



2023

LYON COUNTY

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

June 30, 2023

Prepared By:

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

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LYON COUNTY

June 30, 2023

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LYON COUNTY

June 30, 2023

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires/Term</u>
(Before January 2023)		
Jerry Birkey	Board of Supervisors	December 31, 2022
Josh Feucht	Board of Supervisors	December 31, 2022
Steve Herman	Board of Supervisors	December 31, 2022
Douglas Vanden Bosch	Board of Supervisors	December 31, 2022
Cory Altena	Board of Supervisors	December 31, 2024
Amy Oetken	County Attorney	December 31, 2022
Amie Griesse	County Recorder	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
Justin Smith	County Conservation Director	Indefinite
Lisa Rockhill	County Disabilities Service Coordinator	Indefinite
Steve Simons	County Economic Development Director	Indefinite
Daryl Albertson	County Engineer	Indefinite
Melissa Stillson	County Health Services Administrator	Indefinite

Officials (Continued)

Name	Title	Term Expires/Term
(Beginning January 2023)		
Cory Altena	Board of Supervisors	December 31, 2024
Dennis Scholten	Board of Supervisors	December 31, 2024
Jerry Birkey	Board of Supervisors	December 31, 2026
Steve Herman	Board of Supervisors	December 31, 2026
Douglas Vanden Bosch	Board of Supervisors	December 31, 2026
Jennifer Smit	County Auditor	December 31, 2024
Stewart VanderStoep	County Sheriff	December 31, 2024
Amy Oetken	County Attorney	December 31, 2026
Amie Griesse	County Recorder	December 31, 2026
Michele Stewart	County Treasurer	December 31, 2026
Marilee Schleusner	County Assessor	Retired January 6, 2023
Ashley Lewis	County Assessor	January 24, 2023 to December 31, 2027
Justin Smith	County Conservation Director	Indefinite
Lisa Rockhill	County Disabilities Service Coordinator	Indefinite
Steve Simons	County Economic Development Director	Indefinite
Daryl Albertson	County Engineer	Indefinite
Melissa Stillson	County Health Services Administrator	Indefinite

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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, 2023, 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, 2023 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of 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 21 to the financial statements, Lyon County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional 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, the Schedule of County Contributions (IPERS), and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 7 through 17 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 6 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2024 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

July 22, 2024

LYON COUNTY

MANAGEMENT'S DISCUSSION & ANALYSIS

Lyon County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Fiscal Year 2022-2023 Financial Highlights

- The County's governmental fund revenues for fiscal year 2022-2023 were \$18,191,510 compared to \$18,103,884 in fiscal year 2021-2022, an increase of \$87,626, or 0.48%. While the total revenues remained consistent, the revenue classifications which had significant changes were as follows: intergovernmental revenues decreased by (\$382,457), charges for service decreased by (\$104,541) and use of money and property increased by \$532,195. The remaining revenue classifications increased by \$42,429.
- The County's governmental fund expenditures for fiscal year 2022-2023 were \$18,968,046, compared to \$17,524,995 in fiscal year 2021-2022, an increase of \$1,443,051 or 8.23%. The functions that had significant changes, which resulted in the overall increase in expenditures, were as follows: mental health decreased by (\$354,542), roads and transportation increased by \$1,401,677, administration increased by \$142,025, non-program current increased by \$289,955, debt service increased by \$230,158, and capital projects decreased by (\$347,916). The remaining expenditure functions increased in total by \$81,694.
- The County's total governmental fund balances decreased by (\$88,268), or (0.57%), from \$15,618,842 on June 30, 2022 to \$15,530,574 on June 30, 2023. During the fiscal year ended June 30, 2023, revenues were exceeded by expenditures by (\$776,536) and other financing sources exceed other financing uses by \$688,268 (sale of capital assets = \$680,105 and lease agreement = \$8,163).
- Revenues of the County's governmental activities increased by \$44,218, or 0.24%, from \$18,262,617 in fiscal year 2021-2022 to \$18,306,835 during fiscal year 2022-2023. Program revenues decreased by (\$205,057), or (2.70%), from \$7,582,015 in fiscal year 2021-2022 to \$7,376,958 in fiscal year 2022-2023 (operating grants, contributions and restricted interest increased by \$291,174 and capital grants, contributions and restricted interest decreased by (\$536,314)). General revenues increased by \$249,275, or 2.33%, from \$10,680,602 in fiscal year 2021-2022 to \$10,929,877 during fiscal year 2022-2023 (American Rescue Plan Act decreased by (\$69,732), unrestricted investment earnings increased by \$500,527, and gain on disposal of capital assets decreased by (\$150,050)).
- Expenses of the County's governmental activities increased by \$4,141,924, or 28.47%, from \$14,545,978 in fiscal year 2021-2022 to \$18,687,902 during fiscal year 2022-2023. The significant increase was mainly the result of changes in the following functions: public safety and legal services, which increased by \$489,279, or 13.81%; mental health, which decreased by (\$345,271), or (100.00%); county environment and education, which increased by \$91,014, or 8.69%; roads and transportation, which increased by \$3,348,842, or 47.52%; administration, which increased by \$174,485, or 14.13%, and non-program current, which increased by \$289,101, or 247.61%.
- The County's government-wide change in net position for governmental activities during fiscal year 2022-2023 was a decrease of (\$381,067), or (0.52%), from the June 30, 2022 balance of \$73,592,537; resulting in a net position of \$73,211,470 on June 30, 2023.

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 a 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, along with a comparison of all governmental funds revenues and expenditures for the last ten years.

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, 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, American Rescue Plan, 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 decreased from \$73,592,537 to \$73,211,470. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities

	June 30, 2022	June 30, 2023	(Not Restated)
Current and Other Assets		\$ 27,966,378	\$ 26,623,217
Capital Assets		61,209,863	63,126,698
Net Pension Asset		0	1,513,538
Total Assets		89,176,241	91,263,453
Deferred Outflows of Resources		866,991	759,633
Other Liabilities		3,233,273	2,043,208
Long-Term Liabilities		5,525,515	5,207,416
Total Liabilities		8,758,788	7,250,624
Deferred Inflows of Resources		8,072,974	11,179,925
Net Position			
Net Investment in Capital Assets		57,720,576	60,048,670
Restricted		11,491,621	10,466,407
Unrestricted		3,999,273	3,077,460
Total Net Position		\$ 73,211,470	\$ 73,592,537

Net position of Lyon County decreased by (\$381,067), or (0.52%).

The largest portion of the County's net position at June 30, 2023, 78.84%, 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, 15.70% of the County's June 30, 2023 net position, represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position, the remaining 5.46% of the County's June 30, 2023 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 \$921,813, or 29.95%, from June 30, 2023 compared to the June 30, 2022 balance.

Changes in Net Position of Governmental Activities

	Year Ended June 30, 2022	Year Ended June 30, 2023
Revenues:		
Program Revenues:		
Charges for Service	\$ 2,081,249	\$ 2,041,166
Operating Grants, Contributions and Restricted Interest	5,295,709	5,004,535
Capital Grants, Contributions and Restricted Interest	0	536,314
General Revenues:		
Property and Other County Tax Levied for:		
General Purposes	6,704,513	6,676,240
Local Option Sales Tax	1,027,629	1,025,635
Hotel/Motel Tax	236,887	220,091
Gambling Taxes	828,262	816,247
Tax Increment Financing	568,073	605,415
Interest and Penalty on Property Tax	27,466	24,631
State Tax Credits	408,304	445,373
American Rescue Plan Act	297,103	366,835
Grants and Contributions Not Restricted to Specific Purpose	140,700	137,877
Unrestricted Investment Earnings	607,494	106,967
Rents	55,248	59,861
Gain on Disposal of Capital Assets	16,105	166,155
Other General Revenues	12,093	29,275
Total Revenues	<hr/> 18,306,835	<hr/> 18,262,617
Expenses:		
Program Expenses:		
Public Safety and Legal Services	4,033,305	3,544,026
Physical Health and Social Services	592,597	548,027
Mental Health	0	345,271
County Environment and Education	1,137,973	1,046,959
Roads and Transportation	10,396,039	7,047,197
Governmental Services to Residents	607,140	563,236
Administration	1,408,973	1,234,488
Non-Program Current	405,858	116,757
Interest on Long-Term Debt	88,496	61,942
Capital Projects	17,521	38,075
Total Expenses	<hr/> 18,687,902	<hr/> 14,545,978
Increase (Decrease) in Net Position	(381,067)	3,716,639
Net Position Beginning of Year	<hr/> 73,592,537	<hr/> 69,875,898
Net Position End of Year	<hr/> \$ 73,211,470	<hr/> \$ 73,592,537

- The amount of the costs financed by users (charges for service) increased by \$40,083, or 1.96%. The slight increase from fiscal year 2021-2022 to fiscal year 2022-2023 was primarily due to an increase of \$75,240, or 20.64%, in county environment and education and a decrease of (\$29,139), or (17.37%) in the roads and transportation.
- Operating grants, contributions and restricted interest increased by \$291,174, or 5.82%. The increase from fiscal year 2021-2022 to fiscal year 2022-2023 was primarily due to increases of \$83,487, or 128.75% in county environment and education and \$203,804, or 4.25%, in roads and transportation.
- Capital grants, contributions and restricted interest decreased by (\$536,314), or (100.00%), as there was no capital grants, contributions and restricted interest during fiscal year 2022-2023.
- General revenues increased by \$249,275, or 2.33%, from \$10,680,602 in fiscal year 2021-2022 to \$10,929,877 during fiscal year 2022-2023. The increase from fiscal year 2021-2022 to fiscal year 2022-2023 was primarily due to a decrease in American Rescue Plan Act revenue by (\$69,732), or (19.01%); an increase in unrestricted investment earnings by \$500,527, or 567.93%; and a decrease in gain on disposal of capital assets by (\$150,050), or (90.31%).
- Expenses of the County's governmental activities increased by \$4,141,924, or 28.47%, from \$14,545,978 in fiscal year 2021-2022 to \$18,687,902 during fiscal year 2022-2023. The significant increase was mainly the result of changes in the following functions: public safety and legal services, which increased by \$489,279, or 13.81%; mental health, which decreased by (\$345,271), or (100.00%); county environment and education, which increased by \$91,014, or 8.69%; roads and transportation, which increased by \$3,348,842, or 47.52%; administration, which increased by \$174,485, or 14.13%, and non-program current, which increased by \$289,101, or 247.61%.

During the fiscal year ended June 30, 2023, Lyon County decreased the total countywide property tax levy rate by (0.26306) and decreased the rural property tax levy rate by (0.09266) per \$1,000 of valuation. Taxable valuation by levy, actual levy rate per \$1,000 of valuation and total dollars levied are as follows:

	Taxes Levied Fiscal Year 2022-2023	Taxes Levied Fiscal Year 2021-2022
Countywide Taxable Valuation *	\$ 1,082,463,050	\$ 1,045,933,268
Countywide Levy Rate Without Debt Service	4.14218	4.40524
Dollars Levied Without Debt	\$ 4,483,757	\$ 4,607,587
Countywide Taxable Valuation for Debt Service *	\$ 1,151,190,405	\$ 1,101,459,627
Countywide Debt Service Levy	0.00000	0.00000
Dollars Levied for Debt Service	\$ 0	\$ 0
Total Countywide Levy Rate	4.14218	4.40524
Total Dollars Levied Countywide	\$ 4,483,757	\$ 4,607,587
Rural Taxable Valuation *	\$ 815,612,410	\$ 786,251,825
Rural Service Tax Levy	3.04543	3.13809
Dollars Levied for Rural Area Only	\$ 2,483,891	\$ 2,467,329
Total Levy Rate (All Property Taxes)	7.18761	7.54333
Total Dollars Levied (All Property Taxes)	\$ 6,967,648	\$ 7,074,916

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

Taxable Valuation History

Fiscal Year	Based on January 1st Values	Countywide Valuation	Debt Service Valuation	Rural Service Valuation
FY 2022-2023	January 1, 2021	\$ 1,082,463,050	\$ 1,151,190,405	\$ 815,612,410
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

- Lyon County's fiscal year 2022-2023 countywide taxable valuation (without gas and electric utilities) increased \$36,529,782, or 3.49%, from fiscal year 2021-2022; the fiscal year 2022-2023 debt service taxable valuation increased \$49,730,778, or 4.15%, from fiscal year 2021-2022; and the fiscal year 2022-2023 rural service valuation increased \$29,360,585, or 3.73%, from fiscal year 2021-2022. Lyon County's fiscal year 2022-2023 countywide property taxes levied decreased (\$123,830), or (2.69%), from fiscal year 2021-2022 and the fiscal year 2022-2023 rural service property taxes levied increased \$16,562, or 0.67%, 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 2022-23, its governmental funds reported a combined fund balance of \$15,530,574. This is in comparison to last fiscal year when the combined fund balance was \$15,618,842. This is a decrease of (\$88,268) from last year, or (0.57%). 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 governmental 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, 2023 was \$6,410,967. This is in comparison to last fiscal year when the June 30, 2022 fund balance was \$5,597,950. This is an increase of \$813,017 from last year, or 14.52%. For fiscal year 2022-2023, revenues totaled \$7,789,169 (fiscal year 2021-2022 = \$7,390,760), an increase of \$398,409, or 5.39%; expenditures totaled \$6,651,478 (fiscal year 2021-2022 = \$7,598,986), a decrease of (\$947,508), or (12.47%); operating transfers out totaled \$348,942 (fiscal year 2021-2022 = \$342,729), an increase of \$6,213, or 1.81%; sale of capital assets totaled \$16,105 (fiscal year 2021-2022 = \$57,440); and a new lease agreement totaled \$8,163 (fiscal year 2021-2022 = \$0). The General Basic Fund levy for fiscal year 2022-2023 was 3.50000 (fiscal year 2021-2022 = 3.50000); the maximum amount allowed by law is 3.50000. The General Supplemental Fund levy was 0.64218 for fiscal year 2022-2023 and 0.56494 for 2021-2022. 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 increase in revenues from fiscal year 2021-2022 to fiscal year 2022-2023 occurred primarily in the following classifications: property and other county tax (increase of \$240,660, or 5.93%);

hotel/motel tax and gambling taxes collection increased; and use of money and property (increase of \$383,478, or 213.57%); intergovernmental (decrease of (\$80,118), or (10.35%)); and charges for service (decrease of (\$133,226), or (13.07%)).

- The significant decrease in expenditures from fiscal year 2021-2022 to fiscal year 2022-2023 occurred primarily in the following functions: roads and transportation (decrease of (\$1,179,113), or (100%); governmental services to residents (increase of \$23,494, or 4.70%); administration (increase of \$176,069, or 14.09%), and debt service (increase of \$30,194, or 4.84%).
- The June 30, 2023 fund balance of \$6,410,967 is comprised of \$110,798 in nonspendable balances (prepaid expenditures), \$734,113 in restricted balances (supplemental levy purposes, jail improvements/courthouse security, hotel/motel tax, ambulance, and drug dog purposes), \$1,800,000 in assigned balances (ambulance rig, annex building project, courthouse eastside upgrade, and gravel pit land acquisition) and \$3,766,056 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 \$1,570,145 at June 30, 2023. This is in comparison to last fiscal year when the ending fund balance was \$1,482,498. This is an increase of \$87,647 from last fiscal year, or 5.91%. For fiscal year 2022-2023, revenues totaled \$3,914,216 (fiscal year 2021-2022 = \$3,858,172), an increase from last year of \$56,044, or 1.45%; expenditures totaled \$1,294,923 (fiscal year 2021-2022 = \$1,136,610), an increase from last year of \$158,313, or 13.93%; and operating transfers out totaled \$2,531,646 (fiscal year 2021-2022 = \$2,442,723), an increase from last year of \$88,923, or 3.64%. The rural services basic levy for fiscal year 2022-2023 was 3.04543 (fiscal year 2021-2022 = 3.13809). 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 2022-2023, 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. Expenditures in the public safety and legal services and physical health and social services functions during fiscal year 2022-2023 increased by \$134,292 and \$20,683, respectively, compared to fiscal year 2021-2022.
 - Operating transfers out during fiscal year 2022-2023 consisted of \$2,466,646 transferred to the Secondary Roads and \$65,000 to the 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 \$5,271,543 at June 30, 2023. This is in comparison to last fiscal year when the ending fund balance was \$4,966,815. This is an increase of \$304,728 from last year, or 6.14%. For fiscal year 2022-2023, revenues totaled \$268,269 (fiscal year 2021-2022 = \$2,692,531), a decrease of (\$2,424,262), or (90.04%); expenditures totaled \$6,721,758 (fiscal year 2021-2022 = \$6,102,049), an increase from last year of \$619,709, or 10.16%; operating transfers in totaled \$6,758,217 (fiscal year 2021-2022 = \$3,555,452), an increase of \$3,202,765, or 90.08%; and sale of capital assets totaled \$0 (fiscal year 2021-2022 = \$52,420).
 - Intergovernmental revenues during fiscal year 2022-2023 decreased by (\$2,413,771), or (92.63%), compared to fiscal year 2021-2022. The primary reasoning for the decrease is due to the road use tax proceeds were reported as revenue in the Road Use Tax Revenue Fund for the entire fiscal year 2022-2023 (road use tax proceeds were reported as revenue in the Secondary Roads Fund from July 2021 to December 2021 during fiscal year 2021-2022).
 - Expenditures in the roads and transportation function during fiscal year 2022-2023 increased by \$1,172,266 (primarily a result costs for the road maintenance program – bridges & culverts,

roads, and snow & ice control) and the capital projects function decreased by (\$552,557) compared to fiscal year 2021-2022.

- The primary reason for the operating transfers in increase during fiscal year 2022-2023 was \$4,107,629 was received from the Road Use Tax Revenue Fund (fiscal year 2021-2022 = \$1,000,000).
- **Road Use Tax Revenue Fund:** The Road Use Tax Revenue Fund accounts 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 2022-2023, the Road Use Tax Revenue Fund had road use tax revenue of \$4,952,748 and transferred out \$4,539,829 (\$4,107,629 to the Secondary Roads Fund and \$432,200 to the Debt Service Fund). The Road Use Tax Revenue ending fund balance was \$1,416,926 at June 30, 2023, which is in comparison to last fiscal year when the June 30, 2022 ending fund balance was \$1,004,007. This is an increase in the fund balance of \$412,919, or 41.13%, compared to last fiscal year.
- **American Rescue Plan Fund:** The American Rescue Plan Fund used to account for American Rescue Plan Act (ARPA) revenues received by the County from the federal government to respond to the COVID-19 pandemic and its impacts. Qualifying expenditures in accordance with ARPA guidelines are being paid from the ARPA revenues. During fiscal year 2022-2023, the American Rescue Plan Fund had revenues of \$297,103 (ARPA grant = \$234,570 and interest earnings of \$62,533); expenditures of \$234,569 (public safety and legal services = \$201,568; roads and transportation = \$300; governmental services to residents = \$17,585; and administration = \$15,116); had a beginning fund balance of \$6,497; and had an ending fund balance on June 30, 2023 of \$69,031.
- **Motor Graders Acquisition Fund:** The Motor Graders Acquisition Fund accounts 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 2022-2023, the Motor Graders Acquisition Fund had expenditures of \$2,180,400 (roads and transportation function – purchase of the final six motor graders); sale of capital assets of \$664,000 (value received on six motor graders traded-in); transferred out \$22,000 to the Debt Service Fund; had a beginning fund balance of \$1,538,400; and had an ending fund balance on June 30, 2023 of \$0.
- **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 to make the principal and interest payment on the road use tax revenue note. For fiscal year 2022-2023, the Debt Service Fund had revenues of \$84,569 (interest income): debt service expenditures totaled \$428,156 (\$388,000 principal and \$40,156 interest on the “Road Use Tax Revenue Note, Series 2022” note); operating transfers in of \$454,200 (\$432,200 from the Road Use Tax Revenue Fund and \$22,000 from the Motor Graders Acquisition Fund); had a beginning fund balance of \$509,442; and had an ending fund balance on June 30, 2023 of \$620,055. 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.
- **Other Nonmajor Funds:** The other nonmajor funds include the following Special Revenue Funds: Economic Development, Resource Enhancement and Protection, County Recorder’s Records Management, County Attorney Incentive, County Tax Increment Financing, Revolving Loans – Development Projects, Sheriff’s Asset Forfeiture, CS Projects & Conservation Land Acquisition Trust, Well Closing Trust, and Local Government Opioid Abatement. The Capital Project – Nature Center Fund is also classified as nonmajor.

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 2022-2023, Lyon County amended its budget four times.

The first amendment was adopted July 26, 2022 and resulted in an increase in disbursements of \$1,807,800. The reason for the decrease in receipts was for property and other county taxes. The reasoning for the increase was to complete the purchase of motor graders which were originally budgeted to be bought during fiscal year 2021-2022.

The second amendment was adopted on October 25, 2023 and resulted in an increase in receipts of \$4,318 and an increase in disbursements of \$35,812. Revenue was increased for opioid abatement settlement proceeds. The increase in disbursements primarily included: \$26,495 for information technology updates originally budgeted to be done in fiscal year 2021-2022 and \$7,266 for the purchase of three radios for ambulance rigs that were originally budgeted to be bought during fiscal year 2021-2022.

The third amendment was adopted April 25, 2023 and resulted in an increase in receipts of \$156,353 and an increase in disbursements of \$1,021,778. The reason for the increase in receipts was primarily for \$17,700 in grant proceeds, \$5,853 for a reimbursement from Sioux Rivers for the Mental Health director's salary increase, and \$132,800 for donations to conservation to purchase land. The reason for the increase in disbursements primarily included: \$25,700 for costs related to grants, \$15,000 for juvenile detention costs, \$525,000 for secondary roads TIF costs, \$100,000 for purchases of a hydro seeder and road groomer, \$100,000 for secondary roads to complete old and FEMA alternate projects, \$27,143 for health insurance premiums, \$25,225 for new information technology position, \$16,860 for full-time environmentalist position and services, \$37,000 for interest on road use tax revenue note, and \$143,124 for conservation land purchase.

The fourth and final amendment was approved on May 23, 2023 and resulted in an increase in expenditures of \$182,402. The reason for the increase in disbursements primarily included \$5000 for medical examiner fees and autopsies, \$175,000 for down payment on secondary roads gravel pit purchase, and \$2,402 for TIF rebate payment.

Lyon County budgets on a cash accounting basis. For fiscal year 2022-2023, Lyon County's actual receipts of \$19,156,571 were \$1,872,435 higher than the amended budget for receipts of \$17,284,136. Lyon County's actual disbursements of \$18,740,279 were \$1,536,312 less than the amended budget for disbursements of \$20,276,591.

Capital Assets and Debt Administration

Capital Assets

Lyon County concluded fiscal year 2021-2022 with \$91,661,846 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 6 to the Financial Statements."

Capital Assets of Governmental Activities at Year End

	June 30, 2022	
	June 30, 2023	(As Restated)
Land	\$ 3,502,165	\$ 3,359,042
Buildings & Improvements	14,313,286	14,216,596
Machinery, Equipment & Vehicles	16,015,020	15,548,946
Infrastructure	55,044,731	54,115,748
Right-To-Use Leased Equipment	75,240	67,077
Right-To-Use Subscription Asset	88,666	88,666
Construction in Progress	2,622,738	3,467,838
Total	\$ 91,661,846	\$ 90,863,913

This year's major asset additions included:

<u>Conservation</u>		<u>Secondary Roads</u>	
Lily Log Wildlife Area	\$ 143,123	6 - Cat Motor Graders	\$ 2,180,400
Nature Center Parking Lot	\$ 79,996	3 - '22 Ford Pickups	\$ 174,265
'23 Chevy Pickup	\$ 53,955	'22 Finn Hydroseeder	\$ 80,500
Fish Aquarium	\$ 25,000	32' Tilt Trailer	\$ 31,850
Dock	\$ 16,694	'23 Road Groomer 13'	\$ 25,300
		Ripper w/Mount	\$ 15,181

Sheriff

'22 Ford Explorer	\$ 39,338
6 - Tasers	\$ 21,600
Versa - K9	\$ 8,500

The County had depreciation/amortization expense of \$3,821,897 in fiscal year 2022-2023 and total accumulated depreciation of \$30,451,983 as of June 30, 2023.

Long-Term Debt

At June 30, 2023, Lyon County had \$5,525,514 of long-term debt, compared to \$5,296,082 at June 30, 2022, as shown in the following chart:

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

	June 30, 2023	June 30, 2022 (As Restated)
General Obligation Bonds	\$ 1,230,000	\$ 1,815,000
Road Use Tax Revenue Note	2,101,000	2,489,000
Equipment Acquisition Payable	10,389	15,283
Installment Purchase Payable	34,908	52,362
Lease Agreements	52,181	58,783
IT Subscription Liability	60,808	88,666
Compensated Absences	522,315	471,835
Net Pension Liability	1,200,431	0
Total OPEB Liability	313,483	305,153
Total	\$ 5,525,515	\$ 5,296,082

Long-term debt increased primarily due to a large increase in the actuarial calculated net pension liability.

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, equipment acquisition payable, and tax increment financing rebate obligations are significantly below its constitutional debt limit of approximately \$79,882,925. Additional information about the County's long-term debt is presented in "Note (8), (9), and (10) to the Financial Statements."

Economic Factors

Lyon County's elected and appointed officials/department heads considered many factors when setting the fiscal year 2023-2024 budget. One of the factors is the economy. Unemployment in Lyon County in December 2022 was at 2.2%; while the unemployment rate for the State of Iowa in December 2022 was at 2.9%. Another significant factor is taxable property valuations. The valuations for fiscal year 2023-24, excluding gas and electric utility valuations, were as follows: countywide valuation = \$1,111,477,122 (increase of \$29,014,072 from FY 2022-2023) and rural services valuation = \$840,552,451 (increase of \$24,940,041 from FY 2022-2023). With the increase in property valuations, the County was able to slightly decrease levies in fiscal year 2023-2024 compared to fiscal year 2022-2023 in order to adopt the FY 2023-

2024 budget with property taxes levied similar to FY 2022-2023 (countywide property taxes levied for FY 2023-2024 = \$4,486,100, while FY 2022-2023 = \$4,483,757; rural services property taxes levied for FY 2023-2024 = \$2,484,312, while FY 2022-2023 = \$2,483,891). The County worked hard to adopt a FY 2023-2024 budget which allowed property taxes to remain stable.

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:

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

Lyon County Board of Supervisors:

Doug Vanden Bosch	District #1	Term: 1-1-2023 to 12-31-2026
Dennis Scholten	District #2	Term: 1-1-2023 to 12-31-2024
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

Source: Unemployment: <http://www.iowaworkforce.org>

Basic Financial Statements

Lyon County

LYON COUNTY**Exhibit A – Statement of Net Position****June 30, 2023**

	Governmental Activities
Assets:	
Cash, Cash Equivalents and Pooled Investments	\$ 16,049,165
Receivables:	
Property Tax:	
Delinquent	230
Succeeding Year	6,777,630
Succeeding Year Tax Increment Financing	615,212
Interest and Penalty on Property Tax	275
Accounts	448,438
Accrued Interest	6,177
Due from Custodial Funds	104,332
Due from Other Governments	1,174,857
Lease Receivable	115,517
Inventories	2,088,209
Prepaid Expenses	586,336
Capital Assets, Net of Accumulated Depreciation/Amortization	<u>61,209,863</u>
Total Assets	<u>89,176,241</u>
Deferred Outflows of Resources:	
Pension Related Deferred Outflows	844,954
OPEB Related Deferred Outflows	<u>22,037</u>
Total Deferred Outflows of Resources	<u>866,991</u>
Liabilities:	
Accounts Payable	1,394,350
Salaries and Benefits Payable	96,020
Compensated Absences	12,365
Due to Other Governments	43,105
Unearned Revenues	1,681,866
Accrued Interest Payable	5,567
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
General Obligation Bonds	605,000
Road Use Tax Revenue Note	397,000
Equipment Acquisition Payable	5,092
Installment Purchase Payable	17,454
Lease Agreements	15,061
IT Subscription Liability	30,142
Compensated Absences	508,762

See Notes to Financial Statements.

Liabilities (Continued):

Long-Term Liabilities (Continued):

Portion Due or Payable After One Year:

General Obligation Bonds	625,000
Road Use Tax Revenue Note	1,704,000
Compensated Absences	13,553
Equipment Acquistion Payable	5,297
Installment Purchase Payable	17,454
Lease Agreements	37,120
IT Subscription Liability	30,666
Net Pension Liability	1,200,431
Total OPEB Liability	313,483
Total Liabilities	8,758,788

Deferred Inflows of Resources:

Lease Related	115,517
Unavailable Property Tax Revenue	6,777,630
Unavailable Tax Increment Financing Revenue	615,212
Pension Related Deferred Inflows	413,801
OPEB Related Deferred Inflows	150,814
Total Deferred Inflows of Resources	8,072,974

Net Position:

Net Investment in Capital Assets	57,720,576
Restricted for:	
General Supplemental Levy Purposes	183,857
Jail Improvements/Courthouse Security	285,570
Hotel/Motel Tax Purposes	320,980
Rural Services Purposes	1,476,392
Secondary Roads Purposes	5,592,794
Debt Service	617,009
Other Purposes	3,015,019
Unrestricted	3,999,273
Total Net Position	\$ 73,211,470

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LYON COUNTY
Exhibit B – Statement of Activities
Year Ended June 30, 2023

	Program Revenues					Net (Expense) Revenue & Changes in Net Position		
	Charges for Service	Operating		Capital Grants, Contributions and Restricted Interest				
		Expenses	Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest				
Functions/Programs:								
Governmental Activities:								
Public Safety and Legal Services	\$ 4,033,305	956,564	53,002	0	(3,023,739)			
Physical Health and Social Services	592,597	161,302	100,035	0	(331,260)			
County Environment and Education	1,137,973	439,806	148,333	0	(549,834)			
Roads and Transportation	10,396,039	138,665	4,993,761	0	(5,263,613)			
Governmental Services to Residents	607,140	380,281	578	0	(226,281)			
Administration	1,408,973	4,631	0	0	(1,404,342)			
Non-Program Current	405,858	0	0	0	(405,858)			
Interest on Long-Term Debt	88,496	0	0	0	(88,496)			
Capital Projects	17,521	0	0	0	(17,521)			
Total	\$ 18,687,902	2,081,249	5,295,709	0	(11,310,944)			
General Revenues:								
Property and Other County Tax Levied for:								
General Purposes					6,704,513			
Local Option Sales Tax					1,027,629			
Hotel/Motel Tax					236,887			
Gambling Taxes					828,262			
Tax Increment Financing					568,073			
Penalty and Interest on Property Tax					27,466			
State Tax Credits					408,304			
American Rescue Plan Act					297,103			
Grants and Contributions Not Restricted to Specific Purpose					140,700			
Unrestricted Investment Earnings					607,494			
Rents					55,248			
Gain on Disposal of Capital Assets					16,105			
Miscellaneous					12,093			
Total General Revenues					10,929,877			
Change in Net Position					(381,067)			
Net Position Beginning of Year					73,592,537			
Net Position End of Year					\$ 73,211,470			

See Notes to Financial Statements.

LYON COUNTY

Exhibit C – Balance Sheet / Governmental Funds

June 30, 2023

	Special Revenue									Total
	General	Rural Services	Secondary Roads	Road Use Tax Revenue	American Rescue Plan	Motor Graders Acquisition	Debt Service	Nonmajor		
Assets										
Cash, Cash Equivalents and Pooled Investments	\$ 6,078,375	1,448,139	3,841,000	1,006,927	1,653,533	0	620,055	780,213	15,428,242	
Receivables:										
Property Tax:										
Delinquent	210	20	0	0	0	0	0	0	230	
Succeeding Year	4,359,014	2,418,616	0	0	0	0	0	0	6,777,630	
Succeeding Year Tax Increment Financing	0	0	0	0	0	0	0	615,212	615,212	
Interest and Penalty on Property Tax	275	0	0	0	0	0	0	0	275	
Accounts	350,021	0	505	0	0	0	0	97,912	448,438	
Accrued Interest	6,177	0	0	0	0	0	0	0	6,177	
Due from Other Governmental Funds	100,000	0	511,000	0	0	0	0	0	611,000	
Due from Custodial Funds	87,593	0	0	0	0	0	0	11,739	99,332	
Due from Other Governments	97,174	84,065	582,844	409,999	0	0	0	775	1,174,857	
Leases Receivable	115,517	0	0	0	0	0	0	0	115,517	
Inventories	0	0	2,088,209	0	0	0	0	0	2,088,209	
Prepaid Expenditures	110,798	41,685	206,149	0	99,089	0	0	1,357	459,078	
Total Assets	\$ 11,305,154	3,992,525	7,229,707	1,416,926	1,752,622	0	620,055	1,507,208	27,824,197	
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities:										
Accounts Payable	\$ 80,117	2,860	1,305,005	0	1,725	0	0	445	1,390,152	
Salaries and Benefits Payable	46,963	903	48,154	0	0	0	0	0	96,020	
Compensated Absences	0	0	12,365	0	0	0	0	0	12,365	
Due to Other Governmental Funds	0	0	0	0	0	0	0	611,000	611,000	
Due to Other Governments	12,572	0	30,533	0	0	0	0	0	43,105	
Unearned Revenues	0	0	0	0	1,681,866	0	0	0	1,681,866	
Total Liabilities	139,652	3,763	1,396,057	0	1,683,591	0	0	611,445	3,834,508	

Deferred Inflows of Resources:

Unavailable Revenues:

Succeeding Year Property Tax	4,359,014	2,418,616	0	0	0	0	0	0	6,777,630
Succeeding Year Tax									
Increment Financing	0	0	0	0	0	0	0	615,212	615,212
Other	280,004	1	562,107	0	0	0	0	108,644	950,756
Lease Related	115,517	0	0	0	0	0	0	0	115,517
Total Deferred Inflows of Resources	4,754,535	2,418,617	562,107	0	0	0	0	723,856	8,459,115

Fund Balances:

Nonspendable:

Inventories	0	0	2,088,209	0	0	0	0	0	2,088,209
Prepaid Expenditures	110,798	41,685	206,149	0	99,089	0	0	1,357	459,078

Restricted For:

Supplemental Levy Purposes	183,857	0	0	0	0	0	0	0	183,857
Jail Improvements/Courthouse Security	222,880	0	0	0	0	0	0	0	222,880
Hotel/Motel Tax Purposes	320,980	0	0	0	0	0	0	0	320,980
Ambulance Purposes	5,253	0	0	0	0	0	0	0	5,253
Drug Dog Purposes	1,143								1,143
Rural Services Purposes	0	1,528,460	0	0	0	0	0	0	1,528,460
Secondary Roads Purposes	0	0	2,977,185	0	0	0	0	0	2,977,185
Road Use Tax Purposes	0	0	0	1,416,926	0	0	0	0	1,416,926
Debt Service	0	0	0	0	0	0	620,055	0	620,055
Other Purposes	0	0	0	0	0	0	0	198,981	198,981

Committed For:

Economic Development Purposes	0	0	0	0	0	0	0	247,900	247,900
Conservation Purposes	0	0	0	0	0	0	0	234,669	234,669

Assigned For:

Ambulance Rig	200,000	0	0	0	0	0	0	0	200,000
Annex Building Project	300,000	0	0	0	0	0	0	0	300,000
Courthouse Eastside Upgrade	300,000	0	0	0	0	0	0	0	300,000
Gravel Pit Land Acquisition	1,000,000	0	0	0	0	0	0	0	1,000,000
Unassigned	3,766,056	0	0	0	(30,058)	0	0	(511,000)	3,224,998

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,305,154	3,992,525	7,229,707	1,416,926	1,752,622	0	620,055	1,507,208	27,824,197
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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, 2023

Total Governmental Fund Balances (Pages 23-24) \$ 15,530,574

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$91,661,846 and the accumulated depreciation/amortization is \$30,451,983.

61,209,863

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

950,756

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.

748,983

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	\$ 866,991	
Deferred Inflows of Resources	<u>(564,615)</u>	
		302,376

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, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(5,531,082)

Net Position of Governmental Activities (Pages 19-20)

\$ 73,211,470

See Notes to Financial Statements.

LYON COUNTY

Exhibit E – Statement of Revenues, Expenditures and Changes in Fund Balances / Governmental Funds Year Ended June 30, 2023

Revenues:

	Special Revenue								
	General	Rural Services	Secondary Roads	Road Use Tax Revenue	American Rescue Plan	Motor Graders Acquisition	Debt Service	Nonmajor	Total
Property and Other County Tax	\$ 4,298,729	2,401,992	0	0	0	0	0	0	6,700,721
Interest and Penalty on Property Tax	27,517	0	0	0	0	0	0	0	27,517
Local Option Sales Tax	0	1,027,629	0	0	0	0	0	0	1,027,629
Hotel/Motel Tax	236,887	0	0	0	0	0	0	0	236,887
Gambling Taxes	828,262	0	0	0	0	0	0	0	828,262
Tax Increment Financing	0	0	0	0	0	0	0	568,073	568,073
Intergovernmental	693,661	453,801	191,961	4,952,748	234,570	0	0	16,028	6,542,769
Licenses and Permits	49,118	28,408	12,039	0	0	0	0	0	89,565
Charges for Service	886,093	588	3,170	0	0	0	0	190,882	1,080,733
Use of Money and Property	563,035	0	0	0	62,533	0	84,569	12,452	722,589
Miscellaneous	205,867	1,798	61,099	0	0	0	0	98,001	366,765
Total Revenues	7,789,169	3,914,216	268,269	4,952,748	297,103	0	84,569	885,436	18,191,510

Expenditures:

Operating:									
Public Safety and Legal Services	2,631,312	1,131,543	0	0	201,568	0	0	5,704	3,970,127
Physical Health and Social Services	592,902	39,312	0	0	0	0	0	14	632,228
County Environment and Education	824,370	103,641	0	0	0	0	0	111,985	1,039,996
Roads and Transportation	0	0	6,631,655	0	300	2,180,400	0	682,000	9,494,355
Governmental Services to Residents	523,582	1,328	0	0	17,585	0	0	2,666	545,161
Administration	1,425,471	19,099	0	0	15,116	0	0	0	1,459,686
Non-Program Current	0	0	0	0	0	0	0	403,278	403,278
Debt Service	653,841	0	0	0	0	0	428,156	0	1,081,997
Capital Projects	0	0	90,103	0	0	0	0	251,115	341,218
Total Expenditures	6,651,478	1,294,923	6,721,758	0	234,569	2,180,400	428,156	1,456,762	18,968,046

Excess (Deficiency) of Revenues Over (Under) Expenditures	1,137,691	2,619,293	(6,453,489)	4,952,748	62,534	(2,180,400)	(343,587)	(571,326)	(776,536)
Other Financing Sources (Uses):									
Sale of Capital Assets	16,105	0	0	0	0	664,000	0	0	680,105
Operating Transfers In	0	0	6,758,217	0	0	0	454,200	230,000	7,442,417
Operating Transfers Out	(348,942)	(2,531,646)	0	(4,539,829)	0	(22,000)	0	0	(7,442,417)
Lease Agreement	8,163	0	0	0	0	0	0	0	8,163
Total Other Financing Sources (Uses)	(324,674)	(2,531,646)	6,758,217	(4,539,829)	0	642,000	454,200	230,000	688,268
Changes in Fund Balances	813,017	87,647	304,728	412,919	62,534	(1,538,400)	110,613	(341,326)	(88,268)
Fund Balances Beginning of Year	5,597,950	1,482,498	4,966,815	1,004,007	6,497	1,538,400	509,442	513,233	15,618,842
Fund Balances End of Year	\$ 6,410,967	1,570,145	5,271,543	1,416,926	69,031	0	620,055	171,907	15,530,574

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, 2023

Change in Fund Balances – Total Governmental Funds (Pages 27-28) \$ (88,268)

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	\$ 2,951,901
Right-To-Use Leased Capital Assets	8,163
Depreciation/Amortization Expense	<u>(3,821,897)</u>

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. (1,143,668)

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	\$ (123)
Other	<u>76,147</u>

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	\$ (8,163)
Repaid	<u>1,037,971</u>

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. 574,513

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	\$ (50,479)
Pension Expense	113,062
OPEB Expense	7,346
Interest on Long-Term Debt	<u>(1,848)</u>

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. (35,724)

Change in Net Position of Governmental Activities (Page 22) \$ (381,067)

See Notes to Financial Statements.

LYON COUNTY
Exhibit G – Statement of Net Position / Proprietary Fund
June 30, 2023

	Internal Service - Employee Group Health
Assets:	
Cash and Cash Equivalents	\$ 620,923
Due From County Custodial Fund	5,000
Prepaid Expenses	<u>127,258</u>
Total Assets	<u>753,181</u>
Liabilities:	
Accounts Payable	<u>4,198</u>
Net Position:	
Restricted for Employee Health	<u>\$ 748,983</u>

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, 2023**

	Internal Service - Employee Group Health
Operating Revenues:	
Reimbursements from Governmental Funds	\$ 1,168,105
Reimbursements from Custodial Funds	54,855
Reimbursements from Current Employees	214,813
Reimbursements from Others	14,226
Total Operating Revenues	1,451,999
Operating Expenses:	
Insurance Premiums	\$ 1,477,438
Health Savings Account Contributions	12,333
Administrative Fees	1,180
Actuarial Fees	2,450
HR Service/Compliance Fees	<u>17,520</u>
Total Operating Expenses	<u>1,510,921</u>
Operating Loss	(58,922)
Non-Operating Revenues:	
Interest Income	<u>23,198</u>
Net Loss	(35,724)
Net Position Beginning of Year	<u>784,707</u>
Net Position End of Year	<u>\$ 748,983</u>

See Notes to Financial Statements.

LYON COUNTY
Exhibit I – Statement of Cash Flows / Proprietary Fund
Year Ended June 30, 2023

Internal Service - Employee Group Health	
Cash Flows From Operating Activities:	
Cash Received from Governmental Funds Reimbursements	\$ 1,168,105
Cash Received from Custodial Fund Reimbursements	54,855
Cash Received from Current Employees and Others	229,039
Cash Paid to Suppliers for Insurance Premiums	(1,484,972)
Cash Paid for Health Savings Account Contributions	(12,333)
Cash Paid to Suppliers for Other Services/Fees	(24,814)
Net Cash Used For Operating Activities	(70,120)
Cash Flows From Investing Activities:	
Repayment of Interfund Loan to Custodial Fund	5,000
Issuance of Interfund Loan to Custodial Fund	(5,000)
Interest on Investments	23,198
Net Cash Provided By Investing Activities	23,198
Net Decrease in Cash and Cash Equivalents	(46,922)
Cash and Cash Equivalents Beginning of Year	667,845
Cash and Cash Equivalents End of Year	\$ 620,923
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:	
Operating Loss	\$ (58,922)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
(Increase) in Prepaid Expenses	(7,535)
(Decrease) in Accounts Payable	(3,663)
Net Cash Used For Operating Activities	\$ (70,120)

See Notes to Financial Statements.

LYON COUNTY

Exhibit J – Statement of Fiduciary Net Position / Custodial Funds

June 30, 2023

Assets:

Cash, Cash Equivalents and	
Pooled Investments:	
County Treasurer	\$ 1,710,089
Other County Officials	109,248
Receivables:	
Property Tax:	
Delinquent	1,270
Succeeding Year	17,014,196
Succeeding Year Tax Increment Financing	641,038
Accounts	9,149
Due from Other Custodial Fund	240
Due from Other Governments	53,854
Prepaid Expenses	<u>12,141</u>
Total Assets	<u>19,551,225</u>

Liabilities:

Accounts Payable	2,313
Salaries and Benefits Payable	1,007
Due to County's Governmental Funds	99,332
Due to County's Internal Service Fund	5,000
Due to Other Custodial Fund	240
Due to Other Governments	635,511
Trusts Payable	85,550
Compensated Absences	<u>21,498</u>
Total Liabilities	<u>850,451</u>

Deferred Inflows of Resources:

Unavailable Revenues:	
Succeeding Year Property Tax	17,014,196
Succeeding Year Tax Increment Financing	<u>641,038</u>
Total Deferred Inflows of Resources	<u>17,655,234</u>

Net Position:

Restricted for Individuals, Organizations and	
Other Governments	\$ 1,045,540
	<u>1,045,540</u>

See Notes to Financial Statements.

LYON COUNTY
Exhibit K – Statement of Changes in Fiduciary Net Position / Custodial Funds
Year Ended June 30, 2023

Additions:

Property and Other County Tax (Including TIF)	\$ 17,291,720
E911 Surcharge	39,127
State Tax Credits	1,106,116
Intergovernmental Revenues	308,051
Contribution from Lyon County	79,975
Office Fees and Collections	636,753
Electronic Transaction Fee	2,898
Auto & Drivers Licenses, Use Tax and Postage	5,336,580
Interest	31,094
Assessments	30,971
Trusts	601,819
Private Reimbursements	1,507
Total Additions	<u>25,466,611</u>

Deductions:

Custodial Remittances:

To County Funds/Other Custodial Funds	517,966
To Other Governments	24,593,859
Trusts Paid Out	605,971
Total Deductions	<u>25,717,796</u>

Change in Net Position	(251,185)
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Net Position Beginning of Year	<u>1,296,725</u>
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Net Position End of Year	<u>\$ 1,045,540</u>
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See Notes to Financial Statements.

LYON COUNTY
Notes to Financial Statements
June 30, 2023

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, 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, 2023, the County did not receive any revenue from or contribute/pay any money to the Lyon County Economic Development Consortium. The County paid \$92 to the Northwest Iowa Solid Waste Agency for florescent light bulbs and battery disposal; paid Northwest Iowa Youth Emergency Services \$22,021 for juvenile services; paid Sioux Rivers Regional Mental Health & Disability Services \$4,114 for the County's share of the Region's mental health services; contributed \$883 toward operations of the Northwest Iowa Regional Housing Authority; and contributed \$79,975 toward support of the Emergency Management Services. The Joint E911 Service paid the County \$3,000 for sign work and supplies; and the County Assessor and Emergency Management Services contributed \$36,449 and \$18,406, 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 American Rescue Plan Fund is used to account for American Rescue Plan Act (ARPA) revenues received by the County from the federal government to respond to the COVID-19 pandemic and its impacts. Qualifying expenditures in accordance with ARPA guidelines are being paid from the ARPA revenues.

- 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 to make 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 except for the investment in non-negotiable certificates of deposit.

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, 2021 assessed property valuations; are for the tax accrual period July 1, 2022 through June 30, 2023 and reflect the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

- **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.
- **Opioid Settlement Receivable** – The County will receive payments from certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failure to monitor for, detect, and prevent diversion of the drugs. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction and recovery services.
- **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 \$109,939 and \$128,036 in jail fees and ambulance charges receivables, respectively, which were not collected within 60 days after June 30, 2023 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 County Custodial Fund, 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, 2023, 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 consist of expendable supplies held for consumption. Inventories of governmental 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.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	25,000
Land, Buildings and Improvements	5,000
Right-to-use leased assets	5,000
Right-to-use subscription 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:

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

- **Leases – County as Lessee:** Lyon County is the lessee for a noncancelable 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 noncancelable 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 noncancelable 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 noncancelable 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.

- **Subscription-Based Information Technology Arrangements (SBITA)** – Lyon County has entered into a contract that conveys control of the right to use information technology software. The County has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The County recognized IT subscription liabilities with an initial, individual value of \$5,000, or more.

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

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

Lyon County uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The County monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

- **Deferred Outflows of Resources** – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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 these costs 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, 2023. 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, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the following Special Revenue Funds: Rural Services, Secondary Roads, and Economic Development.
- **Total OPEB Liability** – For purposes of measuring the total OPEB liability, deferred outflows/inflows 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 represent 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, 2023, the County's actual disbursements exceeded the final amount budgeted for the debt service function and actual disbursements exceeded the final amounts appropriated for the nondepartmental department.

Note 2: Cash, Cash Equivalents, and Pooled Investments

The County's deposits in banks at June 30, 2023 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, 2023, the County had the following investments:

Type	Pool / Number	Maturity Date	Fair Value
FHLMC	SER 2115 CL	January 15, 2029	\$ 2,863
FHLMC	SER 1570 SB	August 15, 2023	2
Money Market Mutual Fund	N/A	N/A	12,000
Treasury Bonds ETFs	N/A	N/A	12,004
			<hr/> \$ 26,869

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 \$2,865 was determined using significant other observable inputs. (Level 2 inputs). The County's investment of \$12,000 in the money market mutual fund and \$12,004 in the treasury bonds ETFs are unrated. There are no limitations or restrictions on withdrawals for the money market mutual fund and the treasury bonds ETFs.

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, 2023 in the two FHLMC securities, money market mutual fund, and treasury bonds ETFs 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, 2023.

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, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: CS Projects & Conservation Land Acquisition Trust	\$ 100,000
General	Custodial: County Offices (Recorder, Sheriff, Conservation) Auto License and Use Tax	72,872 14,721
Special Revenue: Secondary Roads	Special Revenue: County Tax Increment Financing	511,000
Special Revenue: County Recorder's Records Management	Custodial: County Offices (Recorder)	656
CS Projects & Conservation Land Acquisition Trust	County Offices (Conservation)	11,083
Internal Service: Employee Group Health	Custodial: Other (Flex Benefits Spending)	5,000
Custodial: Other (County Recorder's Electronic Fee)	Custodial: County Offices (Recorder) Total	240 \$ 312,022

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 \$100,000 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 \$100,000 is expected to be repaid in fiscal year '23/'24 from charges for services revenues and donations.

The \$511,00 balance owed to the Secondary Roads Fund by the County Tax Increment Financing Fund is the result of an interfund loan to help improve qualifying roadways, bridges, and culverts in the Lyon County Economic Development Urban Renewal Area. The interfund loan of \$511,000 is expected to be repaid during fiscal year '23/'24 as tax increment financing proceeds are received.

The \$5,000 balance owed to the Employee Group Health Fund by the Flex Benefits Spending Fund is due to a short-term interfund loan to provide funding until sufficient withholdings are received from participating employees. The interfund loan of \$5,000 is expected to be repaid during fiscal year '23/'24 as payroll withholdings from participating employees are collected.

Note 4: Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

Transfer To	Transfer From	Amount
Special Revenue:		
Secondary Roads	General	\$ 183,942
	Special Revenue:	
	Rural Services	2,466,646
	Road Use Tax Revenue	4,107,629
Debt Service	Special Revenue:	
	Road Use Tax Revenue	432,200
	Motor Graders Acquisition	22,000
Special Revenue:		
CS Projects & Conservation		
Land Acquisition Trust	General	100,000
Economic Development	General	65,000
	Special Revenue: Rural Services	65,000
	Total	\$ 7,442,417

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 Motor Graders Acquisition Fund to the Debt Service Fund was to properly transfer the "Road Use Tax Revenue Note, Series 2022" proceeds remaining in the Motor Graders Acquisition Fund after all the motor graders were purchased. 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 '22/23. 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: Land Leases Receivable

The County owns 39.1 acres of land, known as the Little Rock River & Venenga Wildlife Area, within Lyon County which is leased for farming purposes. The County entered into a lease agreement effective March 1, 2023 through February 28, 2026. The County is to receive \$8,890 annually with an implicit rate of 3.5%.

The County owns 31 acres of land, known as the Blankespoor Wildlife Area, within Lyon County which is leased for farming purposes. The County entered into a lease agreement effective March 1, 2023 through February 28, 2026. The County is to receive \$7,525 annually with an implicit rate of 3.5%.

The County owns 22.85 acres of land, known as the Boersma Wildlife Area, within Lyon County which is leased for farming purposes. The County entered into a lease agreement effective March 1, 2023 through February 28, 2026. The County is to receive \$3,924 annually with an implicit rate of 3.5%.

The County owns 86.1 acres of land, known as the Peterson Prairie Wildlife Area, within Lyon County which is leased for farming purposes. The County entered into a lease agreement effective March 1, 2023 through February 28, 2026. The County is to receive \$16,923 annually with an implicit rate of 3.5%.

The County owns 55 acres of farm land within Lyon County which is leased for farming purposes. The County entered into a lease agreement effective March 1, 2022 through February 28, 2025. The County is to receive \$14,025 annually with an implicit rate of 1.74%.

Year Ending June 30,	39.1 Acres Land	31 Acres Farm Land	22.85 Acres Land	86.1 Acres Land	55 Acres Land	Total
2024	\$ 8,890	7,525	0	16,923	14,025	\$ 47,363
2025	8,890	7,525	3,924	16,923	0	37,262
2026	8,890	7,525	3,924	16,923	0	37,262
Total	26,670	22,575	7,848	50,769	14,025	121,887
Less Interest	(1,485)	(1,256)	(564)	(2,825)	(240)	(6,370)
Present Value	<u>\$ 25,185</u>	<u>21,319</u>	<u>7,284</u>	<u>47,944</u>	<u>13,785</u>	<u>\$ 115,517</u>

Note 6: Capital Assets

Capital assets activity for the year ended June 30, 2023 were as follows:

	Restated, Balance Beginning of Year			Balance End of Year
		Increases	Decreases	
Governmental Activities:				
Capital Assets Not Being Depreciated/Amortized:				
Land	\$ 3,359,042	143,123	0	3,502,165
Construction in Progress	3,467,838	83,883	(928,983)	2,622,738
Total Capital Assets Not Being Depreciated/Amortized	<u>6,826,880</u>	<u>227,006</u>	<u>(928,983)</u>	<u>6,124,903</u>
Capital Assets Being Depreciated/Amortized:				
Buildings	13,007,962	0	0	13,007,962
Improvements Other Than Buildings	1,208,634	96,690	0	1,305,324
Machinery, Equipment and Vehicles	15,548,946	2,628,205	(2,162,131)	16,015,020
Infrastructure	54,115,748	928,983	0	55,044,731
Right-To-Use IT Subscriptions	88,666	0	0	88,666
Right-To-Use Leased Equipment	67,077	8,163	0	75,240
Total Capital Assets Being Depreciated/Amortized	<u>84,037,033</u>	<u>3,662,041</u>	<u>(2,162,131)</u>	<u>85,536,943</u>
Less Accumulated Depreciation/Amortization For:				
Buildings	4,070,683	358,537	0	4,429,220
Improvements Other Than Buildings	842,011	49,287	0	891,298
Machinery, Equipment and Vehicles	7,691,062	1,511,248	(1,018,463)	8,183,847
Infrastructure	15,035,987	1,858,358	0	16,894,345
Right-To-Use IT Subscriptions	0	29,555	0	29,555
Right-To-Use Leased Equipment	8,806	14,912	0	23,718
Total Accumulated Depreciation/Amortization	<u>27,648,549</u>	<u>3,821,897</u>	<u>(1,018,463)</u>	<u>30,451,983</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>56,388,484</u>	<u>(159,856)</u>	<u>(1,143,668)</u>	<u>55,084,960</u>
Governmental Activities Capital Assets, Net	<u>\$ 63,215,364</u>	<u>67,150</u>	<u>(2,072,651)</u>	<u>61,209,863</u>

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:		Amount
Public Safety and Legal Services		\$ 316,912
Physical Health and Social Services		4,042
County Environment and Education		195,985
Roads and Transportation		3,178,473
Governmental Services to Residents		83,174
Administration		43,311
Total Depreciation Expense – Governmental Activities		<u>\$ 3,821,897</u>

Patrol car cameras costing \$119,725 were purchased under an installment purchase agreement. Accumulated depreciation on the patrol car cameras totaled \$87,57863,853 at June 30, 2023. 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 \$11,722 at June 30, 2023.

Note 7: Due to Other Governments

The County purchases services from other governmental units and, also, acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2023 is as follows:

Fund	Description	Amount
General	Services, Permits, Hotel/Motel Tax & Utilities	\$ 12,572
Special Revenue:		
Secondary Roads	Utilities	30,533
Total for Governmental Funds		\$ 43,105
Custodial:		
County Offices	Collections	\$ 17,964
Agricultural Extension Education	Collections	2,068
Schools	Collections	92,009
Community Colleges	Collections	8,890
Corporations	Collections	15,655
Townships	Collections	3,665
Auto License and Use Tax	Collections	494,675
All Other	Collections	585
Total for Custodial Funds		\$ 635,511

Note 8: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	General Obligation Bonds	Road Use Tax Revenue Note	Equipment Acquisition Payable	Installment Purchase Payable
Balance Beginning of Year, Restated	\$ 1,815,000	2,489,000	15,283	52,362
Increases	0	0	0	0
Decreases	(585,000)	(388,000)	(4,894)	(17,454)
Balance End of Year	\$ 1,230,000	2,101,000	10,389	34,908
Due Within One Year	\$ 605,000	397,000	5,092	17,454
	Lease Agreements	IT Subscription Liability	Compensated Absences	Net Pension Liability (Asset)
Balance Beginning of Year, Restated	\$ 58,783	88,666	471,835	(1,513,538)
Increases	8,163	0	577,041	2,713,969
Decreases	(14,765)	(27,858)	(526,561)	(0)
Balance End of Year	\$ 52,181	60,808	522,315	1,200,431
Due Within One Year	\$ 15,061	30,142	508,762	0

	Total OPEB Liability	Total
Balance Beginning of Year, Restated	\$ 305,153	3,782,544
Increases	8,330	3,307,503
Decreases	(0)	(1,564,532)
Balance End of Year	<u>\$ 313,483</u>	<u>5,525,515</u>
Due Within One Year	<u>\$ 0</u>	<u>1,578,511</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/or 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. A summary of the County’s June 30, 2023 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Infrastructure Projects Bonds			
	Interest Rates	Principal	Interest	Total
2024	2.50%	\$ 605,000	30,750	635,750
2025	2.50%	625,000	15,625	640,625
Totals		<u>\$ 1,230,000</u>	<u>46,375</u>	<u>1,276,375</u>

During the fiscal year ended June 30, 2023, the County redeemed principal of \$585,000 on the general obligation bonds and paid interest of \$45,375 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 this revenue note payable as of June 30, 2023 is scheduled as follows:

Year Ending June 30,	Motor Graders Acquisition Note			
	Interest Rates	Principal	Interest	Total
2024	1.74%	\$ 397,000	35,424	432,424
2025	1.74%	410,000	28,267	438,267
2026	1.74%	419,000	20,999	439,999
2027	1.74%	429,000	13,563	442,563
2028	1.74%	446,000	5,935	451,935
Totals		<u>\$ 2,101,000</u>	<u>104,188</u>	<u>2,205,188</u>

During the fiscal year ended June 30, 2023, the County paid principal of \$388,000 and interest of \$40,156 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.

Equipment Acquisition 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 an equipment acquisition payable contract with John Deere Financial for the remaining balance of \$25,500. The equipment acquisition contract requires the balance due to be paid in five annual payments of \$5,512. The equipment acquisition payable carries a 3.961% interest rate. A summary of the June 30, 2023 equipment acquisition indebtedness payable indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2024	3.961%	\$ 5,092	420	5,512
2025	3.961%	5,297	215	5,512
Totals		\$ 10,389	635	11,024

During the fiscal year ended June 30, 2023, the County paid principal of \$4,894 and interest of \$618 through the General Fund on this equipment acquisition contract. 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 \$26,342 as of June 30, 2023.

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. A summary of the June 30, 2023 installment purchase payable indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal
2025	0%	\$ 17,454
2026	0%	17,454
Total		\$ 34,908

The installment due July 1, 2023 of \$17,454 was paid in June 2023 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 (\$2,867 annually) over 5 years, with a final payment due during February 2026. During the year ended June 30, 2023, principal and interest paid were \$2,711 and \$156, respectively.

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 (\$9,540 annually) over 5 years, with a final payment due during November 2026. During the year ended June 30, 2023, principal and interest paid were \$8,914 and \$626, respectively.

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 during the first year (\$1,492 annually) and \$462 (\$1,849 annually) over the next four years, with a final payment due during March 2027. During the year ended June 30, 2023, principal and interest paid were \$1,819 and \$135, respectively (there were five quarterly payments during fiscal year 2022-2023).

During August 2022, the County entered into a lease agreement for a Canon copier printer for the Health Services' office. An initial lease liability was recorded in the amount of \$8,163. The agreement bears interest using the leasing company's rate of 7.493% per annum and is payable in monthly installments of \$162/\$163 (\$1,950 annually) over 5 years, with a final payment due during July 2027. During the year ended June 30, 2023, principal and interest paid were \$1,321 and \$467, respectively (there were eleven monthly payments during fiscal year 2022-2023).

Future principal and interest lease payments as of June 30, 2023 are as follows:

Fiscal Year		Sharp Copier/Printer/Scanner			11 Sharp Copiers/Printers/Scanners		
Ending	June 30,	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,759	108	2,867	\$ 9,070	470	9,540	
2025	2,808	59	2,867	9,229	311	9,540	
2026	1,899	12	1,911	9,390	150	9,540	
2027	-	-	-	3,484	14	3,498	
2028	-	-	-	-	-	-	
Totals	\$ 7,466	179	7,645	\$ 31,173	945	32,118	

Fiscal Year		Postage Machine			Canon Copier Printer		
Ending	June 30,	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,744	105	1,849	\$ 1,488	462	1,950	
2025	1,775	74	1,849	1,603	347	1,950	
2026	1,806	43	1,849	1,728	222	1,950	
2027	1,375	12	1,387	1,862	88	1,950	
2028	-	-	-	161	2	163	
Totals	\$ 6,700	234	6,934	\$ 6,842	1,121	7,963	

Fiscal Year		Totals		
Ending	June 30,	Principal	Interest	Total
2024	\$ 15,061	1,145	16,206	
2025	15,415	791	16,206	
2026	14,823	427	15,250	
2027	6,721	114	6,835	
2028	161	2	163	
Totals	\$ 52,181	2,479	54,660	

IT Subscription Liability

On July 1, 2022, the County entered into an IT subscription license and services information technology agreement with Solutions for financial software and support. An initial IT subscription liability was recorded in the amount of \$88,666. The agreement requires annual payments of \$29,400 for the first year and \$31,200 for the second and third years, with an interest rate of 1.74% (the County's estimated incremental borrowing rate).

During the year ended June 30, 2023, principal and interest paid were \$27,858 and \$1,542, respectively. Future principal and interest agreement payments as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 30,142	1,058	31,200
2025	30,666	534	31,200
	\$ 60,808	1,592	62,400

Note 9: Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

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

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

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

In fiscal year 2023, 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 8.76% of covered payroll, for a total rate of 17.52%. 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, 2023 were \$574,513 (this amount includes \$551,126 for County employees/officials and \$23,387 for Assessor and Emergency Management employees).

Net Pension Liability, Pension Expense (Income), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the County reported a net pension liability of \$1,200,431 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the County's proportion was 0.031773%, which was a decrease of (0.438418)% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense (income) of \$(687,575). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 221,835	\$ 26,639
Changes of Assumptions	1,539	114,030
Net Difference Between Projected and Actual Earnings on IPERS' Investments	0	273,132
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	47,067	0
County Contributions Subsequent to the Measurement Date	574,513	0
Total	\$ 844,954	\$ 413,801

\$574,513 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2024	\$ (254,221)
2025	(181,674)
2026	(349,293)
2027	639,352
2028	2,476
Total	\$ 143,360

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2022 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	3.25 to 16.25%, Average, Including Inflation
(Effective June 30, 2017)	Rates Vary by Membership Group
Long-Term Investment Rate of Return	7.00%, Compounded Annually, Net of Investment
(Effective June 30, 2017)	Expense, Including Inflation
Wage Growth	3.25% per Annum, Based on 2.60% Inflation
(Effective June 30, 2017)	And 0.65% Real Wage Inflation

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	3.57%
International Equity	17.5	4.79
Global Smart Beta Equity	6.0	4.16
Core Plus Fixed Income	20.0	1.66
Public Credit	4.0	3.77
Cash	1.0	0.77
Private Equity	13.0	7.57
Private Real Assets	8.5	3.55
Private Credit	8.0	3.63
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
County's Proportionate Share of the Net Pension Liability	\$ 3,586,212	1,200,431	(897,761)

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

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2023.

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, 2023, there were 77 employees covered by the benefit terms: 76 active employees with coverage and 1 retired employee or beneficiary currently receiving benefit payments.

Total OPEB Liability – The County's total OPEB liability of \$313,483 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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, 2023)	2.60% per Annum
Rates of Salary Increase (Effective June 30, 2023)	3.25% per Annum, Including Inflation
Discount Rate (Effective June 30, 2023)	4.13%, Compounded Annually, Including Inflation
Healthcare Cost Trend Rate (Effective June 30, 2023)	7.0% 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 4.13% 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.

Changes in the Total OPEB Liability –

	Total OPEB Liability
Total OPEB Liability, Beginning of the Year	\$ 305,153
Changes for the Year:	
Service Cost	29,478
Interest	13,413
Differences Between Expected and Actual Experiences	(20,221)
Changes in Assumptions	(837)
Benefit Payments	(13,503)
Net Changes	8,330
Total OPEB Liability, End of Year	\$ 313,483

Changes of assumptions reflect a change in the discount rate from 4.09% in fiscal year 2022 to 4.13% in fiscal year 2023.

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 (3.13%) or 1% higher (5.13%) than the current discount rate.

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 334,896	313,483	293,121

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 (6.0%, decreasing to an ultimate rate of 3.5%) or 1% higher (8.0%, decreasing to an ultimate rate of 5.5%) than the current healthcare cost trend rate.

	Healthcare Cost		
	1% Decrease (6.0%)	Trend Rate (7.0%)	1% Increase (8.0%)
Total OPEB Liability	\$ 279,074	313,483	353,255

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized OPEB expense of \$6,157. At June 30, 2023, the County reported deferred outflows (inflows) of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ (126,767)
Changes in Assumptions	22,037	(24,047)
Total	\$ 22,037	\$ (150,814)

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

Year Ended June 30,	Total
2024	\$ (36,734)
2025	(26,017)
2026	(22,394)
2027	(10,889)
2027	(10,889)
Thereafter	(21,854)
Total	\$ (128,777)

Note 11: 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 \$24,127, 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, 2023 until September 24, 2030.

Note 12: Risk Management

Lyon County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 800 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement liability. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2023 were \$265,864 (\$261,175 County's governmental funds; \$4,689 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, law enforcement, cyber, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. The County also maintains bond coverage in the amount of \$200,000 through the Pool.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2023, no liability has been recorded in the County's financial statements. As of June 30, 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

Note 13: 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 was 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, 2023 were \$1,198,105. In addition, the County's custodial funds (County Assessor and Emergency Management Services) contributed \$54,855 in total to this fund during the fiscal year in order to participate in the County's health plan.

Note 14: 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, 2023; however, as disclosed previously, the County paid \$92 for the disposal of fluorescent 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 \$4,092,238 as of June 30, 2023 and the portion of the liability that has been recognized by the Agency as of June 30, 2023 is \$3,662,459. These amounts are based on what it would cost to perform all closure and post closure care during the year ended June 30, 2023. The estimated remaining life of the landfill is 2 years and the capacity used at June 30, 2023 is approximately 94.07 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 \$2,109,795 as of June 30, 2023 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, 2023, 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 15: 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 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, 2023 was \$22,521. As of June 30, 2023, the cumulative rebated amount to-date was \$171,233 and the maximum rebate remaining was \$43,767.

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, 2023 was \$80,757. As of June 30, 2023, the cumulative rebated amount to-date was \$329,781 and the maximum rebate remaining was \$136,549.

The County agreed to pay Premier Communications \$300,000 toward the Company's "Fiber Project" with incremental property tax revenues derived from the Lyon County Economic Development Urban Renewal Area. Premier Communication's "Fiber Project" consisted of the installation, operation, and maintenance of fiber optic cable conduit and a high-bandwidth fiber optic network in the Lyon County Economic Development Urban Renewal Area. The total paid to Premier Communications per this contract during the year ended June 30, 2023 was \$300,000.

During the fiscal year ended June 30, 2023, the County entered into a development agreement to rebate 50% of the incremental property tax paid by Diversified Technologies in exchange for the construction of a new facility including a manufacturing structure and a two-story office space. 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 6 years, up to a maximum rebate amount of \$800,000. Rebate payments, which are scheduled to begin on December 1, 2025, will be paid semi-annually in December and June.

Note 16: 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, 2023, \$155,274 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, 2023 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Rock Rapids	Urban Renewal and Economic Development Projects	\$ 43,936
City of Lester	Urban Renewal and Economic Development Projects	5,508
City of Doon	Urban Renewal and Economic Development Projects	4,233
City of Inwood	Urban Renewal and Economic Development Projects	6,683

Note 17: Deficit Fund Balance

The Special Revenue, County Tax Increment Financing Fund had a deficit fund balance at June 30, 2023 of \$511,000. The deficit balance in the County Tax Increment Financing Fund was a result of qualifying culvert improvement costs within the Lyon County Economic Development Urban Renewal Area in excess of available urban renewal tax increment collections. This deficit is expected to be eliminated in fiscal year ending June 30, 2024 upon collection of tax increment financing revenues.

Note 18: Commitments

The County has an agreement with the City of Sioux City, Iowa for the provision of hazardous materials response services. The agreement is in effect until June 30, 2027, unless terminated for cause earlier. The County is committed to pay or reimburse the City of Sioux City for all costs incurred by the City to staff and equip a HAZMAT team to respond to hazardous condition emergencies in the County. The County is also responsible for an annual base charge. The estimated annual base charge for each fiscal year ending June 30, 2024 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, 2023.

Note 19: 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 20: Subsequent Events

On August 11, 2023 the County purchased 76.17 acres of land containing a gravel pit that will supply gravel for the County. The purchase price was \$1,287,273 and paid from the General Basic Fund.

In October 2023, the County approved a proposal with Stone Group Architects related to an Annex remodel/rebuild project for space to accommodate an expanded Secondary Road shop and the Health Services department. The projected cost is approximately \$2,300,000 to be paid from the ARPA Fund. In March 2024, the Board of Supervisors accepted a proposed bid of \$1,240,000 from RCM for construction of the new secondary roads shop. The project will begin in fiscal year 2025.

Note 21: Accounting Change

Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), was implemented during fiscal year 2023. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Long-Term Liabilities	
	Capital Assets	IT Subscription Liability
Balances June 30, 2022, as Previously Reported	\$ 63,126,698	\$ 0
Change to Fully Implement GASBS No. 87	88,666	88,666
Balances July 1, 2022, as Restated	<u>63,215,364</u>	<u>\$ 88,666</u>

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, 2023

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Property and Other County Tax	\$ 9,356,325	8,838,392	8,838,392	517,933
Interest and Penalty on Property Tax	27,571	25,740	25,740	1,831
Intergovernmental	7,419,956	6,841,572	6,862,425	557,531
Licenses and Permits	89,129	68,900	68,900	20,229
Charges for Service	1,140,278	1,075,445	1,075,445	64,833
Use of Money and Property	727,248	123,366	123,366	603,882
Miscellaneous	396,064	150,050	289,868	106,196
Total Receipts	19,156,571	17,123,465	17,284,136	1,872,435
Disbursements:				
Public Safety and Legal Services	4,158,017	4,515,439	4,596,228	438,211
Physical Health and Social Services	620,925	728,059	745,479	124,554
County Environment and Education	1,017,214	1,040,445	1,040,445	23,231
Roads and Transportation	8,956,068	6,447,521	9,033,321	77,253
Governmental Services to Residents	549,197	594,861	594,861	45,664
Administration	1,440,374	1,498,386	1,578,714	138,340
Non-Program Current	403,278	501,493	503,895	100,617
Debt Service	1,059,649	631,595	668,595	(391,054)
Capital Projects	535,557	1,271,000	1,515,053	979,496
Total Disbursements	18,740,279	17,228,799	20,276,591	1,536,312
Excess (Deficiency) of Receipts Over (Under) Disbursements	416,292	(105,334)	(2,992,455)	3,408,747
Other Financing Sources, Net	1,600	0	0	1,600
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	417,892	(105,334)	(2,992,455)	3,410,347
Balance Beginning of Year	15,010,350	8,595,665	8,595,665	6,414,685
Balance End of Year	\$ 15,428,242	8,490,331	5,603,210	9,825,032

See Accompanying Independent Auditor's Report.

LYON COUNTY
Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2023

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 19,156,571	(965,061)	18,191,510
Expenditures	18,740,279	227,767	18,968,046
Net	416,292	(1,192,828)	(776,536)
Other Financing Sources, Net	1,600	686,668	688,268
Beginning Fund Balances	15,010,350	608,492	15,618,842
Ending Fund Balances	\$ 15,428,242	102,332	15,530,574

See Accompanying Independent Auditor's Report.

LYON COUNTY

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2023

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 nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program 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, four budget amendments increased budgeted receipts by \$160,671 and disbursements by \$3,047,792. 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. Each of these budgets may also be amended during the year utilizing similar statutorily prescribed procedures.

During the year ended June 30, 2023, the County's actual disbursements exceeded the final amount budgeted for the debt service function and actual disbursements exceeded the final amounts appropriated for the nondepartmental 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 Nine Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability (Asset)	0.031773%	**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)	\$ 1,200,431	(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	\$ 5,552,060	5,239,103	5,123,315	5,002,725	4,928,911	4,789,772	4,543,369	4,473,556	4,359,517
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(28.89)%	(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%	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.

** Overall plan net pension asset.

See Accompanying Independent Auditor's Report.

LYON COUNTY

Schedule of County Contributions

Iowa Public Employees' Retirement System

Required Supplementary Information

Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 574,512	517,506	494,431	487,865	480,764	450,646	439,545	419,294	414,687	403,269
Contributions in Relation to the Statutorily Required Contribution	<u>(574,512)</u>	<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>
Contribution Deficiency (Excess)	\$ 0	0	0	0	0	0	0	0	0	0
County's Covered Payroll	\$ 6,279,455	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
Contributions as a Percentage of Covered Payroll	9.15%	9.32%	9.44%	9.52%	9.61%	9.14%	9.18%	9.23%	9.27%	9.25%

See Accompanying Independent Auditor's Report.

LYON COUNTY
Notes to Required Supplementary Information –Pension Liability
Year Ended June 30, 2023

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

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

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 Six Years

	2023	2022	2021	2020	2019	2018
Service Cost	\$ 29,478	\$ 30,432	\$ 28,975	\$ 34,158	\$ 32,845	\$ 33,979
Interest Cost	13,413	7,940	9,527	14,362	15,542	16,114
Difference between Expected and Actual Experiences	(20,221)	(26,657)	(31,263)	(100,520)	(36,120)	(96,727)
Changes in Assumptions	(837)	(29,961)	10,944	19,979	10,754	21,722
Benefit Payments	(13,503)	(17,352)	(13,150)	(14,454)	(19,002)	(25,872)
Net Change in Total OPEB Liability	8,330	(35,598)	5,033	(46,475)	4,019	(50,784)
Total OPEB Liability, Beginning of Year	305,153	340,751	335,718	382,193	378,174	428,958
Total OPEB Liability, End of Year	\$ 313,483	\$ 305,153	\$ 340,751	\$ 335,718	\$ 382,193	\$ 378,174
Covered-Employee Payroll	\$ 5,676,133	\$ 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	5.52%	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, 2023	4.13%
Year Ended June 30, 2022	4.09%
Year Ended June 30, 2021	2.19%
Year Ended June 30, 2020	2.66%
Year Ended June 30, 2019	3.51%
Year Ended June 30, 2018	3.87%
Year Ended June 30, 2017	3.58%

See Accompanying Independent Auditor's Report.

Supplementary Information Lyon County

LYON COUNTY

Schedule 1 – Combining Balance Sheet / Nonmajor Governmental Funds

June 30, 2023

	Special				
	Economic Development	Resource Enhancement and Protection	County Recorder's Records Management	County Attorney Incentive	County Tax Increment Financing
Assets					
Cash, Cash Equivalents and Pooled Investments	\$ 179,567	36,161	17,758	53,992	0
Receivables:					
Succeeding Year Tax Increment Financing	0	0	0	0	615,212
Accounts Receivable	0	0	0	0	0
Due from Custodial Funds	0	0	656	0	0
Due from Other Governments	0	0	0	775	0
Prepaid Expenditures	182	0	0	0	0
Total Assets	179,749	36,161	18,414	54,767	615,212
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts Payable	445	0	0	0	0
Due to Other Governmental Funds	0	0	0	0	511,000
Unearned Revenues	0	0	0	0	0
Total Liabilities	445	0	0	0	511,000
Deferred Inflows of Resources:					
Unavailable Revenues:					
Succeeding Year Tax Increment Financing	0	0	0	0	615,212
Other	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	615,212
Fund Balances:					
Nonspendable:					
Prepaid Expenditures	182	0	0	0	0
Restricted For:					
Other Purposes	0	36,161	18,414	54,767	0
Committed For:					
Economic Development Purposes	179,122	0	0	0	0
Conservation Purposes	0	0	0	0	0
Unassigned	0	0	0	0	(511,000)
Total Fund Balances	179,304	36,161	18,414	54,767	(511,000)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 179,749	36,161	18,414	54,767	615,212

See Accompanying Independent Auditor's Report.

Schedule 1 (Continued)

Revenue						
Revolving Loans- Development Projects	Sheriff's Asset Forfeiture	CS Projects & Conservation Land Acquisition Trust	Well Closing Trust	Local Government Opioid Abatement	Capital Project - Nature Center	Total
68,778	34,424	334,318	27,973	27,242	0	780,213
0	0	0	0	0	0	615,212
0	0	351	0	97,561	0	97,912
0	0	11,083	0	0	0	11,739
0	0	0	0	0	0	775
1,175	0	0	0	0	0	1,357
69,953	34,424	345,752	27,973	124,803	0	1,507,208
0	0	0	0	0	0	445
0	0	100,000	0	0	0	611,000
0	0	0	0	0	0	0
0	0	100,000	0	0	0	611,445
0	0	0	0	0	0	615,212
0	0	11,083	0	97,561	0	108,644
0	0	11,083	0	97,561	0	723,856
1,175	0	0	0	0	0	1,357
0	34,424	0	27,973	27,242	0	198,981
68,778	0	0	0	0	0	247,900
0	0	234,669	0	0	0	234,669
0	0	0	0	0	0	(511,000)
69,953	34,424	234,669	27,973	27,242	0	171,907
69,953	34,424	345,752	27,973	124,803	0	1,507,208

LYON COUNTY

Schedule 2 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances / Nonmajor Governmental Funds Year Ended June 30, 2023

	Speical			
	Resource Enhancement Economic Development	County Recorder's Records Management	County Attorney Incentive	County Tax Increment Financing
Revenues:				
Property and Other County Tax	0	0	0	0
Tax Increment Financing	0	0	0	568,073
Intergovernmental	0	9,823	0	6,205
Charges for Service	0	0	2,898	0
Use of Money and Property	0	1,229	578	0
Miscellaneous	0	0	0	7,745
Total Revenues	0	11,052	3,476	574,278
Expenditures:				
Operating:				
Public Safety and Legal Services	0	0	2,076	0
Physical Health and Social Services	0	0	0	0
County Environment and Education	108,170	0	0	0
Roads and Transportation	0	0	0	682,000
Governmental Services to Residents	0	0	2,666	0
Administration	0	0	0	0
Non-Program Current	0	0	0	403,278
Capital Projects	0	10,324	0	0
Total Expenditures	108,170	10,324	2,666	2,076
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(108,170)	728	810	5,669
(511,000)				
Other Financing Sources:				
Operating Transfers In	130,000	0	0	0
Total Other Financing Sources	130,000	0	0	0
Changes in Fund Balances	21,830	728	810	5,669
Fund Balances Beginning of Year	157,474	35,433	17,604	49,098
Fund Balances End of Year	179,304	36,161	18,414	54,767
				(511,000)

See Accompanying Independent Auditor's Report.

Schedule 2 (Continued)

Revenue						
Revolving Loans- Development Projects	Sheriff's Asset Forfeiture	CS Projects & Conservation Land Acquisition Trust	Well Closing Trust	Local Government Opioid Abatement	Capital Project - Nature Center	Total
0	0	0	0	0	0	0
0	0	0	0	0	0	568,073
0	0	0	0	0	0	16,028
0	0	187,984	0	0	0	190,882
0	0	10,645	0	0	0	12,452
1,000	0	62,000	0	27,256	0	98,001
1,000	0	260,629	0	27,256	0	885,436
0	3,628	0	0	0	0	5,704
0	0	0	0	14	0	14
3,815	0	0	0	0	0	111,985
0	0	0	0	0	0	682,000
0	0	0	0	0	0	2,666
0	0	0	0	0	0	0
0	0	0	0	0	0	403,278
0	0	231,862	0	0	8,929	251,115
3,815	3,628	231,862	0	14	8,929	1,456,762
(2,815)	(3,628)	28,767	0	27,242	(8,929)	(571,326)
0	0	100,000	0	0	0	230,000
0	0	100,000	0	0	0	230,000
(2,815)	(3,628)	128,767	0	27,242	(8,929)	(341,326)
72,768	38,052	105,902	27,973	0	8,929	513,233
69,953	34,424	234,669	27,973	27,242	0	171,907

LYON COUNTY

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

June 30, 2023

	Agricultural					
	County Offices	Extension Education	County Assessor	Schools	Community Colleges	Corporations
Assets:						
Cash, Cash Equivalents and Pooled Investments:						
County Treasurer	\$ 0	2,068	137,850	92,009	8,890	15,655
Other County Officials	109,248	0	0	0	0	0
Receivables:						
Property Tax:						
Delinquent	0	13	19	589	56	591
Succeeding Year	0	268,293	396,570	11,738,899	1,186,182	2,967,646
Succeeding Year Tax						
Increment Financing	0	0	0	0	0	641,038
Accounts	341	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	0	0	0	0
Prepaid Expenses	0	0	6,303	0	0	0
Total Assets	109,589	270,374	540,742	11,831,497	1,195,128	3,624,930
Liabilities:						
Accounts Payable						
0	0	298	0	0	0	0
Salaries and Benefits Payable	0	0	1,007	0	0	0
Due to County's Governmental Funds	84,611	0	0	0	0	0
Due to County's Internal Service Fund	0	0	0	0	0	0
Due to Other Custodial Fund	240	0	0	0	0	0
Due to Other Governments	17,964	2,068	0	92,009	8,890	15,655
Trusts Payable	6,774	0	0	0	0	0
Compensated Absences	0	0	15,396	0	0	0
Total Liabilities	109,589	2,068	16,701	92,009	8,890	15,655
Deferred Inflows of Resources:						
Unavailable Revenues:						
Succeeding Year Property Tax	0	268,293	396,570	11,738,899	1,186,182	2,967,646
Succeeding Year Tax	0	0	0	0	0	641,038
Total Deferred Inflows of Resources	0	268,293	396,570	11,738,899	1,186,182	3,608,684
Net Position:						
Restricted for Individuals, Organizations and Other Governments						
	\$ 0	13	127,471	589	56	591

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
3,665	509,396	798,318	8,008	46,993	78,530	246	8,461	1,710,089
0	0	0	0	0	0	0	0	109,248
2	0	0	0	0	0	0	0	1,270
454,662	0	0	0	0	0	0	1,944	17,014,196
0	0	0	0	0	0	0	0	641,038
0	0	8,808	0	0	0	0	0	9,149
0	0	0	0	0	0	0	240	240
0	0	52,854	0	1,000	0	0	0	53,854
0	0	0	0	0	0	0	0	0
0	0	5,763	0	75	0	0	0	12,141
458,329	509,396	865,743	8,008	48,068	78,530	246	10,645	19,551,225
0	0	439	0	408	0	0	1,168	2,313
0	0	0	0	0	0	0	0	1,007
0	14,721	0	0	0	0	0	0	99,332
0	0	0	0	0	0	0	5,000	5,000
0	0	0	0	0	0	0	0	240
3,665	494,675	0	0	0	0	0	585	635,511
0	0	0	0	0	78,530	246	0	85,550
0	0	0	0	6,102	0	0	0	21,498
3,665	509,396	439	0	6,510	78,530	246	6,753	850,451
454,662	0	0	0	0	0	0	1,944	17,014,196
0	0	0	0	0	0	0	0	641,038
454,662	0	0	0	0	0	0	1,944	17,655,234
2	0	865,304	8,008	41,558	0	0	1,948	1,045,540

LYON COUNTY

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

Year Ended June 30, 2023

	Agricultural					
	County Offices	Extension Education	County Assessor	Schools	Community Colleges	Corporations
Additions:						
Property and Other County Tax (Including TIF)	\$ 0	258,432	332,537	11,433,208	1,124,009	3,699,978
E911 Surcharge	0	0	0	0	0	0
State Tax Credits	0	13,881	17,861	622,648	60,473	373,946
Intergovernmental Revenues	1,675	3,440	4,461	2,455	239	78,076
Contribution from Lyon County	0	0	0	0	0	0
Office Fees and Collections	636,753	0	0	0	0	0
Electronic Transaction Fee	0	0	0	0	0	0
Auto & Drivers Licenses, Use Tax and Postage	0	0	0	0	0	0
Interest	42	0	0	0	0	0
Assessments	0	0	0	0	0	0
Trusts	61,074	0	0	0	0	0
Private Reimbursements	0	0	507	0	0	0
Total Additions	699,544	275,753	355,366	12,058,311	1,184,721	4,152,000

Deductions:

Custodial Remittances:

To County Funds/Other Custodial Funds	287,994	0	36,449	0	0	0
To Other Governments	350,244	275,768	308,866	12,059,025	1,184,787	4,152,992
Trusts Paid Out	61,306	0	0	0	0	0
Total Deductions	699,544	275,768	345,315	12,059,025	1,184,787	4,152,992
Changes in Net Position	0	(15)	10,051	(714)	(66)	(992)
Net Position Beginning of Year	0	28	117,420	1,303	122	1,583
Net Position End of Year	\$ 0	13	127,471	589	56	591

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
441,073	0	0	0	0	0	0	2,483	17,291,720
0	0	39,127	0	0	0	0	0	39,127
17,173	0	0	0	0	0	0	134	1,106,116
4,488	0	175,397	37,785	0	0	0	35	308,051
0	0	0	79,975	0	0	0	0	79,975
0	0	0	0	0	0	0	0	636,753
0	0	0	0	0	0	0	2,898	2,898
0	5,336,580	0	0	0	0	0	0	5,336,580
0	0	31,051	0	0	0	0	1	31,094
0	0	0	0	0	0	0	30,971	30,971
0	0	0	0	98,384	72,369	324,152	45,840	601,819
0	0	1,000	0	0	0	0	0	1,507
462,734	5,336,580	246,575	117,760	98,384	72,369	324,152	82,362	25,466,611
0	172,117	3,000	18,406	0	0	0	0	517,966
462,733	5,164,463	513,346	85,255	0	0	0	36,380	24,593,859
0	0	0	0	98,384	72,369	324,152	49,760	605,971
462,733	5,336,580	516,346	103,661	98,384	72,369	324,152	86,140	25,717,796
1	0	(269,771)	14,099	0	0	0	(3,778)	(251,185)
1	0	1,143,083	27,459	0	0	0	5,726	1,296,725
2	0	873,312	41,558	0	0	0	1,948	1,045,540

LYON COUNTY

Schedule 5 – Schedule of Revenues by Source and Expenditures by Function / All Governmental Funds For The Last Ten Years

	Modified			
	2023	2022	2021	2020
Revenues:				
Property and Other County Tax	\$ 6,700,721	\$ 6,672,313	7,307,683	6,665,065
Interest and Penalty on Property Tax	27,517	24,580	38,390	15,416
Local Option Sales Tax	1,027,629	1,025,635	925,047	728,504
Hotel/Motel Tax	236,887	220,091	171,676	104,647
Gambling Taxes	828,262	816,247	695,745	456,560
Tax Increment Financing	568,073	605,415	651,640	571,574
Intergovernmental	6,542,769	6,925,226	7,229,100	6,494,964
Licenses and Permits	89,565	68,463	95,288	85,536
Charges for Service	1,080,733	1,185,274	1,202,176	1,036,597
Use of Money and Property	722,589	190,394	175,030	279,584
Miscellaneous	366,765	370,246	619,228	487,939
Total Revenues	\$ 18,191,510	\$ 18,103,884	19,111,003	16,926,386
Expenditures:				
Operating:				
Public Safety and Legal Services	\$ 3,970,127	\$ 3,953,217	3,427,751	3,624,930
Physical Health and Social Services	632,228	604,006	568,566	585,685
Mental Health	0	354,542	354,965	295,707
County Environment and Education	1,039,996	1,040,312	970,825	993,986
Roads and Transportation	9,494,355	8,092,678	6,163,013	6,400,017
Governmental Services to Residents	545,161	508,283	456,336	442,742
Administration	1,459,686	1,317,661	1,168,804	1,154,437
Non-Program Current	403,278	113,323	120,665	122,233
Debt Service	1,081,997	851,839	664,954	660,442
Capital Projects	341,218	689,134	3,589,679	2,317,488
Total Expenditures	\$ 18,968,046	\$ 17,524,995	17,485,558	16,597,667

See Accompanying Independent Auditor's Report.

Schedule 5 (Continued)

Accrual		Basis			
2019	2018	2017	2016	2015	2014
6,195,627	6,288,457	6,647,791	6,313,019	5,881,814	5,529,147
24,346	23,878	24,894	24,837	24,920	25,082
698,589	659,761	724,738	677,747	673,150	569,653
131,278	135,230	185,185	114,910	178,983	150,007
551,025	500,805	488,948	498,215	519,796	528,672
554,269	501,198	499,157	487,307	508,960	580,480
5,876,244	6,629,327	6,389,735	6,716,627	6,293,401	5,045,593
69,252	62,342	76,478	69,046	66,821	61,865
987,880	969,963	961,823	952,355	949,882	923,743
322,640	276,397	186,847	165,631	149,512	144,278
268,076	704,451	433,444	349,291	554,247	262,495
15,679,226	16,751,809	16,619,040	16,368,985	15,801,486	13,821,015
3,527,965	3,228,767	3,137,700	3,068,612	3,137,731	2,838,112
611,155	588,726	578,638	576,995	617,930	784,421
117,467	247,929	248,141	564,734	290,046	331,318
901,905	899,116	896,083	878,991	977,523	1,007,684
8,729,754	5,472,784	5,427,293	6,455,486	5,047,765	4,770,338
468,712	505,085	504,877	496,609	479,461	468,680
1,267,723	1,286,451	1,164,817	1,225,502	1,134,346	1,070,505
89,564	92,601	228,308	74,189	70,716	85,632
597,400	600,419	313,420	243,560	243,623	243,022
1,978,299	5,931,814	3,409,510	2,814,724	3,619,052	768,419
18,289,944	18,853,692	15,908,787	16,399,402	15,618,193	12,368,131

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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, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 22, 2024.

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 I of the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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 I of the accompanying Schedule of Findings as items 2023-001, 2023-003, 2023-005, 2023-006, 2023-007, 2023-008 and 2023-0010 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items 2023-002, 2023-004 and 2023-009 to be significant deficiencies.

MEMBERS

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

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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2023 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. 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

July 22, 2024

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Schedule of Findings
Lyon County

LYON COUNTY
Schedule of Findings
Year Ended June 30, 2023

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 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.

2023-002 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.

2023-003 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.

2023-004 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 effects the control environment for all aspects of the County.

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

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

2023-005 Payroll Issues

Criteria – Properly designed and implemented policies and procedures pertaining to payroll related functions assist in providing reasonable assurance payroll related information is complete and accurate. A deficiency in internal control over financial reporting exists when procedures implemented to safeguard against error or fraud are not being properly executed and enforced.

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. There were instances of the wages being paid not matching what was approved in the minutes.

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, as well as the rate paid be approved and properly noted in order for the employee's payroll to be processed.

Effect – A lack of policies and procedures in regards to time sheets and rate of pay 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 or the correct amounts being paid. 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. There also needs to be procedures in place to be sure that any pay rate changes are approved before implementing pay changes.

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

Conclusion – Response accepted. Please strongly consider adopting and implementing a policy on requiring completed time sheets and approving all pay rate changes as part of the County's payroll procedures.

2023-006 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.

2023-007 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.

2023-008 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.

2023-009 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.

2023 – 0010 Capital Assets Records

Criteria – An effective internal control system provides for safeguarding of capital assets from the County’s capital asset listing to minimize the risk of financial misstatement due to error or fraud.

Condition – The capital asset listing did not include all new additions or dispositions made during the year. Written authorization from the department heads is not required prior to adding to or deleting items from the County’s capital asset listing.

Cause – Policies have not been established and procedures have not been implemented to ensure additions to and deletions from the County’s capital asset listing are properly recorded.

Effect – This condition results in incomplete additions to and deletions from the County’s capital asset listing, resulting in possible misstatements.

Recommendation – Written authorization should be required before capital assets are added to or deleted from the capital asset listing. The capital asset listing should be compared to expenditure detail to ensure all assets are properly included.

Response – We will work on implementing a policy for recording capital assets upon purchase and removing capital assets upon disposition.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part II: Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amount budgeted in the debt service function and disbursements in the nondepartmental department exceeded the amount appropriated. The amount of the original departmental appropriations approved by the Board of Supervisors did not properly reconcile to the County's adopted budget.

Recommendation – The County's budget should have been amended in accordance with Chapters 331.435 and 331.437 of the Code of Iowa before disbursements were allowed to exceed the amount budgeted for the debt service function and the amount appropriated for the nondepartmental department.

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

The County needs to establish procedures to ensure the amount of the original departmental appropriations approved by the Board of Supervisors reconciles properly to the County's adopted budget.

Response - We are aware of the issue which created the debt service function and the nondepartmental department appropriation to be exceeded and have taken steps to prevent it from happening again in the future. We will make sure the County's adopted budget reconciles properly to the approved departmental appropriations in the future.

Conclusion - Response accepted.

2023-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.

2023-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: 2023-B” for a possible related comment.

2023-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	\$3,900
Todd Reinke Conservation Board member Todd's True Value owner	Supplies	2,103
Amy Borman Ambulance Director Borman Construction spouse is owner	Labor/repairs on ambulances	1,384
Trudy Beyenhof Secondary Roads employee Rock Rapids Machine & Welding son is owner	Welding services	551
Amy Borman Ambulance Director EJ Design; son-in-law is owner	Screen printing on ambulance shirts	354
Steve Herman Board of Supervisors H&S Homebuilding Center	Miscellaneous lumber supplies	42

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, none of the transactions appear to represent conflicts of interest since total transactions with each individual were less than \$6,000 during the fiscal year.

2023-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.

2023-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.

2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2023-H Deposits and Investments – The deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County’s investment policy were complied with except for the interest earned on money held in the Local Government Opioid Abatement Fund was reported in the County’s General Fund and interest earned on money held in the American Rescue Plan Fund was reported in the American Rescue Plan Fund during the fiscal year ended June 30, 2023.

Recommendation – In accordance with Chapters 12C and 331 of the Code of Iowa, interest earnings generated on the money in the Local Government Opioid Abatement Fund needs to be reported in the Local Government Opioid Abatement Fund and used solely for eligible opioid related expenditures. All

interest earned since the Local Government Opioid Abatement Fund's inception, which was previously deposited in the County's General Fund, should be transferred to the Local Government Opioid Abatement Fund.

In accordance with Chapters 12C.7 of the Code of Iowa, interest earnings generated on the money in the American Rescue Plan Fund needs to be reported in the County's General Fund. All interest earned since the American Rescue Plan Fund's inception, which was previously deposited in the American Rescue Plan Fund, should be transferred to the County's General Fund.

Response – We implemented this recommendation during the fiscal year ended June 30, 2024. Interest earnings are properly being reported in the Local Government Opioid Abatement Fund and the County's General Fund in accordance with the Code of Iowa.

Conclusion – Response accepted.

2023-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).

2023-J Tax Increment Financing (TIF) – Payments from the Special Revenue, County Tax Increment Financing Fund properly included only payments for TIF loans and rebates. Also, Lyon County properly completed the Tax Increment Debt Forms 1, 2, or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt, or to request a reduced distribution of TIF.

2023-K Tax Increment Financing Reporting – The County maintains reconciliations of total certified TIF debt and tax increment financing received and eligible to be paid to each governing body within Lyon County for TIF indebtedness; however, we noted a few errors on the reconciliation spreadsheets used to track the certified debt balances.

Recommendation – In accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa, the County Auditor is “to provide for the division of taxes in each subsequent year without further certification... until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund”. To assist in meeting this requirement, the County Auditor should develop procedures which enhance the ability to prepare the County's tax increment financing reconciliation documents accurately.

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

Conclusion – Response accepted.

2023-L 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 as required by Chapter 331.403(3)(a) of the Code of Iowa. However, we noted several errors on the Annual Urban Renewal Report in regards to the amounts reported for TIF debt outstanding, TIF revenues, rebate expenditures, non-rebate expenditures, cash balance of the TIF Special Revenue Fund, and year-end outstanding TIF obligations, net of TIF Special Revenue Fund balance.

Recommendation – The County should implement procedures to ensure that all information reported on the Urban Renewal Annual Report is all-inclusive and accurate by properly reconciling the information to the County's financial records.

Response – We will work on developing procedures to implement this recommendation.

Conclusion – Response accepted.

2023-M Obligations Report – The “Outstanding Obligations Disclosure Statement Report Year 2023” filed with the Treasurer of the State of Iowa improperly reported the amount of debt outstanding at June 30, 2023 for one of the County’s capital leases/lease to purchase payables. Chapter 12.1 of the Code of Iowa requires each debt obligation be reported at the actual principal balance on June 30, 2023.

Recommendation – The County should develop procedures to ensure that all debt obligations are properly reported on the “Outstanding Obligations Disclosure Statement Report” in accordance with the Code of Iowa Chapter 12.1.

Response – We have established procedures to ensure that all debt is reported properly on the “Outstanding Obligations Disclosure Statement Report Year 2024”.

Conclusion – Response accepted.

2023-N Financial Condition – There was a deficit fund balance of \$511,000 in the County Tax Increment Financing Fund at June 30, 2023.

Recommendation – The County should investigate alternatives to eliminate this deficit fund balance to return the County Tax Increment Financing Fund to a sound financial position.

Response – Tax increment financing has been levied to eliminate the County Tax Increment Financing Fund deficit.

Conclusion – Response accepted.

2023-O Emergency Management’s Budget – The Lyon County Emergency Management’s disbursements during the year ended June 30, 2023 exceeded the adopted budget amount for disbursements.

Recommendation – The Lyon County Emergency Management’s budget should have been amended in accordance with Chapters 24.9 and 441.16 of the Code of Iowa before disbursements were allowed to exceed the amount budgeted.

Response – We will make sure the budget is amended in the future before disbursements exceed the adopted budget amount.

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