

LYON COUNTY, MINNESOTA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024



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MARSHALL, MINNESOTA
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Lyon County
Marshall, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lyon County (the County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as 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, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2024, and the respective changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 6 to the financial statements, Lyon County implemented GASB Statement No. 101, *Compensated Absences*. Net position of the business type activities and the landfill enterprise fund were restated for the change in accounting principle. 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.

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 the 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.

Auditors' 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 auditors' 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 judgment 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 judgment 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in the total OPEB liability, related ratios and notes, schedule of the proportionate share of the net pension liability (asset), the schedule of pension contributions, and notes to the required supplementary information, as listed in the table of contents, 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 the County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2025, on our consideration of the 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 the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LYON COUNTY
MARSHALL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)**

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the County's financial activities for the fiscal year ended December 31, 2024. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Lyon County exceeded its liabilities and deferred inflows on December 31, 2024, by \$147,108,506 (net position). Of this amount, \$11,650,995 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1,258,670 in 2024 from current operations. A large part of the increase is attributable to the County's increase in capital grants and contributions.
- The net cost of governmental and business-type activities for the current fiscal year was \$21,089,450. The net cost was funded by general revenues totaling \$22,348,120.
- As of the close of 2024, the County's governmental funds reported combined ending fund balances of \$27,786,064 a decrease of \$1,570,954 in comparison with 2023 combined ending fund balances. Of the 2024 balance, \$18,953,551 was unrestricted (committed, assigned, and unassigned) and, thus, available for spending at the government's discretion.
- At the end of 2024, the unrestricted fund balance for the General Fund was \$14,746,035, or 79.1 percent, of the total General Fund expenditures for the year. This represents a decrease from 2023, in which the unrestricted fund balance for the General Fund represented 85.3 percent of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information.

**LYON COUNTY
MARSHALL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County using the full accrual basis of accounting, with the difference (assets plus deferred outflows of resources less liabilities and deferred inflows of resources) being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. It is important to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of County roads and other capital assets, to assess the overall health of the County.

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 underlying event giving rise to 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 result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from those that are intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Lyon County has only the landfill reported as a business-type activity.

The government-wide statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

Fund financial statements provide detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting. Such information may be useful in evaluating a government's near-term financial requirements.

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, and Human Services Special Revenue Fund. Budgetary comparison schedules have been provided as required supplementary information for each of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements are Exhibits 3 through 6 of this report.

The proprietary funds account for the Landfill Enterprise Fund and the Internal Service Fund. The financial statements for these funds provide the same type of information as the government-wide financial statements--only in more detail.

The basic proprietary fund financial statements are Exhibits 7 through 9 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not included in the government-wide statements because the resources of those funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on Exhibits 10 and 11.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 92 of this report.

**LYON COUNTY
MARSHALL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$147,108,506 at the close of 2024. The largest portion of Lyon County's net position (78.4 percent) reflects the County's net investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges), less any related outstanding debt used to acquire those assets. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt. Comparative data with 2023 is presented:

	Net Position			2023
	2024			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets				
Current and other assets	\$ 41,084,636	\$ 12,460,211	\$ 53,544,847	\$ 57,576,145
Capital assets	118,426,389	4,724,682	123,151,071	115,320,760
Right-to-use assets	254,200	-	254,200	185,060
Total Assets	<u>\$ 159,765,225</u>	<u>\$ 17,184,893</u>	<u>\$ 176,950,118</u>	<u>\$ 173,081,965</u>
Deferred Outflows of Resources				
Deferred pension outflows	\$ 3,112,186	\$ 53,765	\$ 3,165,951	\$ 4,480,716
Deferred OPEB outflows	418,027	38,235	456,262	344,527
Total Deferred Outflows of Resources	<u>3,530,213</u>	<u>92,000</u>	<u>3,622,213</u>	<u>4,825,243</u>
Liabilities				
Long-term liabilities	\$ 19,232,688	\$ 3,739,227	\$ 22,971,915	\$ 22,902,317
Other liabilities	3,178,519	933,284	4,111,803	2,659,048
Total Liabilities	<u>\$ 22,411,207</u>	<u>\$ 4,672,511</u>	<u>\$ 27,083,718</u>	<u>\$ 25,561,365</u>
Deferred Inflows of Resources				
Deferred pension inflows	\$ 5,156,559	\$ 152,649	\$ 5,309,208	\$ 5,244,358
Deferred lease related	169,168	23,483	192,651	330,293
Deferred OPEB inflows	804,651	73,597	878,248	843,781
Total Deferred Inflows of Resources	<u>\$ 6,130,378</u>	<u>\$ 249,729</u>	<u>\$ 6,380,107</u>	<u>\$ 6,418,432</u>
Net Position				
Net investment in capital assets	\$ 110,529,276	\$ 4,200,288	\$ 114,729,564	\$ 106,030,246
Restricted	17,365,490	2,838,063	20,203,553	20,170,711
Unrestricted	6,859,087	5,316,302	12,175,389	19,726,454
Total Net Position	<u>\$ 134,753,853</u>	<u>\$ 12,354,653</u>	<u>\$ 147,108,506</u>	<u>\$ 145,927,411</u>

Unrestricted net position (in the amount of \$11,650,995) -- the part of net position that may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements -- was 7.9 percent of the net position.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Lyon County's activities increased net position during 2024 by \$1,258,670, representing a 0.9 percent increase. Key elements in this increase in net position are as follows for 2024, with comparative data for 2023:

	Changes in Net Position			2023
	2024			
	Governmental Activities	Business-Type Activities	Total	
Revenues				
Program revenues				
Fees, charges, fines and other	\$ 5,222,837	\$ 3,493,075	\$ 8,715,912	\$ 9,055,266
Operating grants and contributions	5,743,371	-	5,743,371	4,895,488
Capital grants and contributions	5,171,473	-	5,171,473	3,699,344
General revenues				
Property taxes	16,109,312	-	16,109,312	15,944,253
Other	5,908,638	330,170	6,238,808	5,979,616
Total Revenues	\$ 38,155,631	\$ 3,823,245	\$ 41,978,876	\$ 39,573,967
Expenses				
General government	7,974,417	-	7,974,417	7,838,252
Public safety	7,876,204	-	7,876,204	7,660,963
Highways and streets	7,781,973	-	7,781,973	8,310,151
Sanitation	1,011,705	3,686,256	4,697,961	4,242,012
Human services	3,912,336	-	3,912,336	3,979,218
Health	619,382	-	619,382	365,358
Culture and recreation	1,264,068	-	1,264,068	1,311,986
Conservation of natural resources	5,262,143	-	5,262,143	2,218,949
Economic development	1,002,178	-	1,002,178	1,344,696
Interest	329,544	-	329,544	341,223
Total Expenses	\$ 37,033,950	\$ 3,686,256	\$ 40,720,206	\$ 37,612,808
Change in Net Position	1,121,681	136,989	1,258,670	1,961,159
Net Position - January 1	133,632,172	12,295,239	145,927,411	143,966,252
Changes in Accounting Principle	-	(77,575)	(77,575)	-
Net Position - January 1 (as restated)	133,632,172	12,217,664	145,849,836	143,966,252
Net Position - December 31	\$ 134,753,853	\$ 12,354,653	\$ 147,108,506	\$ 145,927,411

**LYON COUNTY
MARSHALL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities:

In 2024, the total net position of the governmental activities increased by \$1,121,681 to \$134,753,853. The primary reason for the change is an increase in operating and capital grants and contributions.

Business-Type Activities:

In 2024 total net position of the county's business-type activities increased by \$136,989 to \$12,354,653. At year-end, the County's business-type activities consisted of landfill services and there was an increase in the current year net position.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances left at year-end available for spending. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$27,786,064, a decrease of \$1,570,954 in comparison with the prior year. Of the combined ending fund balances, \$18,953,551 represents unrestricted fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is classified as either nonspendable or restricted to indicate that it is not available for new spending because it has already been restricted for various reasons, either by state law, grant agreements, or bond covenants, or is nonspendable.

The General Fund is the chief operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of \$14,746,035. Fund balance in the General Fund decreased \$813,652 from the prior year primarily due to more general government expenditures spent than budgeted for. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 79.1 percent of total General Fund expenditures.

The Road and Bridge Special Revenue Fund had an unrestricted fund balance of \$4,207,416 at year-end. In total, fund balance for the Road and Bridge Special Revenue Fund increased \$389,863 from the previous year, primarily due to more intergovernmental revenue received than budgeted for.

The Human Services function for Lyon County is performed through a joint powers agreement between multiple counties and is known as Southwest Health and Human Services. Lyon County participates in this joint powers authority and annually levies a Human Service levy on Lyon County property as required by the Joint Health and Human Services Board.

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Detailed financial information of the activities of Southwest Health and Human Services can be addressed to Southwest Health and Human Services, 607 West Main Street, Marshall, Minnesota 56258.

The Ditch Special Revenue Fund had a total restricted ending balance of \$1,888,948. This total ending balance represents a \$1,275,947 decrease in fund balance primarily due to higher conservation of natural resources expenditures compared to the prior year. The restricted fund balance amount at fiscal year-end was 40.3 percent of the annual expenditures for the fund.

The Debt Service Fund had a restricted ending balance of \$1,421,938. This ending balance represents a \$84,744 increase in fund balance from the prior year. The restricted fund balance amount at fiscal year-end was 120.3 percent of the annual expenditures for the fund.

The Opioid Remediation Special Revenue Fund was established in 2021 and is used to account for the financial activity related to the County's share of the national opioid settlement agreement. Ending restricted fund balance at year end is \$0 and represents the unspent portion of the settlement received thus far. The amounts due to the County total \$411,620 and will be paid over the next 16 years.

Governmental Activities

The County's total revenues for 2024 were \$38,155,631. Table 1 provides a breakdown of the source of revenues for governmental activities for the year ended December 31, 2024.

**Table 1
Total Revenues - Governmental Activities**

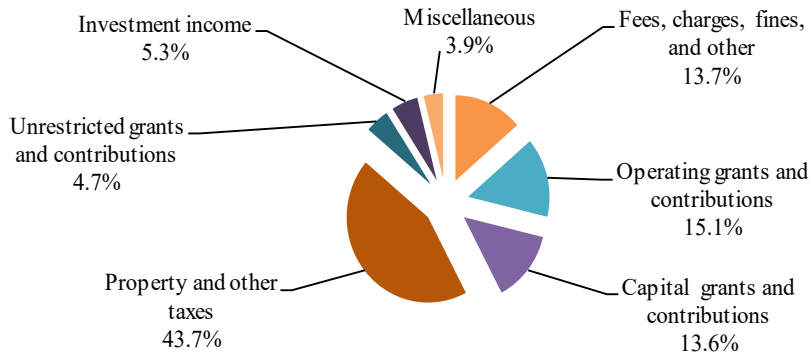


Table 2 (page 11) presents the revenues and expenses of each of the County's governmental activities, as well as the County's revenues from other sources such as property taxes, interest, and unrestricted grants.

Total revenues for the County's governmental activities were \$38,155,631, while total expenses were \$37,033,950. This corresponds to a \$1,121,681 increase in net position for the year ended December 31, 2024.

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**Table 2
Program Revenues, General Revenues, and Expenses
Governmental Activities**

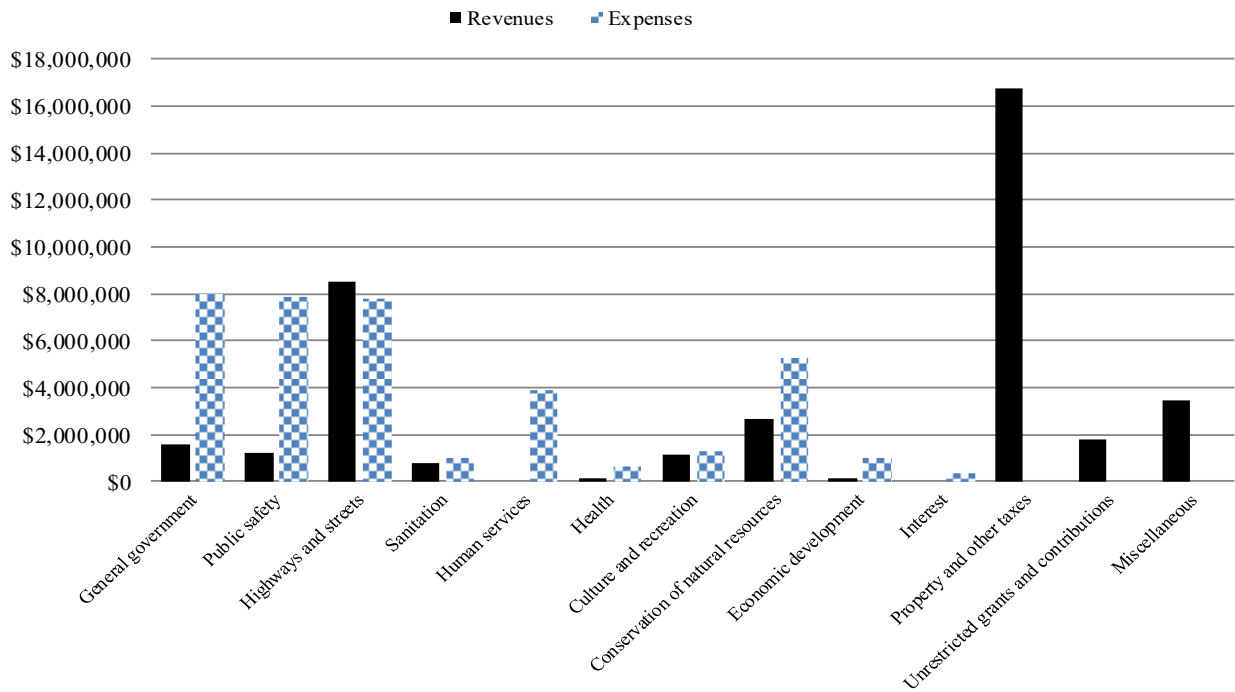


Table 3 displays the cost of each of the County’s four largest program functions as well as each function’s net cost (total cost, less revenues generated by the activity). The net cost shows the financial burden placed on the County’s taxpayers by each of these functions.

**Table 3
Governmental Activities**

	Total Cost of Services 2024	Net Cost (Revenue) of Services 2024
Public safety	\$ 7,876,204	\$ (6,655,741)
Highways and streets	7,781,973	729,801
General government	7,974,417	(6,412,989)
Human services	3,912,336	(3,912,336)
All others	9,489,020	(4,645,004)
Totals	\$ 37,033,950	\$ (20,896,269)

**LYON COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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General Fund Budgetary Highlights

General Fund revenues exceeded budgeted revenues by \$1,629,305, primarily due to more intergovernmental revenue received than budgeted for.

General Fund expenditures were more than budgeted expenditures by \$2,654,236, primarily due to costs related to building repairs, capital outlay and parks expenditures exceeding the budget.

CAPITAL ASSETS, RIGHT-TO-USE ASSETS AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Assets

Lyon County's depreciable/amortizable capital assets/right-to-use assets for its governmental activities at December 31, 2024, totaled \$114,779,387 (net of accumulated depreciation/amortization). This investment in capital assets includes land improvements, buildings, equipment, and infrastructure. The County's investment in depreciable capital assets increased \$4,970,352 from the previous year.

Depreciable Governmental Capital and Right-to-Use Assets

	2024	2023
Capital assets depreciated		
Land improvements	\$ 3,610,093	\$ 3,610,093
Buildings	33,501,546	33,501,546
Machinery and equipment	9,991,504	9,709,317
Infrastructure	139,351,718	130,633,522
Total capital assets depreciated	\$ 186,454,861	\$ 177,454,478
Less: accumulated depreciation for		
Land improvements	\$ 1,473,158	\$ 1,336,107
Buildings	11,455,092	10,829,181
Machinery and equipment	7,395,160	6,892,845
Infrastructure	51,606,264	48,772,370
Total accumulated depreciation	71,929,674	67,830,503
Total Capital Assets Depreciated, Net	114,525,187	109,623,975
Right-to-use asset		
Leased equipment	401,376	322,701
Less: accumulated amortization	(147,176)	(137,641)
Total right-to-use asset.	254,200	185,060
Total Capital and Right-to-Use Assets		
Depreciated/Amortized, Net	\$ 114,779,387	\$ 109,809,035

Additional information on the County's capital assets can be found in Note 3.A.3. of the financial statements.

**LYON COUNTY
MARSHALL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)**

Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$11,817,367 for governmental activities, which was backed by the full faith and credit of the government. Other liabilities and contingencies are described in the notes to the financial statements.

Outstanding Debt

	2024	2023
Special assessment debt	\$ 3,741,885	\$ 1,765,909
General obligation debt	7,674,041	8,617,307
Notes payable	150,000	175,000
Lease liability	251,441	190,806
Total	\$ 11,817,367	\$ 10,749,022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The County's elected and appointed officials considered many factors when setting the 2024 budget, tax rates, and fees that will be charged for the year.

The average unemployment rate for Lyon County for 2024 was 2.8 percent. This is in line with the state unemployment rate of 3.0 percent and shows a slight increase from the County's 2.3 percent rate of one year ago. This could impact the level of services requested by County residents.

The 2025 gross property tax levy for the County increased 5.7 percent (\$991,744) from 2024, and the net tax levy (the amount spread to taxpayers) also increased 4.2 percent (\$681,030) from 2024.

County Tax Rate and Net Tax Levy History

2024	27.265%	\$ 16,215,001
2023	33.596	16,043,924
2022	37.590	15,511,167
2021	38.951	15,246,415
2020	38.968	15,080,187
2019	37.768	14,751,251
2018	37.500	14,462,011
2017	35.984	14,318,823
2016	35.221	14,102,515
2015	32.132	13,247,000
2014	32.792	12,676,566

On December 17, 2024, the Lyon County Board of Commissioners approved the 2025 budget and adopted a net property tax levy of \$16,896,031, which represents a 4.2 percent increase over the 2024 property tax levy of \$16,215,001.

**LYON COUNTY
MARSHALL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(UNAUDITED)**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lyon County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the County Auditor/Treasurer, Abby Vandelanotte 607 West Main Street, Marshall, Minnesota 56258.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 29,383,458	\$ 6,521,898	\$ 35,905,356
Receivables	11,006,716	338,064	11,344,780
Internal Balances	64,129	(64,129)	-
Prepaid Supplies	528,429	-	528,429
Prepaid Expenses	101,904	6,805	108,709
Restricted Assets	-	5,657,573	5,657,573
Capital Assets:			
Nondepreciable	3,901,202	2,914,016	6,815,218
Depreciable Assets - Net of Accumulated Depreciation	114,525,187	1,810,666	116,335,853
Right-to-Use Assets - Net of Accumulated Amortization	254,200	-	254,200
Total Assets	<u>\$ 159,765,225</u>	<u>\$ 17,184,893</u>	<u>\$ 176,950,118</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	\$ 3,112,186	\$ 53,765	\$ 3,165,951
Other Postemployment Benefits Obligations Related	418,027	38,235	456,262
Total Deferred Outflows of Resources	<u>\$ 3,530,213</u>	<u>\$ 92,000</u>	<u>\$ 3,622,213</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	\$ 2,553,129	\$ 895,049	\$ 3,448,178
Customer Deposits	45,000	-	45,000
Interest Payable	162,363	-	162,363
Other Postemployment Benefits Obligations Due Within One Year	418,027	38,235	456,262
Long-Term Liabilities:			
Due Within One Year	1,939,409	163,908	2,103,317
Due in More than One Year	11,420,099	3,306,600	14,726,699
Net Pension Liability	4,062,995	217,689	4,280,684
Other Postemployment Benefits Obligations	1,810,185	51,030	1,861,215
Total Liabilities	<u>\$ 22,411,207</u>	<u>\$ 4,672,511</u>	<u>\$ 27,083,718</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	\$ 5,156,559	\$ 152,649	\$ 5,309,208
Lease Related	169,168	23,483	192,651
Other Postemployment Benefits Obligations Related	804,651	73,597	878,248
Total Deferred Inflows of Resources	<u>\$ 6,130,378</u>	<u>\$ 249,729</u>	<u>\$ 6,380,107</u>
NET POSITION			
Net Investment in Capital Assets	\$ 110,529,276	\$ 4,200,288	\$ 114,729,564
Restricted for:			
Opioid Epidemic Response	411,620	-	411,620
Public Safety	1,288,257	-	1,288,257
Highways and Streets	8,058,596	-	8,058,596
Conservation of Natural Resources	4,993,545	-	4,993,545
Human Services	142,400	-	142,400
Landfill Closure/Postclosure Care	-	2,838,063	2,838,063
Debt Service	1,289,523	-	1,289,523
Other Purposes	1,181,549	-	1,181,549
Unrestricted	6,859,087	5,316,302	12,175,389
Total Net Position	<u>\$ 134,753,853</u>	<u>\$ 12,354,653</u>	<u>\$ 147,108,506</u>

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 7,974,417	\$ 1,233,090	\$ 328,338	\$ -	\$ (6,412,989)	\$ -	\$ (6,412,989)
Public Safety	7,876,204	481,457	739,006	-	(6,655,741)	-	(6,655,741)
Highways and Streets	7,781,973	288,257	3,052,044	5,171,473	729,801	-	729,801
Sanitation	1,011,705	613,890	152,388	-	(245,427)	-	(245,427)
Human Services	3,912,336	-	-	-	(3,912,336)	-	(3,912,336)
Health	619,382	-	147,723	-	(471,659)	-	(471,659)
Culture and Recreation	1,264,068	108,380	1,052,695	-	(102,993)	-	(102,993)
Conservation of Natural Resources	5,262,143	2,497,763	166,478	-	(2,597,902)	-	(2,597,902)
Economic Development	1,002,178	-	104,699	-	(897,479)	-	(897,479)
Interest	329,544	-	-	-	(329,544)	-	(329,544)
Total Governmental Activities	\$ 37,033,950	\$ 5,222,837	\$ 5,743,371	\$ 5,171,473	\$ (20,896,269)	\$ -	\$ (20,896,269)
BUSINESS-TYPE ACTIVITIES							
Landfill	3,686,256	3,493,075	-	-	-	(193,181)	(193,181)
Total	\$ 40,720,206	\$ 8,715,912	\$ 5,743,371	\$ 5,171,473	\$ (20,896,269)	\$ (193,181)	\$ (21,089,450)
GENERAL REVENUES							
Property Taxes					\$ 16,109,312	\$ -	\$ 16,109,312
Mortgage Registry and Deed Tax					20,558	-	20,558
Wheelage Tax					257,957	-	257,957
Payment in Lieu of Tax					338,035	-	338,035
Grants and Contributions not Restricted for a Particular Purpose					1,806,127	-	1,806,127
Interest Income					2,014,173	294,682	2,308,855
Miscellaneous					1,471,788	35,488	1,507,276
Total General Revenues					\$ 22,017,950	\$ 330,170	\$ 22,348,120
CHANGE IN NET POSITION					\$ 1,121,681	\$ 136,989	\$ 1,258,670
Net Position - Beginning of Year, as Previously Stated					133,632,172	12,295,239	145,927,411
Change in Accounting Principle, See Note 6					-	(77,575)	(77,575)
Net Position - Beginning of Year					133,632,172	12,217,664	145,849,836
NET POSITION - END OF YEAR					\$ 134,753,853	\$ 12,354,653	\$ 147,108,506

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**LYON COUNTY
MARSHALL, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Road and Bridge	Human Services	Ditch
ASSETS				
Cash and Pooled Investments	\$ 16,712,478	\$ 6,938,886	\$ 119,643	\$ 3,431,898
Taxes Receivable - Delinquent	48,262	14,763	22,757	-
Special Assessments Receivable:				
Delinquent	20,883	-	-	33,556
Noncurrent	572,777	-	-	2,933,192
Accounts Receivable	14,669	189,766	-	-
Accrued Interest Receivable	475,667	-	-	-
Due from Other Governments	175,737	5,861,863	-	-
Due from Other Funds	90,850	6,400	-	-
Notes Receivable	-	-	-	70,000
Lease Receivable	153,863	-	-	-
Prepaid Supplies	-	528,429	-	-
Prepaid Expenses	97,631	4,273	-	-
Advance to Other Funds	1,227,815	-	-	-
	<u>\$ 19,590,632</u>	<u>\$ 13,544,380</u>	<u>\$ 142,400</u>	<u>\$ 6,468,646</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 242,975	\$ 44,716	\$ -	\$ 24,049
Salaries Payable	597,629	119,253	-	56
Contracts Payable	-	225,831	-	241,354
Due to Other Governments	528,839	355,766	-	4,676
Due to Other Funds	6,171	-	-	-
Customer Deposits	-	-	-	45,000
Advance from Other Funds	-	-	-	1,227,815
Total Liabilities	<u>1,375,614</u>	<u>745,566</u>	<u>-</u>	<u>1,542,950</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	\$ 641,922	\$ 5,847,207	\$ 22,757	\$ 3,036,748
Deferred Inflows Leases	169,168	-	-	-
Total Deferred Inflows of Resources	<u>\$ 811,090</u>	<u>\$ 5,847,207</u>	<u>\$ 22,757</u>	<u>\$ 3,036,748</u>
FUND BALANCES				
Nonspendable	\$ 97,631	\$ 532,702	\$ -	\$ -
Restricted	2,560,262	2,211,389	119,643	1,888,948
Committed	476,895	-	-	-
Assigned	783,321	4,207,516	-	-
Unassigned	13,485,819	-	-	-
Total Fund Balances	<u>17,403,928</u>	<u>6,951,607</u>	<u>119,643</u>	<u>1,888,948</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,590,632</u>	<u>\$ 13,544,380</u>	<u>\$ 142,400</u>	<u>\$ 6,468,646</u>

The notes to the financial statements are an integral part of this statement.

Opioid Remediation	Debt Service	Total Governmental Funds
\$ -	\$ 1,421,938	\$ 28,624,843
-	7,341	93,123
-	-	54,439
-	-	3,505,969
411,620	-	616,055
-	-	475,667
-	-	6,037,600
-	-	97,250
-	-	70,000
-	-	153,863
-	-	528,429
-	-	101,904
-	-	1,227,815
<u>\$ 411,620</u>	<u>\$ 1,429,279</u>	<u>\$ 41,586,957</u>
\$ -	\$ -	\$ 311,740
-	-	716,938
-	-	467,185
-	-	889,281
-	-	6,171
-	-	45,000
-	-	1,227,815
-	-	3,664,130
<u>\$ 411,620</u>	<u>\$ 7,341</u>	<u>\$ 9,967,595</u>
-	-	169,168
<u>\$ 411,620</u>	<u>\$ 7,341</u>	<u>\$ 10,136,763</u>
\$ -	\$ -	\$ 630,333
-	1,421,938	8,202,180
-	-	476,895
-	-	4,990,837
-	-	13,485,819
<u>-</u>	<u>1,421,938</u>	<u>27,786,064</u>
<u>\$ 411,620</u>	<u>\$ 1,429,279</u>	<u>\$ 41,586,957</u>

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		\$ 27,786,064
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		118,426,389
Right-to-Use assets, net of accumulated amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		254,200
An internal service fund is used by Lyon County to charge the cost of the self-funded insurance programs to functions. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		563,680
Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.		9,967,595
Deferred outflows and inflows of resources related to other postemployment obligations are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Other Postemployment Obligations		418,027
Deferred Inflows of Resources Related to Other Postemployment Obligations		(804,651)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		3,112,186
Deferred Inflows of Resources Related to Pensions		(5,156,559)
Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Bonds	\$ (7,480,000)	
Special Assessment Bonds	(3,590,000)	
Unamortized Bond Premium	(194,041)	
Unamortized Special Assessment Premium	(151,885)	
Lease Liability	(251,441)	
Notes Payable	(150,000)	
Accrued Interest	(162,363)	
Compensated Absences	(1,542,141)	
Net Pension Liability	(4,062,995)	
Net Other Postemployment Benefits	(2,228,212)	(19,813,078)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 134,753,853

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Road and Bridge	Human Services	Ditch
REVENUES				
Taxes	\$ 8,441,038	\$ 2,802,363	\$ 3,907,906	\$ -
Special Assessments	621,656	-	-	997,391
Licenses and Permits	46,195	-	-	-
Intergovernmental	4,443,608	10,716,128	75,731	33,930
Charges for Services	1,207,611	1,254	-	-
Gifts and Contributions	100	-	-	-
Investment Earnings	1,791,533	-	-	223,874
Miscellaneous	1,068,004	287,046	-	36,201
Total Revenues	<u>\$ 17,619,745</u>	<u>\$ 13,806,791</u>	<u>\$ 3,983,637</u>	<u>\$ 1,291,396</u>
EXPENDITURES				
CURRENT				
General Government	\$ 6,860,245	\$ -	\$ -	\$ -
Public Safety	6,889,097	-	-	-
Highways and Streets	-	4,631,429	-	-
Sanitation	997,300	-	-	-
Health	-	-	-	-
Culture and Recreation	511,807	-	-	-
Conservation of Natural Resources	845,231	-	-	4,378,530
Economic Development	21,803	-	-	-
INTERGOVERNMENTAL				
Highways and Streets	-	531,343	-	-
Human Services	-	-	3,912,336	-
Health	399,566	-	-	-
Culture and Recreation	412,590	-	-	-
CAPITAL OUTLAY				
General Government	224,045	-	-	-
Public Safety	699,031	-	-	-
Highways and Streets	-	8,252,343	-	-
Culture and Recreation	658,139	-	-	-
DEBT SERVICE				
Principal	125,822	1,813	-	175,000
Interest	-	-	-	94,712
Administrative (Fiscal) Fees	-	-	-	4,400
Issuance Costs	-	-	-	30,148
Total Expenditures	<u>\$ 18,644,676</u>	<u>\$ 13,416,928</u>	<u>\$ 3,912,336</u>	<u>\$ 4,682,790</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,024,931)</u>	<u>\$ 389,863</u>	<u>\$ 71,301</u>	<u>\$ (3,391,394)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	161,007	-	-	137,998
Transfers Out	(137,998)	-	-	(161,007)
Premium Proceeds	-	-	-	128,456
Bond Proceeds	-	-	-	2,010,000
Issuance of Leases	188,270	-	-	-
Total Other Financing Sources (Uses)	<u>211,279</u>	<u>-</u>	<u>-</u>	<u>2,115,447</u>
NET CHANGE IN FUND BALANCES	<u>\$ (813,652)</u>	<u>\$ 389,863</u>	<u>\$ 71,301</u>	<u>\$ (1,275,947)</u>
Fund Balances - Beginning of Year	<u>18,217,580</u>	<u>6,561,744</u>	<u>48,342</u>	<u>3,164,895</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 17,403,928</u></u>	<u><u>\$ 6,951,607</u></u>	<u><u>\$ 119,643</u></u>	<u><u>\$ 1,888,948</u></u>

The notes to the financial statements are an integral part of this statement.

Opioid Remediation	Debt Service	Total Governmental Funds
\$ -	\$ 1,241,945	\$ 16,393,252
-	-	1,619,047
-	-	46,195
-	24,580	15,293,977
-	-	1,208,865
-	-	100
-	-	2,015,407
192,553	-	1,583,804
<u>\$ 192,553</u>	<u>\$ 1,266,525</u>	<u>\$ 38,160,647</u>
\$ -	\$ -	\$ 6,860,245
-	-	6,889,097
-	-	4,631,429
-	-	997,300
219,816	-	219,816
-	-	511,807
-	-	5,223,761
-	-	21,803
-	-	531,343
-	-	3,912,336
-	-	399,566
-	-	412,590
-	-	224,045
-	-	699,031
-	-	8,252,343
-	-	658,139
-	880,000	1,182,635
-	300,381	395,093
-	1,400	5,800
-	-	30,148
<u>\$ 219,816</u>	<u>\$ 1,181,781</u>	<u>\$ 42,058,327</u>
\$ (27,263)	\$ 84,744	\$ (3,897,680)
-	-	299,005
-	-	(299,005)
-	-	128,456
-	-	2,010,000
-	-	188,270
<u>-</u>	<u>-</u>	<u>2,326,726</u>
\$ (27,263)	\$ 84,744	\$ (1,570,954)
27,263	1,337,194	29,357,018
<u>\$ -</u>	<u>\$ 1,421,938</u>	<u>\$ 27,786,064</u>

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,570,954)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 9,745,874	
Net Book Value of Capital Asset Disposals	(3,977)	
Expenditures for Right to Use Assets	188,270	
Current Year Depreciation/Amortization	<u>(4,463,687)</u>	5,466,480

In the funds, under the modified accrual basis, receivables not available for expenditures are recorded as deferred inflows of resources. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.

Unavailable Revenue - December 31	9,967,595	
Unavailable Revenue - January 1	<u>(11,134,191)</u>	(1,166,596)

The issuance of long-term debt (e.g., bonds payable, loans payable) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuances are:

Bonds Issued	(2,010,000)	
Premiums Issued	(128,456)	
Issuance of Leases	<u>(188,270)</u>	(2,326,726)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repayments:		
General Obligation Bonds	880,000	
Special Assessment Bonds	150,000	
Notes	25,000	
Leases	<u>127,635</u>	1,182,635

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 governmental funds.

Change in Accrued Interest Payable	25,751	
Change in Net Pension Liability	1,823,812	
Change in Pension Deferred Outflows	(1,348,105)	
Change in Pension Deferred Inflows	60,002	
Amortization of Premiums	75,746	
Change in Compensated Absences	(820,610)	
Change in Other Postemployment Benefits	83,082	
Change in Other Postemployment Benefits Deferred Outflows	87,316	
Change in Other Postemployment Benefits Deferred Inflows	<u>5,294</u>	(7,712)

An internal service fund is used by Lyon County to charge the cost of the self-funded insurance programs to functions. The increase or decrease in net position of the internal service fund is reported in the government-wide statement of activities.

(455,446)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,121,681

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024**

	Business-Type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Fund
ASSETS		
CURRENT ASSETS		
Cash and Pooled Investments	\$ 6,521,898	\$ 758,615
Accounts Receivable	228,844	-
Interest Receivable	3,275	-
Due From Other Governments	87,186	-
Lease Receivable	18,759	-
Prepaid Items	6,805	-
Total Current Assets	\$ 6,866,767	\$ 758,615
RESTRICTED ASSETS		
Investments	\$ 5,632,050	\$ -
Accrued Interest Receivable	25,523	-
Total Restricted Assets	\$ 5,657,573	\$ -
NONCURRENT ASSETS		
Capital Assets:		
Nondepreciable	\$ 2,914,016	\$ -
Depreciable - Net of Accumulated Depreciation/Amortization	1,810,666	-
Total Noncurrent Assets	\$ 4,724,682	\$ -
Total Assets	\$ 17,249,022	\$ 758,615
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	\$ 53,765	\$ -
Other Postemployment Benefits Obligations	38,235	-
Total Deferred Outflows of Resources	92,000	-
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,011	\$ -
Salaries Payable	43,122	-
Contracts Payable	344,895	-
Claims Payable	-	167,985
Compensated Absences - Due in One Year	42,839	-
Other Postemployment Benefits Obligations - Due in One Year	38,235	-
Financed Purchase Liability - Due in One year	121,069	-
Due to Other Funds	91,079	-
Due to Other Governments	496,021	-
Total Current Liabilities	\$ 1,188,271	\$ 167,985
NONCURRENT LIABILITIES		
Compensated Absences - Due in More Than One Year	\$ 83,765	\$ -
Net Pension Liability	217,689	-
Other Postemployment Benefits Obligation - Due in More Than One Year	51,030	-
Estimated Liability for Landfill Closure/Postclosure Care	2,819,510	-
Financed Purchases Liability	403,325	-
Total Noncurrent Liabilities	\$ 3,575,319	\$ -
Total Liabilities	\$ 4,763,590	\$ 167,985
DEFERRED INFLOWS OF RESOURCES		
Pension Related	\$ 152,649	\$ -
Lease Related	23,483	-
Other Postemployment Benefits Obligations	73,597	-
Total Deferred Inflows of Resources	\$ 249,729	\$ -
NET POSITION		
Net Investment in Capital Assets	\$ 4,200,288	\$ -
Restricted for:		
Landfill Closure/Postclosure Care	2,838,063	-
Unrestricted	5,289,352	590,630
Total Net Position	\$ 12,327,703	\$ 590,630
Adjustment to reflect the consolidation of internal service fund activities related to the business-type activities	26,950	
Total Net Position of Business-Type Activities	\$ 12,354,653	

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING REVENUE		
Charges for Services	\$ 3,548,784	1,923,068
Miscellaneous	29,041	-
Total Operating Revenue	<u>\$ 3,577,825</u>	<u>\$ 1,923,068</u>
OPERATING EXPENSES		
Administration and Fiscal Services	\$ 11,708	\$ -
Personal Services	973,916	-
Other Services and Charges	1,439,897	-
Professional Services	470,695	-
Utilities	25,324	-
Depreciation	643,241	-
Landfill Closure and Postclosure Care Costs	121,475	-
Cost of Service	-	2,434,223
Total Operating Expenses	<u>\$ 3,686,256</u>	<u>\$ 2,434,223</u>
OPERATING INCOME (LOSS)	\$ (108,431)	\$ (511,155)
NONOPERATING REVENUES (EXPENSES)		
Investment Earnings	\$ 294,682	\$ -
Lease Revenue	6,447	-
Total Nonoperating Revenue (Expenses)	<u>301,129</u>	<u>-</u>
CHANGE IN NET POSITION	\$ 192,698	\$ (511,155)
Net Position - Beginning of Year, as Previously Stated	12,212,580	1,101,785
Change in Accounting Principle, See Note 6	(77,575)	-
Net Position - Beginning of Year	<u>12,135,005</u>	<u>1,101,785</u>
NET POSITION - END OF YEAR	<u>\$ 12,327,703</u>	<u>\$ 590,630</u>
Change in net position	192,698	
Adjustment to reflect the consolidation of internal service fund activities related to the business-type activities	<u>(55,709)</u>	
Change in net position of business-type activities	<u>\$ 136,989</u>	

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 3,706,327	\$ 1,923,068
Payments to Suppliers	(1,380,655)	(2,422,547)
Payments to Employees	(755,817)	-
Net Cash Provided (Used) by Operating Activities	<u>1,569,855</u>	<u>(499,479)</u>
Cash Flows from Investing Activities		
Investment income	308,594	-
Purchase of investments	530,369	-
Net Cash Provided (Used) by Investing Activities	<u>838,963</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Payments for construction and purchases of capital assets	(3,076,212)	-
Payments for financed purchase agreement	(115,366)	-
Revenues received on equipment leased to others	6,447	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,185,131)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(776,313)	(499,479)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>7,298,211</u>	<u>1,258,094</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,521,898</u>	<u>\$ 758,615</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (108,431)	\$ (511,155)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	643,241	-
(Increase) Decrease in Accounts Receivable/Due from Other Governments	120,759	-
(Increase) Decrease in Lease Receivable	7,743	-
(Increase) Decrease in Prepaids	(6,805)	-
(Increase) Decrease in Pension Deferred Outflows	(33,340)	-
(Increase) Decrease in OPEB Deferred Outflows	(24,419)	-
Increase (Decrease) in Other Postemployment Benefits	(7,599)	-
Increase (Decrease) in Accounts Payable/Due to Other Governments	221,089	-
Increase (Decrease) in Contracts Payable	344,895	-
Increase (Decrease) in Salaries Payable	7,365	-
Increase (Decrease) in Compensated Absences	(15,880)	-
Increase (Decrease) in Landfill Closure/Postclosure Care	121,475	-
Increase (Decrease) in Claims Payable	-	11,676
Increase (Decrease) in Net Pension Liability	139,067	-
Increase (Decrease) in Pension Deferred Inflows	124,852	-
Increase (Decrease) in OPEB Deferred Inflows	39,761	-
Increase (Decrease) in Lease Related Deferred Inflows	(3,918)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,569,855</u>	<u>\$ (499,479)</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024**

	Investment Trust Fund	Custodial Funds
ASSETS		
Cash and Pooled Investments	\$ 15,273,302	\$ 1,890,029
Accrued Interest Receivable	42,828	-
Taxes Receivable for Other Governments	-	432,770
	<u>15,316,130</u>	<u>432,770</u>
Total Assets	<u>\$ 15,316,130</u>	<u>\$ 2,322,799</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Due to Other Governments	\$ -	\$ 604,215
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	\$ 15,316,130	\$ 1,718,584

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Investment Trust Fund	Custodial Funds
ADDITIONS		
Property Tax Collections for Other Governments	\$ -	\$ 32,079,253
Interest	537,052	-
Taxes and Fees Collected for State	-	762,209
License and Fees Collected for State	-	150,499
Contributions	41,087,801	2,137,653
	<u>41,624,853</u>	<u>2,137,653</u>
Total Additions	\$ 41,624,853	\$ 35,129,614
DEDUCTIONS		
Beneficiary Payments to Individuals and State	\$ 40,972,110	\$ 2,381,884
Payments of Property Tax to Other Governments	-	32,011,584
Payments to State	-	762,209
Total Deductions	<u>40,972,110</u>	<u>2,381,884</u>
NET INCREASE (DECREASE) IN FIDUCIARY FUNDS		
	<u>\$ 652,743</u>	<u>\$ (26,063)</u>
Fiduciary Net Position - Beginning of Year	<u>\$ 14,663,387</u>	<u>\$ 1,744,647</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 15,316,130</u>	<u>\$ 1,718,584</u>

The notes to the financial statements are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U. S. GAAP) as of and for the year ended December 31, 2024. The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (statements and interpretations). The significant accounting policies established in U.S. GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Lyon County was established March 6, 1868, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. § 373.01. As required by accounting principles generally accepted in the United States of America, these financial statements present Lyon County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as clerk of the Board of Commissioners but has no vote.

The County participates in several joint ventures described in Note 5.C. The County also participates in jointly-governed organizations described in Note 5.D.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about Lyon County. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and the business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental, proprietary, and fiduciary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. The County reports all of its governmental and enterprise funds as major funds.

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Human Services Special Revenue Fund accounts for assigned property tax revenues used for economic assistance and community social services programs.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.
- The Opioid Remediation Special Revenue Fund accounts for the County's share of the national opioid epidemic settlements the county will be receiving over the next 18 years. These programs will be funded primarily through intergovernmental revenues.
- The Debt Service Fund accounts for the accumulation of restricted resources used for, and the payment of, principal, interest, and related costs.

The County reports the following major enterprise fund:

- The Landfill Fund is used to account for the operation, maintenance, and development of the County solid waste landfill.

Additionally, the County reports the following fund types:

- The Internal Service Fund accounts for health insurance premiums and payments.
- The Investment Trust Fund is used to account for the external pooled investments held for Southwest Health and Human Services.
- The Custodial funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County, as an agent for the civil process, as an agent for state revenue payments, and as an agent for the inmates of the Lyon County Jail.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

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 full 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.

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. Lyon County considers all revenue as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenue in the year for which they are levied provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, lease liabilities, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Cash and Cash Equivalents

Cash and cash equivalents are identified only for the purpose of the statement of cash flows for the proprietary funds. Lyon County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can be deposited or effectively withdrawn from cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Investment earnings on business-type activities are credited to the Lyon County Landfill Enterprise Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for governmental funds for 2024 were \$2,018,067.

Lyon County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

3. Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15 or November 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

Special assessments receivable consists of delinquent special assessments payable in the years 2019 through 2024 and noncurrent special assessments payable in 2024 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

No allowance for accounts receivable and uncollectible taxes/special assessments has been provided because such amounts are not expected to be material.

4. Prepaid Supplies and Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the proprietary funds financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

6. Capital Assets (Continued)

Land and construction in progress are not depreciated. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 100
Improvements to land	20 - 35
Public domain infrastructure	15 - 75
Machinery and equipment	3 - 20

During 2015, the management of Lyon County reviewed estimates related to depreciation of the landfill cell capital assets in the Landfill Enterprise Fund. Previous estimates based depreciation on the percentage of ultimate landfill capacity used. Management determined changing the estimate to the straight-line method would better align depreciation expense with the assets' useful lives. The depreciation charges of the Landfill Enterprise Fund for the current year-end are \$218,122. Depreciation recorded relates to the depletion of Cell 10A.

7. Leases

The County determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position when the County is the lessor, and as right-to-use assets and lease liabilities when the County is the lessee.

a. Lessor

Lease receivables represent the County's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

7. Leases (Continued)

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The County has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included in lease receivables or deferred inflows on the statement of net position and fund financial statements.

b. Lessee

Right-to-use assets represent the County's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange like transaction. Right-to-use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term of the useful life of the underlying asset.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise that option.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

7. Leases (Continued)

The County has recognized payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to eliminate the price of such components, the County treats the components as a single lease unit.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to eliminate the prices of such components, the County treats the components as a single lease unit.

8. Compensated Absences

The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. A liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of an amount based on a trend analysis of current usage of vacation, sick, and comp time. The noncurrent portion consists of the remaining amount of vacation, sick leave, and comp time.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

9. Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Pension Plan

For purposes of measuring the net pension liability (asset), deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. For the governmental activities, the pension liability is liquidated through the General Fund and the Road and Bridge Special Revenue Fund. For the business-type activities, the pension liability is liquidated by the Landfill Enterprise Fund.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County has two items reported in this category, deferred pension outflows and deferred outflows related to OPEB, that qualify for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date, differences between expected and actual pension plan economic experience, changes in actuarial assumptions, pension plan changes in proportionate share, and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, grant monies receivable, and other receivables for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position. The County also has deferred inflows related to OPEB. These inflows arise only under the full accrual basis of accounting and consist of changes in actuarial assumptions and the difference between the expected and actual liability. The final type of deferred inflows relate to lease receivables. These deferred inflows are recognized on both the governmental funds and the government wide statements. The deferred inflow relates to lease payments that will be received in subsequent periods.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

12. Classification of Net Position

Net position in the government-wide and proprietary fund financial statements is classified in the following categories:

- Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. As of December 31, 2024, \$6,281,802 of net position was restricted due to enabling legislation.
- Unrestricted net position - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

13. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Lyon County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

13. Classification of Fund Balances (Continued)

- Restricted - amounts in which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned - amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board, the County Administrator, or the County Auditor/Treasurer, who has been delegated that authority by Board resolution.
- Unassigned - the residual classification for the General Fund, and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

Lyon County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

14. Minimum Fund Balance

Lyon County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than five months of operating expenditures. The fund balance policy was adopted by the County Board on July 2, 2012. At December 31, 2024, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associate salary-related payments and amended certain previously required disclosures.

The County adopted the requirements of the guidance effective January 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

Expenditures exceeded final budgets in the following major funds:

<u>Fund</u>	<u>Expenditures</u>	<u>Budgets</u>	<u>Excess</u>
Major Governmental Funds:			
General Fund	\$ 18,644,676	\$ 15,990,440	\$ 2,654,236
Road and Bridge Fund	13,416,928	10,771,822	2,645,106

The excess of expenditures over budgets were primarily funded by greater than expected grant revenues and existing fund balance.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Reconciliation of the County’s total cash and investments to the basic financial statements follows:

Government-Wide Statement of Net Position:	
Governmental Activities:	
Cash and Pooled Investments	\$ 29,383,458
Business-Type Activities:	
Cash and Pooled Investments	6,521,898
Restricted Investments	5,632,050
Statement of Fiduciary Net Position:	
Cash and Pooled Investments	17,163,331
Total Cash and Investments	\$ 58,700,737

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution’s banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County has adopted a policy for custodial credit risk of obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and perfected security interest under federal law. As of December 31, 2024, the County's deposits were not exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's policy is to minimize interest rate risk by: (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; (2) investing operating funds primarily in shorter-term securities, money markets, or similar investment pools; and (3) limiting the average maturity in accordance with the County's cash requirements.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Credit Risk (Continued)

The County's exposure to credit risk as of December 31, 2024, is as follows:

Investment Type	Rating Agency	Rating	Fair Value
Federal Home Loan Bank	S & P	AA+	\$ 3,159,496
Federal Home Loan Mortgage Corporation	S & P	AA+	11,692
Federal National Mortgage Association	S & P	AA+	126,964
U.S. Treasury Notes	Moody	Aaa	623,168
Municipal Bonds	Moody	AA	1,199,613
Negotiable Certificates of Deposit	Not Rated	Not Rated	4,063,539
Total			<u>\$ 9,184,472</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County has adopted a policy to eliminate investment custodial credit risk by permitting brokers that obtain investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to the County's custodian. At December 31, 2024, none of the County's investments were subject to custodial credit risk.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize this risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Investments in any one issuer that represent five percent or more of the County's investments are as follows:

Issuer	Reported Amount
Wells Fargo Advisors	
Federal Home Loan Bank	\$ 1,618,832
U.S. Bank - Moreton	
Federal Home Loan Bank	772,841
US Treasury Note	623,168
U.S. Bank	
Federal Home Loan Bank	767,823

The following table presents the County's deposit and investment balances at December 31, 2024, along with information relating to maturities:

Investment Type	Less Than 2 Years	2-5 Years	5-10 Years	Fair Value
Investments				
Federal Home Loan Bank	\$ 1,618,832	\$ 1,540,664	\$ -	\$ 3,159,496
Federal Home Loan Mortgage Corp	4,933	6,759	-	11,692
Federal National Mortgage Assn	118,136	8,828	-	126,964
U.S. Treasury Notes	-	623,168	-	623,168
Municipal Bonds	1,199,613	-	-	1,199,613
Negotiable Certificates of Deposit	3,324,957	738,582	-	4,063,539
Total investments				<u>\$ 9,184,472</u>

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

At December 31, 2024, the County had the following recurring fair value measurements:

	December 31, 2024	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury securities	\$ 623,168	\$ -	\$ 623,168	\$ -
U.S. Agencies	3,298,152	-	3,298,152	-
Municipal/Public Bonds	1,199,613	-	1,199,613	-
Negotiable Certificates of Deposit	<u>4,063,539</u>	-	<u>4,063,539</u>	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 9,184,472</u>	<u>\$ -</u>	<u>\$ 9,184,472</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
MAGIC Portfolio	\$ 16,370,016			
Investments Measured at Net Asset Value (NAV):				
MAGIC Term	<u>25,200,000</u>			
Total Investments	<u>\$ 50,754,488</u>			

All Level 2 debt securities are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

The MAGIC term investment pool is valued at net asset value (NAV) as it does not meet the liquidity criteria to be valued at amortized cost. The County would face penalties if early redemptions were made from the term investment. The County reports its investment in the term investment pool at the NAV per share, the fair value established by the pool.

The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of Portfolio's securities or determination of its NAV not reasonably practical.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely, they must provide notice at least seven days prior to the premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield, less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

2. Receivables

Receivables as of December 31, 2024, for the County's governmental activities and business-type activities are as follows:

	<u>Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes	\$ 93,123	\$ -
Special Assessments	3,560,408	3,505,969
Accounts	204,435	-
Accrued Interest	475,667	-
Due from Other Governments	6,449,220	-
Leases	153,863	-
Notes	70,000	50,000
Total Governmental Activities	<u>\$ 11,006,716</u>	<u>\$ 3,555,969</u>
Business-Type Activities		
Accounts	\$ 228,844	\$ -
Accrued Interest	3,275	-
Leases	18,759	-
Due from Other Governments	87,186	-
Total Business-Type Activities	<u>\$ 338,064</u>	<u>\$ -</u>

During 2015, Lyon County issued General Obligation Drainage Bonds, Series 2015B, on Joint Ditch Nos. 13 and 31 with Lincoln County. Lincoln County residents are responsible for \$90,000 that will be collected by Lincoln County through special assessments and paid to Lyon County for repayment on the bond.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 1,323,327	\$ -	\$ -	\$ 1,323,327
Right-of-Way	1,229,270	-	-	1,229,270
Construction in Progress	852,477	496,128	-	1,348,605
Total Capital Assets, Not Being Depreciated	<u>\$ 3,405,074</u>	<u>\$ 496,128</u>	<u>\$ -</u>	<u>\$ 3,901,202</u>
Capital Assets, Being Depreciated:				
Land Improvements	\$ 3,610,093	\$ -	\$ -	\$ 3,610,093
Buildings	33,501,546	-	-	33,501,546
Machinery and Equipment	9,709,317	531,550	(249,363)	9,991,504
Infrastructure	130,633,522	8,718,196	-	139,351,718
Total Capital Assets, Being Depreciated	<u>\$ 177,454,478</u>	<u>\$ 9,249,746</u>	<u>\$ (249,363)</u>	<u>\$ 186,454,861</u>
Accumulated Depreciation for:				
Land Improvements	\$ 1,336,107	\$ 137,051	\$ -	\$ 1,473,158
Buildings	10,829,181	625,911	-	11,455,092
Machinery and Equipment	6,892,845	747,701	(245,386)	7,395,160
Infrastructure	48,772,370	2,833,894	-	51,606,264
Total Accumulated Depreciation	<u>67,830,503</u>	<u>4,344,557</u>	<u>(245,386)</u>	<u>71,929,674</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 109,623,975</u>	<u>\$ 4,905,189</u>	<u>\$ (3,977)</u>	<u>\$ 114,525,187</u>
Right-to-Use Assets				
Equipment	\$ 322,701	\$ 188,270	\$ (109,595)	\$ 401,376
Less Accumulated Amortization	<u>(137,641)</u>	<u>(119,130)</u>	<u>109,595</u>	<u>(147,176)</u>
Total Right-to-Use Assets	<u>185,060</u>	<u>69,140</u>	<u>-</u>	<u>254,200</u>
Governmental Activities Capital and Right-to-Use Assets, Net	<u>\$ 113,214,109</u>	<u>\$ 5,470,457</u>	<u>\$ (3,977)</u>	<u>\$ 118,680,589</u>

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 390,432	\$ -	\$ -	\$ 390,432
Construction in Progress	-	2,523,584	-	2,523,584
Total Capital Assets, Not Being Depreciated	390,432	2,523,584	-	2,914,016
Capital Assets, Being Depreciated/Amortized:				
Buildings	\$ 187,823	\$ -	\$ -	\$ 187,823
Machinery and Equipment	2,782,684	552,628	(254,056)	3,081,256
Landfill Cells	11,505,401	-	-	11,505,401
Infrastructure	508,946	-	-	508,946
Financed Purchase - Machinery & Equipment	776,938	-	-	776,938
Total Capital Assets, Being Depreciated	\$ 15,761,792	\$ 552,628	\$ (254,056)	\$ 16,060,364
Accumulated Depreciation/Amortization for:				
Buildings	\$ 134,392	\$ 5,069	\$ -	\$ 139,461
Machinery and Equipment	1,841,608	259,813	(254,056)	1,847,365
Landfill cells	11,287,279	218,122	-	11,505,401
Infrastructure	446,162	30,747	-	476,909
Financed Purchase	151,072	129,490	-	280,562
Total Accumulated Depreciation	13,860,513	643,241	(254,056)	14,249,698
Total Capital Assets, Being Depreciated, Net	1,901,279	(90,613)	-	1,810,666
Business-Type Capital Assets, Net	\$ 2,291,711	\$ 2,432,971	\$ -	\$ 4,724,682

Depreciation/amortization expense was charged to functions/programs of the County as follows:

Governmental Activities:

General Government	\$ 670,044
Public Safety	266,252
Highways and Streets	3,296,293
Sanitation	25,499
Culture and Recreation	176,757
Conservation of Natural Resources	28,842
Total Depreciation/Amortization Expense, Governmental Activities	<u>\$ 4,463,687</u>

Business-Type Activities:

Landfill	<u>\$ 643,241</u>
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**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds

The composition of interfund balances as of December 31, 2024, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Landfill Enterprise Fund	\$ 90,850
Road and Bridge Special Revenue Fund	Landfill Enterprise Fund	229
Road and Bridge Special Revenue Fund	General Fund	6,171
Total Due To/From Other Funds		<u>\$ 97,250</u>

The outstanding balances between funds result from the time lag between the dates the interfund goods and services are provided or reimbursable expenditures occur and are recorded in the accounting system, and the date when the funds are repaid. These balances are expected to be liquidated in the subsequent year.

2. Advances To/From Other Funds

The composition of interfund balances as of December 31, 2024, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	\$ 1,227,815

The Ditch Special Revenue Fund advance is to provide working capital to County Ditch No. 37 Lateral B with low reserves and current operating costs in excess of its revenues. This balance will be paid from future ditch special assessments collected through 2026.

3. Transfers In/Transfers Out

The composition of interfund balances as of December 31, 2024, is as follows:

Transfer To	Transfer From	Amount
General Fund	Ditch Special Revenue Fund	\$ 161,007
Ditch Special Revenue Fund	General Fund	137,998
Total Due To/From Other Funds		<u>\$ 299,005</u>

The General Fund and Ditch Special Revenue Fund transferred funding to one another to pay for drainage system assessments.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2024, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts payable	\$ 311,740	\$ 11,011
Claims payable	167,985	-
Salaries payable	716,938	43,122
Contracts payable	467,185	344,895
Due to other governments	889,281	496,021
Total Governmental Activities	<u>\$ 2,553,129</u>	<u>\$ 895,049</u>

2. Deferred Inflows of Resources

In the governmental funds, deferred inflows of resources consist of special assessments, taxes, state grants, and other receivables not collected soon enough after year-end to pay liabilities of the current period, and state grants not received but not yet earned. Deferred inflows of resources at December 31, 2024, are summarized below by fund:

	<u>Taxes</u>	<u>Special Assessments</u>	<u>Leases</u>	<u>Grants</u>	<u>Other</u>	<u>Total</u>
Governmental Funds:						
General Fund	\$ 53,374	\$ 426,809	\$ 169,168	\$ -	\$ 161,739	\$ 811,090
Special Revenue Funds:						
Road and Bridge	14,763	-	-	5,832,444	-	5,847,207
Human Services	22,757	-	-	-	-	22,757
Ditch	-	2,966,748	-	-	70,000	3,036,748
Opioid Remediation	-	-	-	-	411,620	411,620
Debt Service Fund	7,341	-	-	-	-	7,341
Total	<u>\$ 98,235</u>	<u>\$ 3,393,557</u>	<u>\$ 169,168</u>	<u>\$ 5,832,444</u>	<u>\$ 643,359</u>	<u>\$ 10,136,763</u>

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Long-Term Debt

Bonds Payable

On August 20, 2015, Lyon County issued General Obligation Capital Improvement Plan Bonds, Series 2015A, in the amount of \$10,000,000, with interest rates of 3.0 to 5.0 percent. The term of the bonds is 15 years, with interest payments starting in 2016 and principal payments starting in 2022. Payments on the capital improvement plan bonds will be made by the Debt Service Fund.

On November 19, 2015, Lyon County issued General Obligation Ditch Bonds, Series 2015B, in the amount of \$2,610,000, with interest rates of 3.0 to 4.0 percent, to be paid over 20 years. Payments on the ditch bonds will be made by the Ditch Special Revenue Fund. The County is required to make debt payments even if the property owners default on paying their special assessments.

On February 6, 2024, Lyon County issues General Obligation Ditch Bonds, Series 2024A, in the amount of \$2,010,000, with interest rates of 4.0 to 5.0 percent, to be paid over 16 years. Payments on the ditch bonds will be made by the Ditch Special Revenue Fund. The County is required to make debt payments even if the property owners default on paying their special assessments.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Average Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2024</u>
Special Assessment Bonds with Government Commitment					
2015B G.O. Ditch Bonds	2036	\$105,000 - \$160,000	3.00 - 4.00	\$ 2,610,000	\$ 1,580,000
2024A G.O. Ditch Bonds	2039	\$105,000 - \$160,000	4.00 - 5.00	\$ 2,010,000	\$ 2,010,000
Plus: Unamortized Premium					<u>151,885</u>
Special Assessment Bonds with Government Commitment, Net					<u>\$ 3,741,885</u>

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Long-Term Debt (Continued)

Bonds Payable (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
General Obligation Bonds					
2015A G.O. Capital Improvement Plan Bonds	2031	\$800,000 - \$1,195,000	3.00 - 5.00	\$ 10,000,000	\$ 7,480,000
Plus: Unamortized Premium					<u>194,041</u>
General Obligation Bonds, Net					<u>\$ 7,674,041</u>

Note Payable

During 2014, Yellow Medicine County issued General Obligation Drainage Bonds, Series 2014A, on Joint Ditch No. 3 with Lyon County. Lyon County landowners are responsible for \$385,000 that will be collected by Lyon County through special assessments and paid to Yellow Medicine County for repayment on the bond. A note payable was signed during 2014 with amounts owed through 2030.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Note Payable	2030	\$25,000 - \$30,000	2.000 - 3.125	\$ 385,000	\$ 150,000

Finance Purchase Agreement

During 2022, the County entered into a finance purchase agreement for a landfill compactor in the amount of \$776,938, with an interest rate of 4.95% to be paid through 2028. Payments on the agreement will be paid out of the Landfill fund. The related asset is collateral for the payments.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Finance Purchase Agreement	2028	\$137,178 - \$142,934	4.95	\$ 776,938	\$ 524,394

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Long-Term Debt (Continued)

Leased Equipment

The County has entered into various lease agreements, beginning between 2021 and 2024 and maturing from 2025 to 2029 for equipment, with interest rates ranging from 2.23% to 3.90%. At December 31, 2024, the County had \$401,376 of assets under leases, with related accumulated amortization of \$147,176.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Leased Equipment	2025-2029	\$49 - \$13,015	2.23-3.90	\$ 527,503	\$ 251,441

4. Debt Service Requirements

Debt service requirements at December 31, 2024, were as follows:

Year Ending December 31	General Obligation Bonds		Special Assessment Bonds		Leased Equipment	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 925,000	\$ 255,256	\$ 300,000	\$ 133,313	\$ 113,365	\$ 7,479
2026	970,000	207,881	310,000	121,113	76,024	3,722
2027	1,025,000	163,131	290,000	108,963	41,819	1,482
2028	1,090,000	126,281	255,000	97,338	19,670	489
2029	1,120,000	92,431	270,000	86,313	563	-
2030 – 2034	2,350,000	76,303	1,215,000	289,350	-	-
2035 – 2039	-	-	950,000	81,819	-	-
Total	<u>\$ 7,480,000</u>	<u>\$ 921,283</u>	<u>\$ 3,590,000</u>	<u>\$ 918,209</u>	<u>\$ 251,441</u>	<u>\$ 13,172</u>

Year Ending December 31	Note Payable		Finance Purchase Agreement	
	Principal	Interest	Principal	Interest
2025	\$ 25,000	\$ 4,219	\$ 121,069	\$ 25,925
2026	25,000	3,469	127,055	19,939
2027	25,000	2,719	133,336	13,658
2028	25,000	1,953	142,934	7,066
2029	25,000	1,172	-	-
2030	25,000	391	-	-
Total	<u>\$ 150,000</u>	<u>\$ 13,923</u>	<u>\$ 524,394</u>	<u>\$ 66,588</u>

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 8,360,000	\$ -	\$ 880,000	\$ 7,480,000	\$ 925,000
Plus: Unamortized Premium	257,307	-	63,266	194,041	-
General Obligation Bonds, Net	<u>\$ 8,617,307</u>	<u>\$ -</u>	<u>\$ 943,266</u>	<u>\$ 7,674,041</u>	<u>\$ 925,000</u>
Special Assessment Bonds with Government Commitment	\$ 1,730,000	\$ 2,010,000	\$ 150,000	\$ 3,590,000	\$ 300,000
Plus: Unamortized Premium	35,909	128,456	12,480	151,885	-
Special Assessment Bonds with Government Commitment, Net	<u>\$ 1,765,909</u>	<u>\$ 2,138,456</u>	<u>\$ 162,480</u>	<u>\$ 3,741,885</u>	<u>\$ 300,000</u>
Total Bonds Payable	<u>\$ 10,383,216</u>	<u>\$ 2,138,456</u>	<u>\$ 1,105,746</u>	<u>\$ 11,415,926</u>	<u>\$ 1,225,000</u>
Note Payable	\$ 175,000	\$ -	\$ 25,000	\$ 150,000	\$ 25,000
Leased Equipment	190,806	188,270	127,635	251,441	113,365
Compensated Absences *	<u>721,531</u>	<u>820,610</u>	<u>-</u>	<u>1,542,141</u>	<u>576,044</u>
Governmental Activities Long-Term Liabilities	<u><u>\$ 11,470,553</u></u>	<u><u>\$ 3,147,336</u></u>	<u><u>\$ 1,258,381</u></u>	<u><u>\$ 13,359,508</u></u>	<u><u>\$ 1,939,409</u></u>

Business-Type Activities

	Beginning ** Balance	Additions	Reductions	Ending Balance	Due Within One Year
Estimated Liability for Landfill Closure and Postclosure Care Financed Purchase Agreement	\$ 2,698,035	\$ 121,475	\$ -	\$ 2,819,510	\$ -
Compensated Absences *	639,760	-	115,366	524,394	121,069
Business-Type Activities Long-Term Liabilities	<u>\$ 3,480,279</u>	<u>\$ 121,475</u>	<u>\$ 131,246</u>	<u>\$ 3,470,508</u>	<u>\$ 163,908</u>

* Compensated absences additions and reductions are netted as allowed by GASB 101.

** Beginning balance for business-type activities compensated absences was restated due to implementation of GASB 101, see Note 6.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

6. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County 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 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. The \$2,819,510 landfill closure and postclosure care liability at December 31, 2024, represents the cumulative amount reported to date based on the use of 38.8 percent of the estimated capacity of the landfill.

The County will recognize the remaining estimated cost of closure and postclosure care of \$2,819,510 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. Based on the current permitted capacity, the landfill has an estimated operating life of 37.4 years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Board is in compliance with these requirements and, at December 31, 2024, restricted assets of \$5,657,573 are held for these purposes. Lyon County expects that future inflation costs will be paid from investment earnings on these annual contributions.

However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Detailed Notes on All Funds (Continued)

D. Fund Balances

Fund Balances	General	Special Revenue				Debt Service	Total
		Road and Bridge	Human Services	Ditch	Opioid Remediation		
Nonspendable							
Prepaid Items	\$ 97,631	\$ 532,702	\$ -	\$ -	\$ -	\$ -	\$ 630,333
Restricted							
DARE Program	25,418	-	-	-	-	-	25,418
Law Library	25,467	-	-	-	-	-	25,467
Recorder's Technology	214,301	-	-	-	-	-	214,301
Recorder's Compliance	203,035	-	-	-	-	-	203,035
Debt Service	-	-	-	-	-	1,421,938	1,421,938
Ditch	-	-	-	1,888,948	-	-	1,888,948
Enhanced 911	732,452	-	-	-	-	-	732,452
Sheriff's Contingency	142,995	-	-	-	-	-	142,995
Sheriff's Forfeited Property	14,651	-	-	-	-	-	14,651
Attorney's Forfeited Property	105,056	-	-	-	-	-	105,056
Sheriff's Gun Permits	287,080	-	-	-	-	-	287,080
Probation Supervision Fees	85,661	-	-	-	-	-	85,661
Septic/Sewer Loans	90,456	-	-	-	-	-	90,456
Fish and Wildlife Trust	254,184	-	-	-	-	-	254,184
Aquatic Invasive Species	379,506	-	-	-	-	-	379,506
Road Projects - Wheelage Tax	-	2,211,389	-	-	-	-	2,211,389
Human Service	-	-	119,643	-	-	-	119,643
Committed							
County Septic Systems Program	146,389	-	-	-	-	-	146,389
Garvin Park Trust	77,267	-	-	-	-	-	77,267
Aggregate - Gravel Pit	209,901	-	-	-	-	-	209,901
Recycling and Household Hazardous Waste Assessments	43,338	-	-	-	-	-	43,338
Assigned							
Self-Insurance	469,272	-	-	-	-	-	469,272
Future Use of Fund Balance	15,500	-	-	-	-	-	15,500
Elections	298,549	-	-	-	-	-	298,549
Road and Bridge	-	4,207,516	-	-	-	-	4,207,516
Unassigned	13,485,819	-	-	-	-	-	13,485,819
	<u>\$ 17,403,928</u>	<u>\$ 6,951,607</u>	<u>\$ 119,643</u>	<u>\$ 1,888,948</u>	<u>\$ -</u>	<u>\$ 1,421,938</u>	<u>\$ 27,786,064</u>

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits

A. Defined Benefit Pension Plans

1. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

Public Employees Police and Fire Plan

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

Local Government Correctional Plan

Membership in the Correctional Plan includes correctional officers serving in county and regional adult and juvenile corrections facilities. Participants must be responsible for the security, custody, and control of the facilities and their inmates.

2. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a prorated increase.

Correctional Plan Benefits

Benefits for Correctional Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Correctional Plan members receive 1.9% of highest average salary for each year of service. Correctional Plan members receive a full retirement benefit when they are age 55 and vested or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement begins at age 50 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of 1% and a maximum of 2.5%. The 2024 annual increase was 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

3. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employee Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the County was required to contribute 7.50% for General Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2024, were \$486,032. The County's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$272,213. The County's contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2024 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2024, were \$125,063. The County's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the County reported a liability of \$2,721,115 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$70,362.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

County's proportionate share of the net pension liability	\$ 2,721,115
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>70,362</u>
Total	<u>\$ 2,791,477</u>

The net pension liability was measured as of June 30, 2024, 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 contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.0736 percent at the end of the measurement period and 0.0703 percent for the beginning of the period.

For the year ended December 31, 2024, the County recognized pension expense of \$269,262 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$872 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized \$125,197 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 255,642	\$ -
Changes in actuarial assumptions	13,285	1,029,897
Net difference between projected and actual investment earnings	-	790,190
Changes in proportion	155,726	88,022
Contributions paid to PERA subsequent to the measurement date	247,415	-
Total	\$ 672,068	\$ 1,908,109

The \$247,415 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2025	\$ (859,333)
2026	(133,856)
2027	(281,484)
2028	(208,557)

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Police and Fire Fund Plan

At December 31, 2024, the County reported a liability of \$1,389,042 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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 proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1056 percent at the end of the measurement period and 0.1047 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$52,950.

County's proportionate share of the net pension liability	\$ 1,389,042
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>52,950</u>
Total	<u>\$ 1,441,992</u>

For the year ended December 31, 2024, the County recognized pension expense of \$235,915 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$20,816 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Police and Fire Fund Plan (Continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized \$20,982 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 541,322	\$ -
Changes in actuarial assumptions	1,526,917	2,045,400
Net difference between projected and actual investment earnings	-	451,648
Changes in proportion	39,828	38,210
Contributions paid to PERA subsequent to the measurement date	139,641	-
Total	\$ 2,247,708	\$ 2,535,257

The \$139,641 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Pension Expense Amount
2025	\$ (80,887)
2026	364,681
2027	(204,502)
2028	(541,074)
2029	34,592

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Correctional Plan

At December 31, 2024, the County reported a liability of \$170,527 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2024, 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 proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.560 percent at the end of the measurement period and 0.501 percent for the beginning of the period.

For the year ended December 31, 2024 the County recognized pension expense of \$258,299 for its proportionate share of the Correctional Plan's pension expense.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$5.3 million to the Correctional Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the Correctional Plan pension allocation schedules for the \$5.3 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized \$29,408 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Correctional Employees Fund.

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 120,877	\$ -
Changes in actuarial assumptions	-	576,941
Net difference between projected and actual investment earnings	-	236,783
Changes in proportion	62,791	52,118
Contributions paid to PERA subsequent to the measurement date	<u>62,507</u>	<u>-</u>
Total	<u>\$ 246,175</u>	<u>\$ 865,842</u>

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Correctional Plan (Continued)

The \$62,507 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Pension Expense Amount
2025	\$ (637,121)
2026	89,059
2027	(70,378)
2028	(63,736)

4. Summary

The aggregate amount of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense (revenue) for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

	GERF	PEPFF	PECF	Total
Net Pension Liability	\$ 2,721,115	\$ 1,389,042	\$ 170,527	\$ 4,280,684
Deferred Outflows of Resources	672,068	2,247,708	246,175	3,165,951
Deferred Inflows of Resources	1,908,109	2,535,257	865,842	5,309,208
Pension Expense (Revenue)	270,134	256,731	258,299	785,164

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

5. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5%	5.10%
International Stocks	16.5	5.30
Bonds (Fixed Income)	25.0	0.75
Alternative Assets (Private Markets)	25.0	5.90
Total	<u>100.0 %</u>	

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan, Police and Fire Plan, and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Methods and Assumptions (Continued)

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan, Police & Fire Plan, and the Correctional Plan.
- Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police & Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11% at age 20 to 3% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police & Fire Plan and the Correctional Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Change in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Police and Fire Plan

Changes in Actuarial Assumptions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Methods and Assumptions (Continued)

Correctional Plan

Changes in Plan Provisions:

- Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025
- Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.
- The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

7. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Lower	6.00%	\$ 5,943,354	6.00%	\$ 3,282,577	6.00%	\$ 1,385,741
Current	7.00	2,721,115	7.00	1,389,042	7.00	170,527
1% Higher	8.00	70,530	8.00	(165,947)	8.00	(797,580)

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

B. Defined Contribution Plan

5 Commissioners are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,417	\$ 1,417	5%	5%	5%

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB)

1. Plan Description

In addition to providing a pension benefits plan, the County provides postemployment health care benefits for eligible retired employees, spouses and dependents through a single-employer fully insured plan. The Plan does not issue a publicly available financial report.

2. Contributions

The County currently has no assets that have been irrevocably deposited into a trust for future health benefits. Lyon County is funding this liability on a pay-as-you-go-basis. For the year ended December 31, 2024, the County contributed \$169,738 to the plan.

3. Benefits Provided

Pursuant to Minnesota Statutes 471.61, subdivision 2b, Lyon County provides postemployment health care benefits to certain retired employees. To be eligible for benefits, a participant must qualify to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and must not participate in any other health benefits program providing coverage similar to that herein described when they retire from active employment. Eligible retirees may continue coverage under the County's health benefits program. Pursuant to the provision of the plan, retirees are required to pay 100 percent of the total premium cost. As of December 31, 2024, there was 40 retirees and 170 active participants receiving health benefits from the County's health plan. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

4. Total OPEB Liability

The County's total OPEB liability of \$2,317,477 was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2024. The Schedule of Changes in the County's Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

5. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service graded table
Health Care Trend Rates	6.50% decreasing to 5.00%, then to 4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2024 valuation were based on the PERA actuarial experience studies. The most recent six-year experience study for the General Employees Plan was completed in 2019. The most recent four-year experience study for the Police and Fire Plan was completed in 2020.

The discount rate used to measure the total OPEB liability was 3.70%. The discount rate is equal to the 20-year, high quality tax-exempt, general obligation municipal bonds as of the Measurement Date.

Since the most recent valuation, the following assumption changes have been made:

- The discount rate was changed from 4.00% to 3.70%.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

6. Changes in the Total OPEB Liability

	Governmental Activities	Business-Type Activities	Total OPEB Liability
Balance at December 31, 2023	\$ 2,311,294	\$ 96,864	\$ 2,408,158
Changes for the year:			
Service Cost	64,849	5,931	70,780
Interest Cost	87,102	7,967	95,069
Assumption Changes	172,819	15,807	188,626
Benefit Payments	(189,155)	(17,301)	(206,456)
Difference between Expected and Actual Experience	(218,697)	(20,003)	(238,700)
Net Changes	(83,082)	(7,599)	(90,681)
Balance at December 31, 2024	\$ 2,228,212	\$ 89,265	\$ 2,317,477

7. Sensitivity Results

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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB Liability	\$ 2,529,950	\$ 2,317,477	\$ 2,130,268

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 one percentage point lower (5.50% decreasing to 4.00% then 3.00%) or one percentage point higher (7.50% decreasing to 6.00% then 5.00%) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 4.00% then 3.00%)	Discount Rate (6.50% decreasing to 5.00% then 4.00%)	1% Increase (7.50% decreasing to 6.00% then 5.00%)
Total OPEB Liability	\$ 2,131,075	\$ 2,317,477	\$ 2,537,010

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

8. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2024, the County recognized OPEB expense of \$14,209. In addition, the County reported deferred outflows and inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Assumption Changes	\$ 258,186	\$ 390,886
Liability Gains	28,638	487,362
Contributions Subsequent to the Measurement Date	169,438	-
Total	<u>\$ 456,262</u>	<u>\$ 878,248</u>

The \$169,438 reported as deferred outflow of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be amortized as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ (151,640)
2026	(151,638)
2027	(132,955)
2028	(32,870)
2029	(56,154)
Thereafter	(66,167)

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or natural disasters, for which the County carries commercial insurance. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For all other risk, other than pertaining to health insurance, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2024. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

A. Risk Management (Continued)

On October 15, 2013, Lyon County entered into a joint powers agreement with three counties (Murray, Redwood, and Swift) and Southwest Health and Human Services to form the Minnesota Public Sector Collaborative to self-insure health insurance as of January 1, 2014. Premiums are withheld from employees and transferred into an internal service fund. Claims are managed and paid by a third party, and the County is billed weekly, in aggregate, for claims incurred.

The County established a limited risk management program for health coverage in 2014. Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County retained risk up to a \$50,000 stop-loss per person insured (employee and eligible dependent) per year (\$1,000,000 aggregate) for the health plan. Liabilities of the internal service fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The December 31, 2024, liability is determined based on detailed reports received by the County from the third-party administrator for claims incurred, adjusted, and paid through March 31, 2024. Changes in the balances of claims liabilities during 2023 and 2024 are as follows:

	2023	2024
Unpaid Claims, January 1	\$ 500,210	\$ 156,309
Incurred Claims	1,558,019	2,445,899
Claims Payments	(1,901,920)	(2,434,223)
Unpaid Claims, December 31	\$ 156,309	\$ 167,985

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

B. Contingent Liabilities (Continued)

Lincoln-Pipestone Rural Water System

At December 31, 2024, the Lincoln-Pipestone Rural Water System had \$29,407,000 of general obligation bonds and other loans outstanding through 2059. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

The debt is paid by the Lincoln-Pipestone Rural Water System from special assessments levied against property specifically benefited by the applicable expansion, extension, or enlargement of the system and from the net revenues from time to time received in excess of the current costs of operating and maintaining the system. The bonds are general obligations of the issuing counties for which their full faith, credit, and taxing powers are pledged. The participating counties (Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine) have adopted Board resolutions and have signed joint powers agreements to define their liability for a proportional share of the debt should the issuing counties be required to make any debt service payments. In such a situation, each of the other counties will promptly reimburse the paying counties in proportion to the percentage of Lincoln-Pipestone Rural Water System customers located in such county, in accordance with Minn. Stat. § 116A.24, subd. 3. The outstanding bonds are reported as liabilities in the annual financial statements of the Lincoln-Pipestone Rural Water System and are not reported as liabilities in the financial statements of any of the ten participating counties. The participating counties disclose a contingent liability due to the guarantee of indebtedness.

C. Joint Ventures

The County has an ongoing financial interest or responsibility in the following joint ventures:

Southwest Health and Human Services

Southwest Health and Human Services (SWHHS) was formed pursuant to Minn. Stat. ch. 145A and §§ 471.59 and 393.01, subd. 7, by Lincoln, Lyon, Murray, and Pipestone Counties. SWHHS began official operation on January 1, 2011, and performs human service and public health functions. Funding is provided by the member counties based on consideration of:

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Southwest Health and Human Services (Continued)

(1) population based on the most recent national census; (2) tax capacity; and (3) the most recent three-year average Social Services Expenditure and Grant Reconciliation Report (SEAGR), each factor to be weighted equally.

Rock County's health and human services functions were assumed by SWHHS as of January 1, 2012. Redwood County's health and human service functions and Pipestone County's human service function joined SWHHS as of January 1, 2013.

SWHHS is governed by the:

- Joint Health and Human Services Board ("Joint Board") - responsible for financial, personnel, budget, and general administration of the agency, and is made up of one County Commissioner (or alternate) from each county serving on the Community Health Board and one County Commissioner (or alternate) serving on the Human Services Board.
- Human Services Board - responsible for duties set forth in Minn. Stat. ch. 393 and made up of two County Commissioners appointed annually and one layperson to be appointed consistent with the requirement of the Commissioner of Human Services.
- Community Health Board - responsible for all duties set forth in Minn. Stat. ch. 145A and made up of one County Commissioner and one alternate from each member county unless such county shall have a population in excess of twice that of any other member county, in which case, it shall have two Commissioners and two alternates.

Financing is provided by state and federal grants and appropriations from member counties. Lyon County's contribution in 2024 for the human services function was \$3,975,868 and its contribution to the health services function was \$303,228. Southwest Health and Human Services is not accumulating significant financial resources or experiencing fiscal distress.

Complete financial statements of Southwest Health and Human Services can be obtained at 607 West Main, Marshall, Minnesota 56258.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Lincoln-Pipestone Rural Water System

Lyon County, along with Jackson, Lac qui Parle, Lincoln, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine Counties, jointly established the Lincoln-Pipestone Rural Water System pursuant to Minn. Stat. ch. 116A. The Rural Water System is responsible for storing, treating, and distributing water for domestic, commercial, and industrial use within the area it serves. The cost of providing these services is recovered through user charges.

The Lincoln-Pipestone Rural Water System is governed by a Board appointed by the District Court. The Rural Water System's Board is solely responsible for the budgeting and financing of the Rural Water System.

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefited properties pay approximately 85 percent of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2024, were \$29,407,000. Lincoln-Pipestone Rural Water System is not accumulating significant financial resources or experiencing fiscal distress.

Complete financial statements of the Lincoln-Pipestone Rural Water System can be obtained at East Highway 14, P. O. Box 188, Lake Benton, Minnesota 56149-0188.

Red Rock Rural Water System

The Red Rock Rural Water System was established pursuant to Minn. Stat. ch. 116A through a joint powers agreement, pursuant to Minn. Stat. § 471.59 and under the jurisdiction of the Fifth Judicial District. Brown, Cottonwood, Jackson, Lyon, Martin, Murray, Redwood, and Watonwan Counties have agreed to guarantee their shares of debt arising within each respective county. The Red Rock Rural Water System provides water for participating rural water users and cities within the water district. The cost of providing these services is recovered through user charges.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Red Rock Rural Water System (Continued)

The governing body is composed of nine members appointed to three-year terms by the District Court. Each county is responsible for levying and collecting the special assessments from the benefited properties within that county. A bond issue and notes payable are shown as long-term debt on the financial statements of the Red Rock Rural Water System. Red Rock Rural Water System is not accumulating significant financial resources or experiencing fiscal distress.

Complete financial information can be obtained from the Red Rock Rural Water System, 305 West Whited Street, Jeffers, Minnesota 56145.

Southwest Minnesota Regional Emergency Communications Joint Powers Board

As of August 23, 2013, the Southwest Minnesota Regional Radio Board changed its name to the Southwest Minnesota Regional Emergency Communications Joint Powers Board. The Southwest Minnesota Regional Emergency Communications Joint Powers Board was established April 22, 2008, between Lyon County, the Cities of Marshall and Worthington, and 12 other counties under the authority of Minn. Stat. §§ 471.59 and 403.39. The purpose of the agreement is to formulate a regional radio board to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in a Joint Powers Board consisting of one County Commissioner and one City Council member for each party to the agreement. The members representing counties and cities shall be appointed by their respective governing bodies for the membership of that governing body. In addition, voting members of the Board include a member of the Southwest Minnesota Regional Advisory Committee, a member of the Southwest Minnesota Regional Radio System User Committee, and a member of the Southwest Minnesota Owners and Operators Committee.

Financing is provided by the appropriations from member parties and by state and federal grants. During 2024, Lyon County contributed \$3,027 to the Joint Powers Board. Southwest Minnesota Regional Emergency Communications Joint Powers Board is not accumulating significant financial resources or experiencing fiscal distress.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Marshall-Lyon County Library

The Marshall-Lyon County Library is governed by a nine-member Board. All members are to be appointed by the Mayor for the City of Marshall with City Council approval. The City of Marshall appoints six members, and the County recommends appointment for three members. Of the County recommendations, one is to be a County Commissioner and two are to be residents of Lyon County residing outside the City of Marshall.

Lyon County and the City of Marshall are responsible for the operating budget of the Library. Lyon County agreed to be responsible for no less than \$200,000 per year. Lyon County's contribution for 2024 was \$373,090. Marshall-Lyon County Library is not accumulating significant financial resources or experiencing fiscal distress.

Brown-Lyon-Redwood-Renville Drug Task Force

As of January 1, 2011, the Brown-Lyon-Redwood Drug Task Force changed its name to the Brown-Lyon-Redwood-Renville Drug Task Force. The Brown-Lyon-Redwood-Renville Drug Task Force was established between Brown, Lyon, and Redwood Counties and the Cities of Marshall, New Ulm, and Redwood Falls, pursuant to Minn. Stat. § 471.59, as of January 1, 2010. Renville County joined the Task Force as of January 1, 2011. The Task Force was established to create a cooperative law enforcement effort that provides drug enforcement services for member organizations.

The Task Force is governed by an Advisory Board consisting of one appointed member from each party to the agreement. Financing is provided through contributions of the participating counties, grants, and forfeitures. During 2024, Lyon County paid \$115,198 to the Task Force. Brown-Lyon-Redwood-Renville Drug Task Force is not accumulating significant financial resources or experiencing fiscal distress.

Fiscal agent responsibilities for the Task Force are with the City of New Ulm. The Task Force is reported as a custodial fund in the City of New Ulm's financial statements.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Advocate, Connect, Educate (A.C.E.) of Southwest Minnesota

Lyon County, in conjunction with Cottonwood, Lincoln, Murray, Nobles, Pipestone, Redwood, and Rock Counties and the Southwest Regional Development Commission, pursuant to Minn. Stat. § 471.59, have formed an agreement to coordinate the delivery of volunteer services to non-profit community service entities and local units of government meeting the guidelines for receiving volunteer services under the authority of the counties. The entity known as Retired and Senior Volunteer Program of Southwest Minnesota (RSVP of Southwest Minnesota) changed its name to A.C.E. of Southwest Minnesota as of January 1, 2014. Lyon County joined as of July 1, 2014. The Board comprises one voting member from each participating county and one voting member of the A.C.E. of Southwest Minnesota Advisory Council. In 2024, Lyon County made contributions of \$55,000 to the A.C.E. of Southwest Minnesota. A.C.E. of Southwest Minnesota is not accumulating significant financial resources or experiencing fiscal distress.

Plum Creek Library System

Lyon County, along with 19 cities and 8 other counties participates in the Plum Creek Library System. The Plum Creek Library System was created as a public library service on May 29, 1974, by the act of contracting with various public libraries in its region to provide expanded library service, with the additional purpose of furthering the public interest by providing the potential for extending public library services into areas without such services. The Plum Creek Library System is governed by a board of trustees which consists of two representatives from each county. One is appointed by the County Commissioners, the second from the board of participating libraries. Plum Creek Library System is not accumulating significant financial resources or experiencing fiscal distress. The County did not make any direct contributions to the library in 2024.

Complete financial statements of the Plum Creek Library System can be obtained at 290 South Lake Street, P. O. Box 697, Worthington, Minnesota 56187.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Supporting Hands Nurse Family Partnership Board

The Supporting Hands Nurse Family Partnership Board was established pursuant to Minn. Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective May 31, 2007. The Board is comprised of one representative from each county to the agreement. The counties in the agreement are Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Rock, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services represents Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock County in this agreement. Horizon Public Health represents Douglas, Grant, Pope, Stevens, and Traverse Counties in this agreement. Countryside Public Health represents Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties in this agreement. The purpose of this agreement is to organize, govern, plan, and administer a multi-county based nurse family partnership program specifically within the jurisdictional boundaries of the counties involved. The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. In 2024, Lyon County did not contribute to the partnership.

Renville County acts as fiscal agent for Supporting Hands Nurse Family Partnership Board. A complete financial report of the Supporting Hands Nurse Family Partnership Board can be obtained from Renville County at Renville County Public Health, Renville County Government Services Center, 105 South 5th Street, Suite 1194, Olivia, Minnesota 56277.

Port Authority of the City of Saint Paul – Property Assessed Clean Energy Program (MinnPACE)

This agreement was effective September 13, 2022. The Port Authority has been engaged in governmental programs for providing financing throughout the state of Minnesota by making loans evidenced by various financing leases and loan agreements. Minnesota Statutes, Sections 216C.435 and 216C.436 and Chapter 429 and 471.59 (collectively the Act) authorize the County to provide for the financing of the acquisition and construction or installation of energy efficiency and conservation improvements (the Cost Effective Energy Improvements as defined in the Act or Improvements) on “Qualifying Real Properties” as defined in the Act (the Properties or Property) located within the boundaries of the County through the use of special assessments. The County did not contribute under this agreement in 2024.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Counties Providing Technology

In 2018, 23 counties created a joint powers organization named Counties Providing Technology (CPT) for the purpose of purchasing their former software vendor, Computer Professionals Unlimited, Inc. (CPUI) and then provide for the development, operation, and maintenance of technology applications and systems and the support and management of such systems for the use and benefit of the members and other governmental units. There is no significant accumulation of resources or fiscal stress related to this entity. Lyon County did not contribute to this organization in 2024.

Complete financial information can be obtained from the Counties Providing Technology office at 400 Colorado Avenue, Suite 303, Morris, MN 56267.

Southwest Minnesota Private Industry Council, Inc.

The Southwest Minnesota Private Industry Council (SW MN PIC) is a private nonprofit corporation, which was created through a joint powers agreement on October 1, 1983, and began operations in 1985 under the Job Training Partnership Act (JTPA) authorized by Congress to administer and operate job training programs in a 14-county area of Southwestern Minnesota. These counties include Big Stone, Chippewa, Cottonwood, Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, Swift, and Yellow Medicine. SW MN PIC is governed by the Chief Elected Official Board, which is composed of one representative from each member county. Lyon County contributed \$4,540 to this organization in 2024.

Separate financial information can be obtained from the Lyon County Government Center, 607 West Main Street, Marshall, Minnesota 56258.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

5. Summary of Significant Contingencies and Other Items (Continued)

D. Jointly-Governed Organizations

Lyon County, in conjunction with other governmental entities, has formed the jointly-governed organization listed below:

Southwest Minnesota Public Safety Board

The Southwest Minnesota Public Safety Board was established June 29, 2012, by a joint powers agreement between Lyon, Murray, Nobles, Pipestone, Redwood, and Yellow Medicine Counties and the Cities of Marshall and Worthington under authority of Minn. Stat. § 471.59. The purpose of the agreement is to formulate regional and local emergency communications recording and logging services between the parties.

Control is vested in a Joint Powers Board consisting of one County Commissioner or one City Council member for each party to the agreement and the Sheriff or Chief of Police from each party to the agreement. The members representing counties and cities shall be appointed by their respective governing bodies for the membership of that governing body. In 2024, Lyon County contributed \$5,000 to the Southwest Minnesota Public Safety Board.

Area II Minnesota River Basing Projects, Inc.

The Area II Minnesota River Basin Project provides cost-share and technical assistance for the implementation of flood reduction measures to the area between the Cities of Ortonville and Mankato. During the year, Lyon County paid \$22,209 to the Project.

Redwood-Cottonwood Rivers Control Area

The Redwood-Cottonwood Rivers Control Area (RCRCA) works to improve water quality, reduce erosion, and enhance recreational opportunities by providing education, outreach, monitoring, and technical assistance within the boundaries of the watersheds of the Redwood and Cottonwood rivers for the participating counties. The RCRCA consists of Brown, Cottonwood, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine Counties. During 2024, Lyon County contributed \$21,120 to the RCRCA.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

6. Change in Accounting Principle

Effective January 1, 2024, Lyon County implemented GASB 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of January 1, 2024, was understated by \$77,575 in the business type activities and landfill enterprise fund. The effect of the implementation of this standard is shown in the table below.

	Business Type Activities	Landfill Enterprise Fund
Beginning Net Position, as Previously Stated	\$ 12,295,239	\$ 12,212,580
Change in Accounting Principle	<u>(77,575)</u>	<u>(77,575)</u>
Beginning Net Position, as Restated	<u>\$ 12,217,664</u>	<u>\$ 12,135,005</u>

REQUIRED SUPPLEMENTARY INFORMATION

**LYON COUNTY
MARSHALL, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 8,610,813	\$ 8,610,813	\$ 8,441,038	\$ (169,775)
Special Assessments	500,000	500,000	621,656	121,656
Licenses and Permits	18,005	18,005	46,195	28,190
Intergovernmental	2,971,166	2,971,166	4,443,608	1,472,442
Charges for Services	1,053,800	1,053,800	1,207,611	153,811
Gifts and Contributions	-	-	100	100
Investment Earnings	1,700,000	1,700,000	1,791,533	91,533
Miscellaneous	1,136,656	1,136,656	1,068,004	(68,652)
Total Revenues	\$ 15,990,440	\$ 15,990,440	\$ 17,619,745	\$ 1,629,305
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	\$ 250,725	\$ 250,725	\$ 244,370	\$ 6,355
Courts	130,000	130,000	131,954	(1,954)
Law Library	32,000	32,000	29,964	2,036
Administrator	430,750	430,750	538,264	(107,514)
Auditor - Treasurer	860,576	860,576	866,952	(6,376)
Information Technology	435,900	435,900	378,247	57,653
Elections	130,500	130,500	282,093	(151,593)
Central Services	684,639	684,639	1,564,878	(880,239)
Attorney	815,100	815,100	835,143	(20,043)
Recorder	427,600	427,600	425,482	2,118
Assessor	431,220	431,220	437,140	(5,920)
Building and Plant	697,150	697,150	894,309	(197,159)
Veterans Service Officer	215,425	215,425	231,199	(15,774)
Other General Government	-	-	250	(250)
Total General Government	\$ 5,541,585	\$ 5,541,585	\$ 6,860,245	\$ (1,318,660)
PUBLIC SAFETY				
Sheriff	\$ 3,390,756	\$ 3,390,756	\$ 3,443,521	\$ (52,765)
Law Enforcement Center	2,640,406	2,640,406	2,582,502	57,904
Sheriff's Contingent - Criminal Investigation	-	-	2,420	(2,420)
Boat and Water Safety	-	-	2,006	(2,006)
Joint Law Enforcement Center	290,350	290,350	159,831	130,519
Coroner	40,000	40,000	41,110	(1,110)
DNR ATV Enforcement/Education	-	-	3,473	(3,473)
Probation and Parole	377,000	377,000	491,246	(114,246)
Emergency Services	92,550	92,550	64,812	27,738
E-911 System	104,000	104,000	98,176	5,824
Total Public Safety	\$ 6,935,062	\$ 6,935,062	\$ 6,889,097	\$ 45,965

The notes to the required supplementary information are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
CURRENT				
SANITATION				
Environmental	\$ 815,425	\$ 815,425	\$ 997,300	\$ (181,875)
CULTURE AND RECREATION				
Parks	\$ 317,887	\$ 317,887	\$ 422,532	\$ (104,645)
Other	240,900	240,900	89,275	151,625
Total Culture and Recreation	\$ 558,787	\$ 558,787	\$ 511,807	\$ 46,980
CONSERVATION OF NATURAL RESOURCES				
Extension	\$ 208,173	\$ 208,173	\$ 238,517	\$ (30,344)
Soil and Water Conservation	508,850	508,850	390,410	118,440
Water Quality Loan Program	-	-	124,475	(124,475)
Other	93,330	93,330	91,829	1,501
Total Conservation of Natural Resources	\$ 810,353	\$ 810,353	\$ 845,231	\$ (34,878)
ECONOMIC DEVELOPMENT				
Community Development	\$ 100,300	\$ 100,300	\$ 21,803	\$ 78,497
INTERGOVERNMENTAL				
Health	\$ 303,228	\$ 303,228	\$ 399,566	\$ (96,338)
Culture and Recreation	396,550	396,550	412,590	(16,040)
Total Intergovernmental	\$ 699,778	\$ 699,778	\$ 812,156	\$ (112,378)
CAPITAL OUTLAY				
General Government	\$ 83,750	\$ 83,750	\$ 224,045	\$ (140,295)
Public Safety	306,900	306,900	699,031	(392,131)
Culture and Recreation	138,500	138,500	658,139	(519,639)
Total Capital Outlay	\$ 529,150	\$ 529,150	\$ 1,581,215	\$ (1,052,065)
DEBT SERVICE				
Principal	\$ -	\$ -	\$ 125,822	\$ (125,822)
Total Expenditures	\$ 15,990,440	\$ 15,990,440	\$ 18,644,676	\$ (2,654,236)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,024,931)	(1,024,931)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 161,007	\$ (161,007)
Transfers Out	-	-	(137,998)	137,998
Issuance of Leases	-	-	188,270	(188,270)
Total Other Financing Sources (Uses)	-	-	211,279	(211,279)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(813,652)	\$ (813,652)
Fund Balance - Beginning of Year			18,217,580	
FUND BALANCE - END OF YEAR			<u>\$ 17,403,928</u>	

The notes to the required supplementary information are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,726,194	\$ 2,726,194	\$ 2,802,363	\$ 76,169
Intergovernmental	7,678,703	7,678,703	10,716,128	3,037,425
Charges for Services	10,000	10,000	1,254	(8,746)
Miscellaneous	356,925	356,925	287,046	(69,879)
Total Revenues	10,771,822	10,771,822	13,806,791	3,034,969
EXPENDITURES				
CURRENT				
HIGHWAY AND STREETS				
Public Works	\$ 7,750	\$ 7,750	\$ 6,041	\$ 1,709
Administration	387,412	387,412	415,912	(28,500)
Construction	473,152	473,152	807,144	(333,992)
Maintenance	2,869,744	2,869,744	2,160,940	708,804
Equipment and Maintenance Shops	1,062,378	1,062,378	1,241,392	(179,014)
Total Highways and Streets	4,800,436	4,800,436	4,631,429	169,007
INTERGOVERNMENTAL				
Highways and Streets	\$ 400,000	\$ 400,000	\$ 531,343	\$ (131,343)
CAPITAL OUTLAY				
Highways and Streets	5,571,386	5,571,386	8,252,343	(2,680,957)
DEBT SERVICE				
Principal	\$ -	\$ -	\$ 1,813	\$ (1,813)
Total Expenditures	\$ 10,771,822	\$ 10,771,822	\$ 13,416,928	\$ (2,645,106)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	389,863	<u>\$ 389,863</u>
Fund Balance - Beginning of Year			6,561,744	
FUND BALANCE - END OF YEAR			<u>\$ 6,951,607</u>	

The notes to the required supplementary information are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,992,502	\$ 3,992,502	\$ 3,907,906	\$ (84,596)
Intergovernmental	-	-	75,731	75,731
Total Revenues	3,992,502	3,992,502	3,983,637	(8,865)
EXPENDITURES				
INTERGOVERNMENTAL				
Human Services	\$ 3,992,502	\$ 3,992,502	\$ 3,912,336	\$ 80,166
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	71,301	\$ 71,301
Fund Balance - Beginning of Year			48,342	
FUND BALANCE - END OF YEAR			\$ 119,643	

The notes to the required supplementary information are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST TEN FISCAL YEARS**

	Measurement Date January 1,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 70,780	\$ 71,326	\$ 97,885	\$ 134,769	\$ 112,323	\$ 124,572	\$ 132,104
Interest Cost	95,069	57,791	59,199	82,321	138,169	126,090	126,709
Changes of Assumptions	188,626	(429,218)	(15,761)	186,279	(58,090)	(149,390)	-
Differences between Expected and Actual Experience	(238,700)	-	45,825	-	(742,675)	-	-
Benefit Payments	(206,456)	(218,819)	(243,053)	(246,787)	(291,324)	(260,499)	(279,418)
Plan Changes	-	-	-	-	-	1,692	-
Net Change in Total OPEB Liability	(90,681)	(518,920)	(55,905)	156,582	(841,597)	(157,535)	(20,605)
Total OPEB Liability - Beginning	<u>2,408,158</u>	<u>2,927,078</u>	<u>2,982,983</u>	<u>2,826,401</u>	<u>3,667,998</u>	<u>3,825,533</u>	<u>3,846,138</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,317,477</u>	<u>\$ 2,408,158</u>	<u>\$ 2,927,078</u>	<u>\$ 2,982,983</u>	<u>\$ 2,826,401</u>	<u>\$ 3,667,998</u>	<u>\$ 3,825,533</u>
 Covered-employee Payroll	 \$ 8,614,702	 \$ 7,827,064	 \$ 7,599,091	 \$ 7,410,423	 \$ 7,177,165	 \$ 6,595,911	 \$ 6,403,797
 County's OPEB Liability as a Percentage of Covered-employee Payroll	 26.90%	 30.77%	 38.52%	 40.25%	 39.38%	 55.61%	 59.74%

Note 1: The County implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets have been accumulated in a trust.

The notes to the required supplementary information are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
PERA GENERAL EMPLOYEES RETIREMENT PLAN – LYON COUNTY
DECEMBER 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with Entity Name (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.0736%	\$ 2,721,116	\$ 70,362	\$ 2,791,478	\$ 6,229,550	43.68%	89.08%
2023	0.0703	3,931,098	108,310	4,039,408	5,588,633	72.28	83.10
2022	0.0728	5,765,784	169,184	5,934,968	5,455,448	105.69	76.70
2021	0.0737	3,147,320	96,049	3,243,369	5,303,627	59.34	87.00
2020	0.0719	4,310,734	132,897	4,443,631	5,129,773	84.03	79.06
2019	0.0697	3,853,557	119,661	3,973,218	4,693,841	82.10	80.20
2018	0.0698	3,872,218	127,034	3,999,252	4,692,766	82.51	79.50
2017	0.0728	4,647,504	58,474	4,705,978	4,737,416	98.10	75.90
2016	0.0681	5,529,382	72,227	5,601,609	4,225,610	130.85	68.91
2015	0.0718	3,721,049	N/A	3,721,049	4,222,023	88.13	78.19

The measurement date for each year is June 30.

N/A - Not Applicable

The notes to the required supplementary information are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN – LYON COUNTY
DECEMBER 31, 2024**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2024	\$ 486,032	\$ 486,032	\$ -	\$ 6,480,427	7.50%
2023	442,879	442,879	-	5,905,053	7.50
2022	410,523	410,523	-	5,473,640	7.50
2021	403,215	403,215	-	5,376,200	7.50
2020	392,088	392,088	-	5,227,840	7.50
2019	369,696	369,696	-	4,929,280	7.50
2018	352,039	352,039	-	4,693,853	7.50
2017	351,958	351,958	-	4,692,773	7.50
2016	327,281	327,281	-	4,363,735	7.50
2015	327,218	327,218	-	4,362,892	7.50

The County's year-end is December 31.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN – LYON COUNTY
DECEMBER 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with Entity Name (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.1056%	\$ 1,389,042	\$ 52,950	\$ 1,441,992	\$ 1,462,031	95.01%	90.17%
2023	0.1047	1,808,033	72,817	1,880,850	1,374,633	131.53	86.50
2022	0.1063	4,625,756	201,999	4,827,755	1,290,968	358.32	70.50
2021	0.1037	800,454	35,999	836,453	1,225,554	65.31	93.66
2020	0.1021	1,345,787	31,703	1,377,490	1,152,436	116.78	87.19
2019	0.1099	1,169,996	N/A	1,169,996	1,164,499	100.47	89.30
2018	0.1105	1,177,816	N/A	1,177,816	1,115,524	105.58	88.80
2017	0.1090	1,471,630	N/A	1,471,630	1,120,166	131.38	85.40
2016	0.1010	4,053,306	N/A	4,053,306	976,625	415.03	63.88
2015	0.1080	1,227,133	N/A	1,227,133	985,736	124.49	86.61

The measurement date for each year is June 30.

N/A - Not Applicable

The notes to the required supplementary information are an integral part of this statement.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN – LYON COUNTY
DECEMBER 31, 2024**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2024	\$ 272,213	\$ 272,213	\$ -	\$ 1,537,927	17.70%
2023	250,197	250,197	-	1,413,542	17.70
2022	235,084	235,084	-	1,328,158	17.70
2021	222,971	222,971	-	1,259,723	17.70
2020	209,101	209,101	-	1,181,362	17.70
2019	192,216	192,216	-	1,134,018	16.95
2018	188,649	188,649	-	1,164,500	16.20
2017	180,715	180,715	-	1,115,525	16.20
2016	166,452	166,452	-	1,027,480	16.20
2015	164,195	164,195	-	1,013,546	16.20

The County's year-end is December 31.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.5595%	\$ 170,527	\$ 1,420,423	12.01%	97.55%
2023	0.5006	226,298	1,176,276	19.24	95.90
2022	0.5879	1,954,179	1,291,547	151.31	74.60
2021	0.5430	(89,202)	1,200,640	(7.43)	102.00
2020	0.5139	139,440	1,118,317	12.47	96.67
2019	0.5024	69,558	1,061,010	6.56	97.60
2018	0.5195	85,444	1,036,101	8.25	97.60
2017	0.5200	1,482,005	1,037,427	142.85	67.90
2016	0.5100	1,863,101	961,042	193.86	58.16
2015	0.5100	78,846	919,327	8.58	96.95

The measurement date for each year is June 30.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2024**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2024	\$ 125,063	\$ 125,063	\$ -	\$ 1,429,291	8.75%
2023	114,279	114,279	-	1,306,046	8.75
2022	106,575	106,575	-	1,218,000	8.75
2021	110,263	110,263	-	1,260,149	8.75
2020	101,356	101,356	-	1,158,354	8.75
2019	69,558	69,558	-	794,949	8.75
2018	85,444	85,444	-	976,503	8.75
2017	90,659	90,659	-	1,036,103	8.75
2016	84,412	84,412	-	964,703	8.75
2015	86,066	86,066	-	983,612	8.75

The County's year-end is December 31.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. General Budget Policies

The County Board adopts estimated revenue and expenditure budgets for the General Fund, Road and Bridge Special Revenue Fund, and Human Services Special Revenue Fund. The expenditure budget is approved at the fund level. An annual budget is not adopted for the Ditch Special Revenue Fund and Opioid Remediation Special Revenue Fund.

The budgets may be amended or modified at any time by the County Board. Expenditures may not legally exceed budgeted appropriations. Comparisons of final budgeted revenues and expenditures to actual are presented in the required supplementary information for the General Fund and budgeted special revenue funds.

2. Budget Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

3. Budget Amendments

The County did not amend the budgets for the General Fund or any of the special revenue funds.

4. Excess of Expenditures Over Budget

Expenditures exceeded final budgets in the following funds:

Fund	Expenditures	Budgets	Excess
Major Governmental Funds:			
General Fund	\$ 18,644,676	\$ 15,990,440	\$ 2,654,236
Road and Bridge Fund	13,416,928	10,771,822	2,645,106

5. Other Postemployment Benefits – Funding Status

Since the County has not irrevocably deposited funds in a trust for future health benefits, the actuarial value of the assets to pay the accrued liability for postemployment benefits is zero. See Note 4.C. in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

6. Other Postemployment Benefits – Significant Plan Provision and Actuarial Assumption Changes

The following changes were reflected in the valuation performed over OPEB for the year ended December 31:

2024

Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The discount rate was changed from 4.00% to 3.70%.

Plan Provisions

- There were no changes in plan provisions.

2023

Actuarial Assumptions

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

Plan Provisions

- There were no changes in plan provisions.

2022

Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.

Plan Provisions

- There were no changes in plan provisions.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

6. Other Postemployment Benefits – Significant Plan Provision and Actuarial Assumption Changes
(Continued)

2021

Actuarial Assumptions

- The discount rate was changed from 2.90% to 2.50%.

Plan Provisions

- There were no changes in plan provisions.

2020

Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the TP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.
- The discount rate was changed from 3.80% to 2.90%.

Plan Provisions

- There were no changes in plan provisions.

2019

Actuarial Assumptions

- The discount rate was changed from 3.30% to 3.80%.

Plan Provisions

- There were no changes in plan provisions.

2018

Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.30%.

Plan Provisions

- There were no changes in plan provisions.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Plan

2024

Actuarial Assumptions

- The rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase to assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023

Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

A. General Employees Plan (Continued)

2022

Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2010 to Scale MP-2021.

Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021

Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020

Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirement and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The mortality improvement scale was changed from two years older for females to one year older.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

A. General Employees Plan (Continued)

2020 (Continued)

Actuarial Assumptions (Continued)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018

Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation changed to 0.0% effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5% beginning January 1, 2019.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

A. General Employees Plan (Continued)

2018 (Continued)

Plan Provisions (Continued)

- For retirement on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16 million in 2017 and 2018, and \$6 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21 million to \$31 million in calendar years 2019 to 2031. The State's contribution changed from \$16 million to \$6 million in calendar years 2019 to 2031.

2016

Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Plan Provisions

- There have been no changes since the prior valuation.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

A. General Employees Plan (Continued)

2015

Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

B. Police and Fire Plan

2024

Actuarial Assumptions

- There were no changes in actuarial assumptions since the prior valuation.

Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023

Actuarial Assumptions

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

B. Police and Fire Plan (Continued)

2023 (Continued)

Plan Provisions

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022

Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021

Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

B. Police and Fire Plan (Continued)

2021 (Continued)

Actuarial Assumptions (Continued)

- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Plan Provisions

- There have been no changes since the prior valuation.

2020

Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Plan Provisions

- There have been no changes since the prior valuation.

2019

Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Plan Provisions

- There have been no changes since the prior valuation.

2018

Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Plan Provisions

- As set by statute, the assumed postretirement benefit was changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

B. Police and Fire Plan (Continued)

2018 (Continued)

Plan Provisions (Continued)

- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100% funding or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80% to 11.30%, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.0 %, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

B. Police and Fire Plan (Continued)

2017 (Continued)

Actuarial Assumptions (Continued)

- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% percent per annum.

Plan Provisions

- There have been no changes since the prior valuation.

2016

Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%.
- The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Plan Provisions

- There have been no changes since the prior valuation.

2015

Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Plan Provisions

- The postretirement benefit increase to be paid after the attainment of the 90% funding threshold was changed from inflation up to 2.5%, to a fixed rate of 2.5%.

C. Correctional Plan

2024

Actuarial Assumptions

- There were no changes in actuarial assumptions.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

C. Correctional Plan (Continued)

2024 (Continued)

Changes in Plan Provisions

- Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.
- Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.
- The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

2023

Actuarial Assumptions

- The investment return rate was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.42% to 7.00%.

Plan Provisions

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

2022

Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.50% per annum thereafter.

Plan Provisions

- There have been no changes since the prior valuation.

2021

Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

C. Correctional Plan (Continued)

2021 (Continued)

Actuarial Assumptions (Continued)

- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Plan Provisions

- There have been no changes since the prior valuation.

2020

Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Plan Provisions

- There have been no changes since the prior valuation.

2019

Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Plan Provisions

- There have been no changes since the prior valuation.

2018

Actuarial Assumptions

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50% per year to 2.00% per year.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

C. Correctional Plan (Continued)

2018 (Continued)

Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.50%.

2017

Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested, deferred members. The CSA has been changed to 35% for vested members and 1% for non-vested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

Plan Provisions

- There have been no changes since the prior valuation.

2016

Actuarial Assumptions

- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

C. Correctional Plan (Continued)

2016 (Continued)

Plan Provisions

- There have been no changes since the prior valuation.

2015

Actuarial Assumptions

- There have been no changes since the prior valuation.

Plan Provisions

- There have been no changes in plan provisions since the prior valuation.

SUPPLEMENTARY INFORMATION

**LYON COUNTY
MARSHALL, MINNESOTA
DESCRIPTION OF FUNDS**

State Revenue Fund – to account for the collection and disbursement of the state’s share of fees, fines, and mortgage registry and state deed taxes.

Taxes and Penalties Fund – to account for the inflows of tax collections and the disbursement of taxes during the settlement process for municipalities within the County.

Minnesota Public Sector Collaborative Fund – to account for the receipts and disbursements of the Minnesota Public Sector Collaborative Joint Powers Board.

Jail Inmate Fund – used to account for deposits and withdrawals made by inmates of the Lyon County Jail.

License Center Fund – used to account for the collection of license fees on behalf of the state.

Lyon County Agriculture Society Fund – to account for the receipts and disbursements of the Lyon County Agricultural Society.

Soil & Water Conservation District Fund – to account for the receipts and disbursements of the Soil & Water Conservation District project monies.

Civil Process Fund – used to maintain compliance with state guidelines regarding the proper handling of seized property.

Southwest Minnesota Regional Emergency Communications Board Fund – to account for the interagency activity of the Southwest Minnesota Regional Emergency Communications Joint Powers Board.

Southwest Minnesota Regional Public Safety Board Fund – to account for the interagency activity of the Southwest Minnesota Regional Public Safety Board.

Snowmobile and ATV Trails Fund – to account for Ridge Runners inflows and disbursements related to the collections from the state related to trail maintenance grants.

**LYON COUNTY
MARSHALL, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2024**

	State Revenues	Taxes and Penalties	Minnesota Public Sector Collaborative	Jail Inmate	License Center
ASSETS					
Cash and Pooled Investments	\$ 85,148	\$ 472,249	\$ -	\$ 32,003	\$ 4,177
Taxes Receivable for Other Governments	-	432,770	-	-	-
Total Assets	<u>\$ 85,148</u>	<u>\$ 905,019</u>	<u>\$ -</u>	<u>\$ 32,003</u>	<u>\$ 4,177</u>
LIABILITIES AND NET POSITION					
LIABILITIES					
Due to Other Governments	<u>\$ 85,148</u>	<u>\$ 472,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,177</u>
NET POSITION					
Restricted for:					
Individuals, organizations, and other governments	<u>\$ -</u>	<u>\$ 432,770</u>	<u>\$ -</u>	<u>\$ 32,003</u>	<u>\$ -</u>

**LYON COUNTY
MARSHALL, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
DECEMBER 31, 2024**

Lyon County Agriculture Society	Soil and Water Conservation District	Civil Process	SW MN Regional Emergency Communications Board	SW MN Regional Public Safety Board	Snowmobile and ATV Trails	Total Custodial Funds
\$ 14,867	\$ 914,515	\$ 301	\$ 294,729	\$ 72,040	\$ -	\$ 1,890,029
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,770</u>
<u>\$ 14,867</u>	<u>\$ 914,515</u>	<u>\$ 301</u>	<u>\$ 294,729</u>	<u>\$ 72,040</u>	<u>\$ -</u>	<u>\$ 2,322,799</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,215</u>
<u>\$ 14,867</u>	<u>\$ 914,515</u>	<u>\$ 301</u>	<u>\$ 252,088</u>	<u>\$ 72,040</u>	<u>\$ -</u>	<u>\$ 1,718,584</u>

**LYON COUNTY
MARSHALL, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	State Revenues	Taxes and Penalties	Minnesota Public Sector Collaborative	Jail Inmate	License Center
ADDITIONS					
Property Tax Collections for Other Governments	\$ -	\$ 32,079,253	\$ -	\$ -	\$ -
Taxes and Fees Collected for State	762,209	-	-	-	-
License and Fees Collected for State	-	-	-	-	150,499
Contributions	-	-	1,184,710	190,929	-
	<u>762,209</u>	<u>32,079,253</u>	<u>1,184,710</u>	<u>190,929</u>	<u>150,499</u>
Total Additions	\$ 762,209	\$ 32,079,253	\$ 1,184,710	\$ 190,929	\$ 150,499
DEDUCTIONS					
Beneficiary Payments to Individuals and State	\$ -	\$ -	\$ 1,304,413	\$ 194,233	\$ 150,499
Payments of Property Tax to Other Governments	-	32,011,584	-	-	-
Payments to State	762,209	-	-	-	-
	<u>762,209</u>	<u>32,011,584</u>	<u>1,304,413</u>	<u>194,233</u>	<u>150,499</u>
Total Deductions	\$ 762,209	\$ 32,011,584	\$ 1,304,413	\$ 194,233	\$ 150,499
NET INCREASE (DECREASE) IN FIDUCIARY FUNDS	<u>\$ -</u>	<u>\$ 67,669</u>	<u>\$ (119,703)</u>	<u>\$ (3,304)</u>	<u>\$ -</u>
Fiduciary Net Position - Beginning of Year	<u>\$ -</u>	<u>\$ 365,101</u>	<u>\$ 119,703</u>	<u>\$ 35,307</u>	<u>\$ -</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 432,770</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,003</u></u>	<u><u>\$ -</u></u>

**LYON COUNTY
MARSHALL, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Lyon County Agriculture Society	Soil and Water Conservation District	Civil Process	SW MN Regional Emergency Communications Board	SW MN Regional Public Safety Board	Snowmobile and ATV Trails	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,079,253
-	-	-	-	-	-	762,209
-	-	-	-	-	-	150,499
<u>276,958</u>	<u>321,775</u>	<u>18,721</u>	<u>36,005</u>	<u>35,270</u>	<u>73,285</u>	<u>2,137,653</u>
\$ 276,958	\$ 321,775	\$ 18,721	\$ 36,005	\$ 35,270	\$ 73,285	\$ 35,129,614
\$ 277,560	\$ 237,592	\$ 21,800	\$ 92,541	\$ 29,961	\$ 73,285	\$ 2,381,884
-	-	-	-	-	-	32,011,584
-	-	-	-	-	-	762,209
<u>\$ 277,560</u>	<u>\$ 237,592</u>	<u>\$ 21,800</u>	<u>\$ 92,541</u>	<u>\$ 29,961</u>	<u>\$ 73,285</u>	<u>\$ 35,155,677</u>
<u>\$ (602)</u>	<u>\$ 84,183</u>	<u>\$ (3,079)</u>	<u>\$ (56,536)</u>	<u>\$ 5,309</u>	<u>\$ -</u>	<u>\$ (26,063)</u>
<u>\$ 15,469</u>	<u>\$ 830,332</u>	<u>\$ 3,380</u>	<u>\$ 308,624</u>	<u>\$ 66,731</u>	<u>\$ -</u>	<u>\$ 1,744,647</u>
<u><u>\$ 14,867</u></u>	<u><u>\$ 914,515</u></u>	<u><u>\$ 301</u></u>	<u><u>\$ 252,088</u></u>	<u><u>\$ 72,040</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,718,584</u></u>

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

		<u>Primary Government</u>
Appropriations and Shared Revenue		
State:		
Highway Users Tax	\$	9,108,368
Market Value Credit		280,500
Disparity Reduction Aid		25,446
Police Aid		211,248
Local Homeless Aid		47,606
County Program Aid		1,500,181
Enhanced 911		202,073
Out of Home Placement Aid		458
State Local Housing Aid		104,699
Riparian Protection Aid		130,295
Cannabis Aid		2,114
Aquatic Invasive Species Aid		54,280
Total Appropriations and Shared Revenue	\$	<u>11,667,268</u>
Reimbursement for Services		
Local:		
Minnesota Department of Human Services	\$	43,211
Lincoln County		33,930
Total Reimbursements for Services	\$	<u>77,141</u>
Payments		
Local:		
Payments in Lieu of Taxes	\$	338,035
Local Contributions		12,341
Total Payments	\$	<u>350,376</u>
Grants		
State:		
Minnesota Department/Board of:		
Natural Resources	\$	1,073,843
Agriculture		8,441
Public Safety		852
Corrections		266,196
Transportation		101,553
Secretary of State		72,284
Veterans Affairs		10,000
Water & Soil Resources Board		22,253
Peace Officer Standards and Training Board		16,218
Pollution Control Agency		143,947
Total State	\$	<u>1,715,587</u>
Federal		
Department of:		
Justice	\$	1,350
Transportation		1,434,889
Homeland Security		47,366
Total Federal	\$	<u>1,483,605</u>
Total State and Federal Grants	\$	<u>3,199,192</u>
Total Intergovernmental Revenue	\$	<u>15,293,977</u>

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Grant Program Title or Cluster Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,350	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	042-622-009	<u>1,450,636</u>	<u>-</u>
Total Federal Expenditures			<u><u>\$ 1,451,986</u></u>	<u><u>\$ -</u></u>
Federal Grant Revenue Per Schedule of Intergovernmental Revenue			\$ 1,483,605	
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures (Prior Year Deferred Inflows of Resources)			(47,366)	
Expenditures included on the Schedule of Expenditures of Federal Awards that are not considered Intergovernmental Revenues (Current Year Deferred Inflows of Resources)			<u>15,747</u>	
Expenditures per Schedule of Expenditures of Federal Awards			<u><u>\$ 1,451,986</u></u>	

**LYON COUNTY
MARSHALL, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 REPORTING ENTITY

The schedule of Expenditures of Federal Awards presents the federal award programs expended by Lyon County. The County's reporting entity is defined in Note 1 to the financial statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards included the federal grant activity of Lyon County under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operation of Lyon County it is not intended to and does not present the financial position, changes in net position, or cash flows of Lyon County.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of Lyon County. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the full accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Uniform Guidance for all awards. Under these principals' certain types of expenditures are not allowable or are limited as to reimbursement. Lyon County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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**

Board of County Commissioners
Lyon County
Marshall, Minnesota

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Lyon County, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Lyon County's basic financial statements, and have issued our report thereon dated September 11, 2025.

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.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 to 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

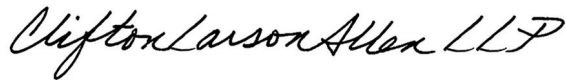
As part of obtaining reasonable assurance about whether Lyon County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lyon County’s Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Lyon County’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 11, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners
Lyon County
Marshall, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lyon County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lyon County's major federal programs for the year ended December 31, 2024. Lyon County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lyon County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our testing we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Brainerd, Minnesota
September 11, 2025

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

A. Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no

B. Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings

2024-001 AUDIT ADJUSTMENTS

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: As part of the audit, we proposed account reclassification entries relating to the coding of receipts and disbursements, accruals, corrections to fund balance and net position, GASB 84, capital assets, and other reclassifications. These entries indicate a lack of controls over the year-end financial reporting process. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the County's internal control.

Criteria or specific requirement: County management is responsible for establishing and maintaining internal controls for the proper recording of all County's receipts and disbursements, including reclassifications between funds and recording of accruals.

Effect: The design of the internal controls over recording receipts and disbursement, including reclassifications, could affect the ability of the County to detect or prevent a misappropriation of assets or fraudulent activity.

Cause: The County has limited number of personnel.

Repeat Finding: Yes, 2023-001.

Recommendation: We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. The County will review the controls over recording transactions and year-end accruals.

LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Section II – Financial Statement Findings (Continued)

2024-002 SEGREGATION OF DUTIES

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control is not in place in a number of departments throughout the County.

Criteria or Specific Requirement: County management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, County management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Effect: The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and lack of adherence to the County's procedures.

Cause: The County has a limited number of personnel within several County departments.

Repeat Finding: Yes, 2023-002.

Recommendation: We recommend County management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by organization staff.

View of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. The County will review the accounting functions and segregate them if deemed cost-beneficial.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings (Continued)

2024-003 FINANCIAL REPORTING PROCESS

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. Management reviews and accepts responsibility for the financial statements.

Criteria or Specific Requirement: County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

Cause: The County has limited number of personnel.

Repeat Finding: Yes, 2023-003.

Recommendation: We recommend the County continue to evaluate their internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

View of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. The County will review the financial reporting requirements and undertake them if deemed cost-beneficial.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section IV – Other Items for Consideration – Minnesota Legal Compliance

2024-004 PUBLISHING OF ITEMIZED CLAIMS

Condition: Lyon County does not publish an itemized list of County Board-approved payments over \$2,000 with the total number of claims and total amount for payments under \$2,000 as provided by Minn. Stat. §375.12. Lyon County includes vendors paid over \$2,000 in the version of the County Board minutes available online at the County website, but the minutes published in the newspaper do not include itemized claims over \$2,000.

Criteria or Specific Requirement: Minnesota Statutes §375.12 requires that County Board minutes be published within 30 days of the meeting and include an individualized, itemized list of County Board-approved payments over \$2,000. For claims \$2,000 or less, the total number of claims and total amount shall be stated. The County can publish summaries of the minutes, meeting the requirement of Minn. Stat. §331A.01. However, the County must still publish claims as required by Minn. Stat. §375.12.

Effect: Noncompliance with Minn. Stat. §375.12.

Cause: The County Board and management do not wish to incur additional costs of publication and continue to make claim information available in the official minutes and the minutes posted on the County's website, and warrant registers remain physically available at the Auditor/Treasurer's Office.

Repeat Finding: Yes, 2023-005.

Recommendation: We recommend the County comply with the above-noted statute and publish an itemized list of County Board-approved payments over \$2,000 with the total number of claims and total amount for payments under \$2,000.

View of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. The County will continue to evaluate cost effective ways to bring the publication requirement into compliance with statute.

**LYON COUNTY
MARSHALL, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section IV – Other Items for Consideration – Minnesota Legal Compliance

2024-005 UNCLAIMED CHECKS

Condition: During testing, it was noted that the County had various checks totaling \$14,056 that are more three years old and have not been reported or turned over to the state Commissioner of Commerce.

Criteria or Specific Requirement: Minnesota Statutes §375.38-.43 requires that the County must report unclaimed or uncashed checks held for more than three years and pay or deliver them to the state Commissioner of Commerce.

Effect: Noncompliance with Minn. Stat. §375.38-.43.

Cause: The County has not reported unclaimed checks over three years old.

Repeat Finding: Yes, 2023-007.

Recommendation: We recommend the County report and send or deliver the checks to the Commissioner of Commerce.

View of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. The County will report the checks to the state.

Section V – Previously Reported Items Resolved

CENSUS DATA DOCUMENTATION (2023-004)

Resolution: During current year testing it was noted that information was reviewed prior to sending it to the 3rd party.

PROMPT PAYMENT OF CLAIMS (2023-006)

Resolution: During current year testing it was noted all claims were paid within 35 days.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Lyon County, Minnesota

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, the business-type activities, each major fund, and the aggregate remaining fund information of Lyon County (the County) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 11, 2025.

In connection with our audit, we noted Lyon County failed to comply with provisions of the miscellaneous provisions of *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. §6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs as items 2024-004 and 2024-005. Also, in connection with our audit, nothing came to our attention that caused us to believe that Lyon County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties* insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Lyon County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Brainerd, Minnesota
September 11, 2025



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