
Children's Health Insurance Program	93.767		87
Medical Assistance Program	93.778		4,958
Social Services Block Grant	93.667		1,145
Title IV-E Prevention Program	93.472		149
Immunization Grants	93.268	5881I456E	8,500
PH Emergency Preparedness and Response	93.074	5885BT460	<u>57,144</u>
Total U.S. Department of Health and Human Services			<u>93,766</u>
<b>U.S. Department of Agriculture:</b>			
Passed Through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>4,206</u>
<b>U.S. Department of Justice:</b>			
Pass Through Iowa Department of Justice:			
Crime Victim Assistance	16.575	2020-V2-GX-003	<u>25,075</u>
<b>U.S. Department of the Treasury</b>			
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	FY22	<u>366,836</u>
<b>U.S. Department of Homeland Security:</b>			
Pass Through Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance	97.036	DR4421	289,827
Emergency Management Performance Grants	97.042	EMPG	<u>22,221</u>
Total U.S. Department of Homeland Security			<u>312,048</u>
<b>Total</b>			<u><u>\$ 801,931</u></u>

**LYON COUNTY**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2022**

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Lyon County under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lyon County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Lyon County.

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

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

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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



**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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lyon County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated June 27, 2023.

**Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-003, 2022-005, 2022-006, 2022-007, and 2022-008 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 described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-002, 2022-004, 2022-009, and 2022-010 to be significant deficiencies.

**MEMBERS**

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2022 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**

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

## **Purpose of this Report**

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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

June 27, 2023

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



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

To the Officials of Lyon County:

#### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Lyon County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Lyon County's major federal program for the year ended June 30, 2022. Lyon County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Lyon County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### **Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of Lyon County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lyon County's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

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

#### ***MEMBERS***

## **Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lyon County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lyon County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lyon County's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that was not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-011 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Lyon County's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Lyon County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*De Noble, Austin & Company PC*

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

June 27, 2023

Schedule of Findings and  
Questioned Costs  
Lyon County

**LYON COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 21.027 COVID-19, Coronavirus State and Local Recovery Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Lyon County did not qualify as a low-risk auditee.

**LYON COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**2022-001 Segregation of Duties**

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

**Condition** – 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 individuals whose signatures are 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.

## 2022-002 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.

### **2022-003 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.

### **2022-004 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 County credit cards, the capital asset’s identification and 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.

## 2022-005 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.

## 2022-006 Inventory Records

**Criteria** – An established policy in regards to inventory which requires perpetual records being kept, monitoring of inventory and other established safeguards over inventory minimizes the risk of financial misstatement due to error or fraud.

**Condition** – The following weaknesses in the inventory systems were noted: There was not an accurate cost of inventory records kept throughout the year, 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, completion 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. At a minimum, a year end listing of inventory (including the costs per item and total valuation) needs to be completed based on physical count and reviewed by an independent person for accuracy and completeness.

**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.

## 2022-007 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.

## 2022-008 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.

## 2022-009 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.

#### **2022-010 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.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCE OF NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**Assistance Listing Number 21.027:**

**COVID-19, Coronavirus State and Local Fiscal Recovery Funds**

**Federal Award Year: 2022**

**Prior Year Finding Number: N/A**

**U.S. Department of Treasury**

**2022-011 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 related to federal expenditures.

**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** – Authorization of transactions, handling of source documents, and custody of assets should be segregated. The persons who are responsible for cash disbursements should be segregated from ledger entry in the accounting records. After signing, the checks should be mailed without allowing the checks to return to individuals who prepare the checks or approve payment. Additionally, bank accounts should be reconciled and reviewed at the end of each month by individuals who do not sign checks, handle currency or record cash/checks.

**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.

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

**2022-A Certified Budget** – The “Total Budget as Certified” for the year ended June 30, 2022 did not reconcile properly to the original adopted budget on the County’s first budget amendment. The “taxes levied on property” and the “other county taxes/TIF tax revenues” were different on the first amended budget compared to the original adopted budget which also resulted in the “net current property tax,” “subtotal revenue,” “total revenues & other sources,” “excess of revenue & other sources over (under) expenditures & other uses,” “fund balance-unassigned,” and “total ending fund balance-June 30, 2022” to be different than the original adopted budget on the County’s first budget amendment.

**Recommendation** – The County needs to ensure that the amended budget reconciles to the original adopted budget and any subsequent amendments reconcile to the previous amended budget.

**Response** - We are aware of the issue and are working with our software provider to prevent this from happening again in the future.

**Conclusion** - Response accepted.

**2022-B Questionable Expenditures** – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

We noted several disbursements that did not have the proper support retained. 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.

**2022-C 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: 2022-B” for a possible related comment.

**2022-D Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Justin Smith Conservation employee Tanya Smith is spouse	Cleans Pahoja cabins, Per bid	\$7,945.00
Josh Feucht Board of Supervisors Feucht's Custom Cabinets	Nature Center display cases, Per bid	6,300.00
Heather Stubbe Recorder Office employee	Nature Center cleaning	5,760.00
Shannon Klarenbeek Public Health employee Rapid Auto Repair spouse is owner	Vehicle repairs	3,983.35
Todd Reinke Conservation Board member Todd's True Value owner	Supplies	1,196.98
Amy Borman Ambulance Director Borman Construction spouse is owner	Labor/repairs on ambulances	300.00
Sara Sprock Auditor Office employee	Sewing repairs & supplies	132.00
Steve Herman Board of Supervisors H&S Homebuilding Center	Miscellaneous lumber supplies	33.76

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Heather Stubbe, Shannon Klarenbeek, Todd Reinke, Amy Borman, Sara Sprock and Steve Herman do not appear to represent conflicts of interest since total transactions with each individual were less than \$6,000 during the fiscal year. The transactions with Justin Smith and Josh Feucht do not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

**2022-E 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.

**2022-F 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.

**2022-G Board Minutes** – During a review of the minutes of the Compensation Board, there was an instance that the record does not document the vote of each member as required by Chapter 21 of the Code of Iowa.

**Recommendation** – Each Board should implement procedures to ensure that when a unanimous vote is not the result, 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 to record votes as required.

**Conclusion** – Response accepted.

**2022-H Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

**2022-I Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

**2022-J 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 a couple 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.

**2022-K 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.

**2022-L Obligations Report** – The “Outstanding Obligations Disclosure Statement Report Year 2022” improperly reported the amount of debt outstanding at June 30, 2022 for the County’s capital lease payable. Chapter 12.1 of the Code of Iowa requires each balance debt obligation be reported at the actual principal balance on June 30, 2022.

**Recommendation** – The County should develop procedures to ensure that all debt obligations are properly reported in accordance with the Code of Iowa Chapter 12.1. The “Outstanding Obligations Disclosure Statement Report Year 2022” should also be corrected to include reflect the capital lease payable balance as of June 30, 2022.

**Response** – We will correct the 2022 report and establish procedures to ensure that all debt is reported properly on the “Outstanding Obligations Disclosure Statement Report Year 2023.”

**Conclusion** – Response accepted.

**LYON COUNTY**  
**Staff**

This Audit was Performed By:

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

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