

# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

## NEWS RELEASE

FOR RELEASE

March 31, 2023

Contact: Ernest Ruben  
515/281-5834

Auditor of State Rob Sand today released an audit report on Story County, Iowa.

### **FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$49,221,343 for the year ended June 30, 2022, a 1% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$39,963,216, an 8.7% decrease from the prior year.

### **AUDIT FINDINGS:**

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 96 through 101 of this report. The findings address a lack of segregation of duties, material amounts of investments, capital asset additions, and unearned revenues not properly recorded in the County's financial statements and questionable expenditures. Sand provided the County with recommendations to address the findings.

Two of the three findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

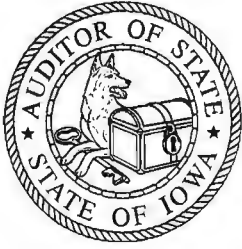
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**STORY COUNTY**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2022**

**Story County**



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Rob Sand  
Auditor of State

March 10, 2023

Officials of Story County  
Nevada, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Story County for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Story County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515/281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand", written in a cursive style.

Rob Sand  
Auditor of State

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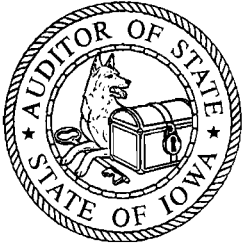
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## Story County

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lisa Heddens	Board of Supervisors	Jan 2023
Linda Murken	Board of Supervisors	Jan 2023
Latifah Faisal	Board of Supervisors	Jan 2025
Lucy Martin	County Auditor	Jan 2025
Ted Rasmusson	County Treasurer	Jan 2023
Stacie Herridge	County Recorder	Jan 2023
Paul H. Fitzgerald	County Sheriff	Jan 2025
Timothy C. Meals	County Attorney	Jan 2023
Wayne Schwickerath	County Assessor	Jan 2028
Shari Plagge	Ames City Assessor	Jan 2027



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## Independent Auditor's Report

To the Officials of Story County:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Story County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements 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, each major fund and the aggregate remaining fund information of Story County as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Basis for Opinions

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

#### Emphasis of Matter

As discussed in Note 18 to the financial statements, Story County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

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 Story County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Story County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Story 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, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 60 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

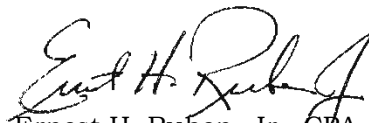
### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Story County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 9 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2023 on our consideration of Story 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 Story County's internal control over financial reporting and compliance.

  
Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

March 10, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Story County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022, along with comparative data for the year ended June 30, 2021. Readers are encouraged to consider this information in conjunction with the County's financial statements, which follow.

### 2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Story County's governmental activities revenue increased approximately \$489,000 over fiscal year 2021. Operating grants, contributions and restricted interest decreased approximately \$1,018,000 from fiscal year 2021, property taxes increased approximately \$646,000 over fiscal year 2021, and American Rescue Plan Act revenues increased approximately \$878,000 over fiscal year 2021.
- Program expenses decreased approximately \$3,819,000 from fiscal year 2021. Public safety and legal services expenses decreased approximately \$1,206,000, roads and transportation expenses decreased approximately \$1,364,000, and administration expense also decreased approximately \$1,140,000.
- The County's net position at June 30, 2022 increased approximately \$9,258,000 over the June 30, 2021 balance.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Story County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Story County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Story County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental, the individual Internal Service and Custodial Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program activities, and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) A Proprietary Fund accounts for the County's Internal Service, Employee Group Health Insurance and Dental Self-Insurance Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Custodial Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds includes a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. Story County’s net position at the end of fiscal year 2022 totaled approximately \$102.8 million. This compares to the fiscal year 2021 balance of approximately \$93.6 million. The analysis that follows focuses on the changes in net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021
Current and other assets	\$ 82,889	66,115
Capital assets	79,910	80,007
Total assets	162,799	146,122
Deferred outflows of resources	2,919	4,098
Long-term liabilities	11,208	23,988
Other liabilities	10,579	2,144
Total liabilities	21,787	26,132
Deferred inflows of resources	41,066	30,481
Net position:		
Net investment in capital assets	72,548	72,468
Restricted	19,351	15,056
Unrestricted	10,966	6,083
Total net position	\$ 102,865	93,607

Net position of Story County’s governmental activities increased approximately \$9,258,000 over the previous year.

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position increased 0.1%, or approximately \$80,000 from the prior year.

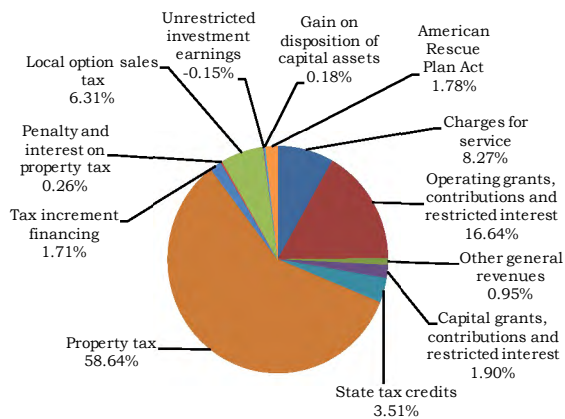
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position increased 28.5%, or approximately \$4,295,000 over the prior year. This increase is primarily due to an increase in the net position restricted for secondary roads purposes of approximately \$1,728,000, and an increase in net position restricted for supplemental levy purposes of approximately \$598,000.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$6,083,000 at June 30, 2021 to approximately \$10,966,000 at the end of this year, an increase of 80.3%. This increase is primarily due to a decrease in net pension liability of approximately \$16,074,000, which is offset by an increase in deferred inflows related to pension of approximately \$12,463,000.

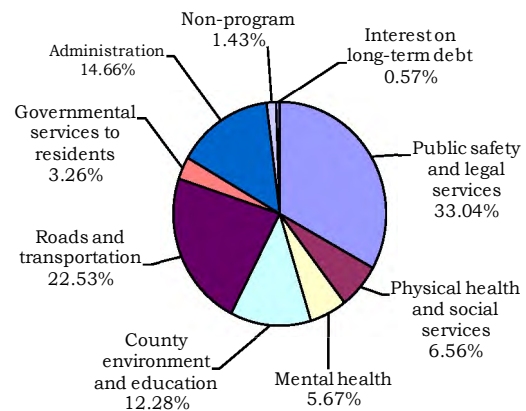
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 4,073	4,083
Operating grants, contributions and restricted interest	8,190	9,208
Capital grants, contributions and restricted interest	935	517
<b>General revenues:</b>		
Property tax	28,861	28,215
Tax increment financing	840	873
Penalty and interest on property tax	126	197
State tax credits	1,730	1,736
Local option sales tax	3,105	2,963
Unrestricted investment earnings	(75)	165
Gain on disposition of capital assets	90	100
American Rescue Plan Act	878	-
Other general revenues	468	675
<b>Total revenues</b>	<b>49,221</b>	<b>48,732</b>
<b>Program expenses:</b>		
Public safety and legal services	13,207	14,413
Physical health and social services	2,621	2,542
Mental health	2,266	2,450
County environment and education	4,906	4,555
Roads and transportation	9,002	10,366
Governmental services to residents	1,302	1,493
Administration	5,857	6,997
Non-program	573	676
Interest on long-term debt	229	290
<b>Total expenses</b>	<b>39,963</b>	<b>43,782</b>
<b>Change in net position</b>	<b>9,258</b>	<b>4,950</b>
<b>Net position beginning of year</b>	<b>93,607</b>	<b>88,657</b>
<b>Net position end of year</b>	<b>\$ 102,865</b>	<b>93,607</b>

**Revenues by Source**



**Expenses by Program**



Revenues for governmental activities increased approximately \$489,000 over fiscal year 2021. Property taxes increased approximately \$646,000, or 2.3%, over fiscal year 2021 due to an increase in the levy rate for debt service.

Countywide taxable property valuation increased 4.2%, from \$5,081,882,421 in fiscal year 2021 to \$5,295,854,568 in fiscal year 2022. The levy rate for countywide property decreased from \$5.02778 per \$1,000 of taxable valuation in fiscal year 2021 to \$4.95627 per \$1,000 of taxable valuation in fiscal year 2022. The levy rate for rural property decreased from \$3.23923 per \$1,000 of taxable valuation in fiscal year 2021 to \$3.03847 per \$1,000 of taxable valuation in fiscal year 2022. This combination led to the increase in property tax revenue of approximately \$646,000.

Expenses in fiscal year 2022 decreased approximately \$3,819,000, or 8.7%, from fiscal year 2021. The primary area of expenditure decrease was in public safety and legal services of about \$1,206,000, a decrease in roads and transportation of about \$1,363,000, and a decrease in administration expenses of about \$1,140,000.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Story County completed the year, its governmental funds reported a combined fund balance of approximately \$33.5 million, an increase of approximately \$2,743,000 over the combined fund balance of approximately \$30.8 million at the end of fiscal year 2021. The difference is explained by individual funds.

The General Fund, the operating fund for Story County, ended fiscal year 2022 with a fund balance totaling \$18,921,519. This is an increase of approximately \$1,529,000 over the prior year, due primarily to the increase in property and other county tax of approximately \$756,000, and to capital projects expenditures decreasing by approximately \$787,000. The increase in property and other county tax is due to an increase in the countywide taxable property valuation, and the decrease in capital project expenditures is due to projects being finished in fiscal year 2022.

The Special Revenue, Mental Health Fund balance at year end decreased approximately \$396,000 from the prior year end. For the year, expenditures totaled approximately \$2,289,000, a decrease of 5.6% from the prior year, primarily due to a decrease in the amount distributed to the region fiscal agent during the year. Revenues totaled approximately \$1,889,000, a decrease of 28.0% from the prior year, primarily due to a decrease in property tax levy rate for mental health purposes from \$0.50193 per \$1,000 of taxable valuation in fiscal year 2021, to approximately \$0.34843 per \$1,000 of taxable valuation in fiscal year 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Central Iowa Community Services Mental Health Region prior to June 30, 2022.

The Special Revenue, Rural Services Fund ended fiscal year 2022 with a \$2,636,049 fund balance compared to the prior year balance of \$2,303,883. Revenues in the fund decreased approximately \$441,000, or 5.6%, due to a decrease in intergovernmental receipts of approximately \$481,000. Expenditures increased by approximately \$175,000, or 4.1%, over fiscal year 2021.

The Special Revenue, Secondary Roads Fund ended fiscal year 2022 with a \$8,155,616 fund balance compared to the prior year balance of \$6,232,938. Revenues in the fund decreased approximately \$559,000, or 9.5%, from the prior year. Expenditures in the fund decreased approximately \$1,930,000, or 22.4%, due to decreased capital projects expenses for ongoing projects.

The Debt Service Fund ended fiscal year 2022 with a \$71,791 fund balance compared to the prior year balance of \$2,348. Property taxes increased approximately \$559,000, due to an increase in property tax levy rate for debt service purposes from \$0.02585 per \$1,000 of taxable valuation in fiscal year 2021, to approximately \$0.12784 per \$1,000 of taxable valuation in fiscal year 2022. Payments on general obligation bonds are paid from the County's debt service fund.

The Capital Projects Fund June 30, 2022 fund balance was \$1,721,294 compared to the prior year balance of \$2,561,037. Revenues in the fund decreased approximately \$75,000, or 93.7%, from the prior year. Expenditures in the fund decreased approximately \$97,000, or 7.5%, from the prior year.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Story County amended its budget two times. The first amendment was made in August 2021 and resulted in an increase in budgeted receipts of \$9,897,113 and an increase in expenditures of \$11,964,370, related primarily to the capital projects function.

The second budget amendment was made in May 2022. This amendment increased budgeted receipts \$667,772 for revenue to bring the budget closer to actuals. The amendment also decreased budgeted disbursements \$571,190 related primarily to decreased public safety and legal services costs.

The County's receipts were \$21,159 more than the amended budget, and other financing sources were \$12,633 more than the amended budget. Total disbursements were \$14,599,224 less than the amended budget, due to projects not progressing as expected.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2022, Story County had approximately \$79.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net decrease (including additions and deletions) of approximately \$155,000, or less than 1%, over last year.

Story County had depreciation/amortization expense in fiscal year 2022 of \$4,384,277 and total accumulated depreciation/amortization of \$64,711,720 at June 30, 2022. Story County takes a full year's depreciation in the year of acquisition of a capital asset and in the year of disposal. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### **Long-Term Debt**

At June 30, 2022, Story County had \$6,782,219 of outstanding general obligation bonds and urban renewal revenue bonds compared to \$8,053,388 of outstanding urban renewal revenue bonds at the end of fiscal year 2021. The County issued \$6,000,000 general obligation bonds in fiscal year 2020 for road improvements and for peace officer and emergency services communication equipment and systems. The balance on the bonds at June 30, 2022 is \$4,707,059. The County entered into an installment purchase agreement for \$2,188,960 during fiscal year 2019 to purchase ten motor graders for the Secondary Roads Department. The balance on the installment purchase agreement at June 30, 2022 is \$1,390,965. In addition, the County entered into two installment purchase agreements for \$262,001 during fiscal year 2020 to purchase land for conservation purposes. The balance on the installment purchase agreements at June 30, 2022 is \$135,625.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Story County's outstanding general obligation debt, including the capital lease purchase agreement, is significantly below its constitutional debt limit of approximately \$438 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.



## **ECONOMIC FACTS AND NEXT YEAR'S BUDGET AND RATES**

Story County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and fees for County services. One of those factors is the economy. According to information from Iowa Workforce Development, unemployment in Story County at the end of fiscal year 2022 stood at 2.2% versus 3.6% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.6% for the same period ended June 30, 2022.

These indicators were taken into account when adopting the budget for fiscal year 2023. The County's fiscal year 2023 countywide taxable valuation increased \$221,864,567 and the rural taxable valuation increased \$53,876,639 over the respective fiscal year 2022 valuations. The fiscal year 2023 budget includes a 21% increase in receipts from the fiscal year 2022 budget, along with an increase in disbursements of 25.9%. The increase in receipts is due to federal funds received as a part of the American Rescue Plan Act (ARPA). The increase in disbursements is primarily due to capital projects and debt service expenditures. Re-estimated ending fund balances were anticipated to be 51.12% of disbursements at the end of fiscal year 2022 and approximately 39.28% of disbursements by the close of fiscal year 2023.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Story County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Story County Auditor's Office, 900 6th Street, Nevada, Iowa 50201.

## **Basic Financial Statements**

Story County  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 45,388,165
Cash held by health plan trustee	693,710
Receivables:	
Property tax:	
Delinquent	18,161
Succeeding year	27,243,000
Succeeding year tax increment financing	885,000
Interest and penalty on property tax	84,892
Accounts	40,931
Accrued interest	12,243
Drainage assessments	441,659
Opioid settlement	1,682,234
Due from other governments	976,084
Inventories	434,923
Prepaid expenses	289,481
Capital assets not being depreciated	15,537,875
Capital assets, net of accumulated depreciation/amortization	64,371,877
Net pension asset	4,698,686
<b>Total assets</b>	<b>162,798,921</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	2,530,334
OPEB related deferred outflows	388,886
<b>Total deferred outflows of resources</b>	<b>2,919,220</b>
<b>Liabilities</b>	
Accounts payable	1,311,090
Accrued interest payable	16,185
Salaries and benefits payable	717,838
Due to other governments	28,298
Unearned revenues	8,505,749
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	34,872
General obligation bonds	527,378
Urban renewal revenue bonds	404,979
Installment purchase agreements	238,865
Compensated absences	876,823
OPEB liability	21,753
Portion due or payable after one year:	
Lease agreements	95,543
General obligation bonds	4,179,681
Urban renewal revenue bonds	1,670,181
Installment purchase agreements	1,287,724
Drainage warrants	429,116
OPEB liability	1,441,498
<b>Total liabilities</b>	<b>21,787,573</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	27,243,000
Unavailable tax increment financing revenue	885,000
Pension related deferred inflows	12,462,673
OPEB related deferred inflows	475,092
<b>Total deferred inflows of resources</b>	<b>41,065,765</b>
<b>Net Position</b>	
Net investment in capital assets	72,547,844
Restricted for:	
Supplemental levy purposes	2,793,342
Community betterment	575,516
Rural services purposes	1,911,758
Secondary roads purposes	7,993,409
Conservation purposes	2,220,528
Debt service	264,356
Drainage warrants	223,127
StoryComm	927,347
Opioid abatement	1,682,234
Other purposes	759,803
Unrestricted	10,965,539
<b>Total net position</b>	<b>\$ 102,864,803</b>

See notes to financial statements.

Story County  
Statement of Activities  
Year ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 13,206,729	1,056,904	244,451	-	(11,905,374)
Physical health and social services	2,621,215	38,018	2,362,621	-	(220,576)
Mental health	2,265,953	-	-	-	(2,265,953)
County environment and education	4,905,646	536,833	637,550	5,000	(3,726,263)
Roads and transportation	9,002,346	153,212	4,943,858	906,814	(2,998,462)
Governmental services to residents	1,302,411	1,546,872	169	-	244,630
Administration	5,856,944	57,340	-	23,456	(5,776,148)
Non-program	572,930	683,428	-	-	110,498
Interest on long-term debt	229,042	-	894	-	(228,148)
<b>Total</b>	<b>\$ 39,963,216</b>	<b>4,072,607</b>	<b>8,189,543</b>	<b>935,270</b>	<b>(26,765,796)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					28,167,484
Debt service					693,480
Tax increment financing					840,254
Penalty and interest on property tax					125,772
State tax credits					1,729,559
Local option sales tax					3,105,279
American Rescue Plan Act					877,928
Unrestricted investment earnings					(74,682)
Rent					201,050
Gain on disposition of capital assets					90,459
Miscellaneous					267,340
<b>Total general revenues</b>					<b>36,023,923</b>
Change in net position					9,258,127
Net position beginning of year					93,606,676
Net position end of year					<b>\$ 102,864,803</b>

See notes to financial statements.

Story County  
Balance Sheet  
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County treasurer	\$ 27,864,190	2,503,763	7,675,066
Cash held by health plan trustee	59,852	-	-
Receivables:			
Property tax:			
Delinquent	12,627	5,174	-
Succeeding year	23,268,000	3,337,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	84,892	-	-
Accounts	34,773	2,178	715
Accrued interest	11,855	-	-
Opioid settlement	-	-	-
Drainage assessments	-	-	-
Due from other governments	287,545	244,941	424,693
Inventories	-	-	434,923
Prepaid expenditures	287,778	803	900
<b>Total assets</b>	<b>\$ 51,911,512</b>	<b>6,093,859</b>	<b>8,536,297</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 571,808	14,699	268,757
Salaries and benefits payable	511,651	97,420	108,767
Due to other governments	21,624	3,517	3,157
Unearned revenues	8,505,749	-	-
<b>Total liabilities</b>	<b>9,610,832</b>	<b>115,636</b>	<b>380,681</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	23,268,000	3,337,000	-
Succeeding year tax increment financing	-	-	-
Other purposes	111,161	5,174	-
<b>Total deferred inflows of resources</b>	<b>23,379,161</b>	<b>3,342,174</b>	<b>-</b>
Fund balances:			
Nonspendable:			
Inventories	-	-	434,923
Prepaid expenditures	287,778	803	900
Restricted for:			
Supplemental levy purposes	2,870,633	-	-
Community betterment	-	575,516	-
Rural services purposes	-	2,059,730	-
Secondary roads purposes	-	-	7,719,793
Conservation purposes	898,865	-	-
Debt service	-	-	-
Capital projects	-	-	-
Drainage purposes	-	-	-
Friends of animals	-	-	-
StoryComm	927,347	-	-
Opioid abatement	-	-	-
Other purposes	16,317	-	-
Committed for:			
Conservation projects	698,390	-	-
Assigned for:			
Capital improvement projects	1,829,779	-	-
Facilities projects	11,000	-	-
Sheriff vehicles	153,950	-	-
County attorney fine collection	349,183	-	-
Jail commissary	123,294	-	-
Analysis of Social Services Evaluation Team	3,319	-	-
Small community funding	243,916	-	-
Unassigned	10,507,748	-	-
<b>Total fund balances</b>	<b>18,921,519</b>	<b>2,636,049</b>	<b>8,155,616</b>
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<b>\$ 51,911,512</b>	<b>6,093,859</b>	<b>8,536,297</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
71,773	1,721,294	1,994,593	41,830,679
-	-	-	59,852
360	-	-	18,161
638,000	-	-	27,243,000
-	-	885,000	885,000
-	-	-	84,892
-	-	1,170	38,836
18	-	370	12,243
-	-	1,682,234	1,682,234
-	-	441,659	441,659
-	-	18,905	976,084
-	-	-	434,923
-	-	-	289,481
710,151	1,721,294	5,023,931	73,997,044
-	-	8,344	863,608
-	-	-	717,838
-	-	-	28,298
-	-	-	8,505,749
-	-	8,344	10,115,493
638,000	-	-	27,243,000
-	-	885,000	885,000
360	-	2,065,933	2,182,628
638,360	-	2,950,933	30,310,628
-	-	-	434,923
-	-	-	289,481
-	-	-	2,870,633
-	-	-	575,516
-	-	-	2,059,730
-	-	-	7,719,793
-	-	1,321,663	2,220,528
71,791	-	208,390	280,181
-	1,721,294	-	1,721,294
-	-	210,584	210,584
-	-	99,926	99,926
-	-	-	927,347
-	-	57,960	57,960
-	-	166,131	182,448
-	-	-	698,390
-	-	-	1,829,779
-	-	-	11,000
-	-	-	153,950
-	-	-	349,183
-	-	-	123,294
-	-	-	3,319
-	-	-	243,916
-	-	-	10,507,748
71,791	1,721,294	2,064,654	33,570,923
710,151	1,721,294	5,023,931	73,997,044

**Story County**

Story County  
 Reconciliation of the Balance Sheet -  
 Governmental Funds to the Statement of Net Position

June 30, 2022

**Total governmental fund balances (page 19)** \$ 33,570,923

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$144,621,472 and the accumulated depreciation/amortization is \$64,711,720. 79,909,752

Other long-term assets are not available to pay current year expenditures as follows:

Deferred inflows of resources	\$ 2,182,628	
Net pension asset	<u>4,698,686</u>	6,881,314

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 3,745,957

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	2,919,220	
Deferred inflows of resources	<u>(12,937,765)</u>	(10,018,545)

Long-term liabilities, including general obligation bonds payable, urban renewal revenue bonds payable, installment purchase agreements payable, drainage warrants payable, compensated absences payable, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (11,224,598)

**Net position of governmental activities (page 16)** \$ 102,864,803

See notes to financial statements.



Story County

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 22,914,505	1,781,327	3,473,183	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	3,105,279	-
Interest and penalty on property tax	130,213	-	-	-
Intergovernmental	3,904,474	107,493	729,705	5,197,664
Licenses and permits	13,425	-	23,221	32,720
Charges for service	1,939,576	-	29,245	5,175
Use of money and property	168,853	-	-	-
Miscellaneous	283,658	6	11,211	73,927
Total revenues	<u>29,354,704</u>	<u>1,888,826</u>	<u>7,371,844</u>	<u>5,309,486</u>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	12,105,163	-	2,463,647	-
Physical health and social services	2,694,648	-	15,479	-
Mental health	-	2,289,447	-	-
County environment and education	2,901,572	-	1,725,395	-
Roads and transportation	-	-	250,987	6,332,648
Governmental services to residents	1,456,498	-	3,125	-
Administration	7,396,550	-	-	-
Debt service	-	-	-	-
Capital projects	377,455	-	-	338,710
Total expenditures	<u>26,931,886</u>	<u>2,289,447</u>	<u>4,458,633</u>	<u>6,671,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,422,818</u>	<u>(400,621)</u>	<u>2,913,211</u>	<u>(1,361,872)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	28,300	5,050	18,955	14,550
Lease agreements	98,323	-	-	-
Drainage warrants issued	-	-	-	-
Transfers in	-	-	-	3,270,000
Transfers out	(1,020,000)	-	(2,600,000)	-
Total other financing sources (uses)	<u>(893,377)</u>	<u>5,050</u>	<u>(2,581,045)</u>	<u>3,284,550</u>
Change in fund balances	1,529,441	(395,571)	332,166	1,922,678
Fund balances beginning of year	17,392,078	395,571	2,303,883	6,232,938
Fund balances end of year	<u>\$ 18,921,519</u>	<u>-</u>	<u>2,636,049</u>	<u>8,155,616</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
693,191	-	-	28,862,206
-	-	840,254	840,254
-	-	-	3,105,279
-	-	-	130,213
41,715	-	28,957	10,010,008
-	-	-	69,366
-	-	15,772	1,989,768
894	-	32,782	202,529
-	5,000	388,568	762,370
735,800	5,000	1,306,333	45,971,993
-	-	27,286	14,596,096
-	-	-	2,710,127
-	-	-	2,289,447
-	-	436,867	5,063,834
-	-	-	6,583,635
-	-	196	1,459,819
-	-	666	7,397,216
666,357	-	935,410	1,601,767
-	1,194,743	61,942	1,972,850
666,357	1,194,743	1,462,367	43,674,791
69,443	(1,189,743)	(156,034)	2,297,202
-	-	8,556	75,411
-	-	-	98,323
-	-	272,105	272,105
-	350,000	-	3,620,000
-	-	-	(3,620,000)
-	350,000	280,661	445,839
69,443	(839,743)	124,627	2,743,041
2,348	2,561,037	1,940,027	30,827,882
71,791	1,721,294	2,064,654	33,570,923

Story County

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2022

**Change in fund balances - Total governmental funds (page 23)** \$ 2,743,041

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

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

Expenditures for capital assets	\$ 3,209,543	
Capital assets contributed by the Iowa Department of Transportation	906,813	
Right-to-use leased capital assets	98,323	
Depreciation/amortization expense	<u>(4,384,277)</u>	(169,598)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 15,048

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax and tax increment financing	(1,242)	
Other	<u>1,574,251</u>	1,573,009

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

Issued	(370,428)	
Repaid	<u>1,626,892</u>	1,256,464

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 1,675,290

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	1,865	
Pension expense	1,507,788	
OPEB expense	(151,877)	
Interest on long-term debt	<u>2,510</u>	1,360,286

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The decrease in net position of the Internal Service Funds is included in governmental activities in the Statement of Net Position 804,587

**Change in net position of governmental activities (page 17)** \$ 9,258,127

See notes to financial statements.

Story County  
Statement of Net Position  
Proprietary Fund  
June 30, 2022

	Internal Service - Employee Group Health and Dental
<b>Assets</b>	
Current assets:	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,557,486
Cash held by health plan trustee	633,858
Receivables:	
Accounts	2,095
<b>Total assets</b>	4,193,439
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	447,482
<b>Net Position</b>	
Restricted for employee health	3,110,004
Unrestricted	635,953
<b>Total net position</b>	\$ 3,745,957

See notes to financial statements.

Story County  
Statement of Revenue, Expenses  
and Changes in Net Position  
Proprietary Fund

June 30, 2022

		<u>Internal Service - Employee Group Health and Dental</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 3,688,743
Reimbursements from employees and others		573,185
Miscellaneous		<u>2,095</u>
Total operating revenues		4,264,023
Operating expenses:		
Medical claims	\$ 3,324,251	
Insurance premiums	126,003	
Administrative costs	539	
Short term disability payments	<u>8,643</u>	<u>3,459,436</u>
Operating income and change in net position		804,587
Net position beginning of year		<u>2,941,370</u>
Net position end of year		<u>\$ 3,745,957</u>

See notes to financial statements.

Story County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2022

	Internal Service - Employee Group Health and Dental
Cash flows from operating activities:	
Cash received from operating funds and other governmental units	\$ 3,688,743
Cash received from employees and others	573,185
Cash paid to suppliers for services	<u>(3,273,189)</u>
Net cash provided by operating activities and increase in cash and cash equivalents	988,739
Cash and cash equivalents beginning of year	<u>3,202,605</u>
Cash and cash equivalents end of year	<u>\$ 4,191,344</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 804,587
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(2,095)
Accounts payable	<u>186,247</u>
Net cash provided by operating activities	<u>\$ 988,739</u>

See notes to financial statements.

Story County  
Statement of Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2022

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 25,849,993
Other County officials	227,330
Receivables:	
Property tax:	
Delinquent	67,049
Succeeding year	143,129,000
Accounts	40,554
Accrued interest	374
Assessments	1,316,429
Due from other governments	259,064
Prepaid expenses	76,269
<b>Total assets</b>	<u>170,966,062</u>

**Liabilities**

Liabilities:	
Accounts payable	2,857,702
Salaries and benefits payable	140,436
Due to other governments	4,193,526
Trusts payable	549,146
Stamped warrants payable	48,527
Compensated absences	62,339
<b>Total liabilities</b>	<u>7,851,676</u>

**Deferred Inflows of Resources**

Unavailable property tax revenue	<u>143,129,000</u>
<b>Total net position</b>	<u>\$ 19,985,386</u>

See notes to financial statements.

Story County  
Statement of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2022

Additions:	
Property and other county tax	\$ 139,388,958
911 surcharge	182,441
State tax credits	8,542,183
Office fees and collections	2,306,931
Auto licenses, use tax and postage	27,557,873
Assessments	148,160
Trusts	2,590,715
Miscellaneous	<u>20,793,940</u>
Total additions	<u>201,511,201</u>
Deductions:	
Agency remittances:	
To other funds	1,614,608
To other governments	188,313,060
Trusts paid out	<u>3,124,904</u>
Total deductions	<u>193,052,572</u>
Changes in net position	8,458,629
Net position beginning of year	<u>11,526,757</u>
Net position end of year	<u>\$ 19,985,386</u>

See notes to financial statements.



Story County

Notes to Financial Statements

June 30, 2022

**(1) Summary of Significant Accounting Policies**

Story County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

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

A. Reporting Entity

For financial reporting purposes, Story County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Story County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Story County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The financial transactions of these districts are reported as a Custodial Fund. Financial information of the individual drainage districts can be obtained from the Story County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Story County and City Assessor’s Conference Boards, Story County Emergency Management Commission, Story County Joint 911 Service Board and Central Iowa Drug Task Force. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

The County also participates in StoryComm and the Central Iowa Juvenile Detention Center, jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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

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

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

Fiduciary Funds – Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease agreements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax and tax increment financing receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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

Special Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represent assessments which have been made but have not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, furniture and equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles - easements and right-of-ways	50,000
Intangibles - other	100,000
Right-to-use leased assets	5,000
Land, buildings and improvements	5,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Right-to-use leased assets	2 - 20
Equipment	3 - 20
Vehicles	5 - 15

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

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

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

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unearned revenue in the government-wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized until the year for which they are levied, and unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.



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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund and the Dental Insurance Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022 disbursements did not exceed the amount budgeted.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2022, the County had the following investments:

Investment	Fair Value	Maturity
Federal Farm Credit Bank Bond (FFCBB)	\$ 463,160	8/25/2025
Federal Farm Credit Bank Bond (FFCBB)	461,573	9/16/2025
Federal Agricultural Mortgage Corporation (FAMC)	460,532	10/14/2025
Federal Home Loan Bank Bond (FHLBB)	460,237	3/10/2026
Federal Home Loan Bank Bond (FHLBB)	461,639	5/20/2026
Federal Home Loan Bank Bond (FHLBB)	458,092	9/30/2026
Federal Home Loan Bank Bond (FHLBB)	498,273	5/19/2027
	<u>\$ 3,263,506</u>	

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

The recurring fair value measurement for the FFCBB, FHLBB and FAMC securities was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$20,011,008. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

Credit risk – The County's FAMC, FFCBB and FHLBB investments at June 30, 2022 are rated AAA by Moody's Investors Service and AA+ by Standard & Poor's. The investment in the Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk and custodial credit risk – The County places no limit on the amount that may be invested in any one issuer. The County did not have 5% or more of the County's investments in any one issuer.

### (3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 670,000
	Special Revenue:	
	Rural Services	<u>2,600,000</u>
		<u>3,270,000</u>
Capital Projects	General	<u>350,000</u>
Total		<u>\$ 3,620,000</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(4) Capital Assets**

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

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 6,822,033	-	-	6,822,033
Intangibles, road network	117,327	-	-	117,327
Construction in progress, road network	194,634	2,215,067	(1,938,016)	471,685
Construction in progress, other	7,129,366	997,464	-	8,126,830
Total capital assets not being depreciated/amortized	14,263,360	3,212,531	(1,938,016)	15,537,875
Capital assets being depreciated/amortized:				
Buildings	27,619,805	-	-	27,619,805
Improvements other than buildings	7,473,001	306,410	(12,345)	7,767,066
Equipment and vehicles	17,759,528	641,052	(653,837)	17,746,743
Right-to-use leased equipment	57,290	98,323	-	155,613
Intangibles, other	159,652	-	-	159,652
Infrastructure, road network	69,783,210	1,938,016	-	71,721,226
Infrastructure, other	3,913,492	-	-	3,913,492
Total capital assets being depreciated/amortized	126,765,978	2,983,801	(666,182)	129,083,597
Less accumulated depreciation/amortization for:				
Buildings	11,230,961	546,182	-	11,777,143
Improvements other than buildings	867,403	191,865	(2,469)	1,056,799
Equipment and vehicles	10,307,140	1,449,282	(635,125)	11,121,297
Right-to-use leased equipment	-	36,162	-	36,162
Intangibles, other	159,652	-	-	159,652
Infrastructure, road network	37,075,457	2,088,452	-	39,163,909
Infrastructure, other	1,324,424	72,334	-	1,396,758
Total accumulated depreciation/amortization	60,965,037	4,384,277	(637,594)	64,711,720
Total capital assets being depreciated/amortized, net	65,800,941	(1,400,476)	(28,588)	64,371,877
Governmental activities capital assets, net	\$ 80,064,301	1,812,055	(1,966,604)	79,909,752

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 572,974
Physical health and social services	15,785
Mental health	38,706
County environment and education	408,400
Roads and transportation	2,923,263
Governmental services to residents	11,061
Administration	414,088
Total depreciation/amortization expense - governmental activities	<u>\$ 4,384,277</u>

**(5) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2022 is as follows:

Fund	Description	Amount
General	Services	\$ 21,624
Special Revenue:		
Rural Services	Services	3,517
Secondary Roads	Services	3,157
		<u>6,674</u>
Total for governmental funds		<u>\$ 28,298</u>
Custodial:		
County Offices	Collections	\$ 140,271
Central Iowa Community Services		72,639
Agricultural Extension Education		1,187
City Assessor		22,328
Schools		244,412
Community Colleges		10,625
Corporations		117,246
Townships		4,392
City Special Assessments		1,271,552
Auto License and Use Tax		2,285,416
All other		23,458
Total for custodial funds		<u>\$ 4,193,526</u>

**(6) Long-Term Liabilities**

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

	Lease Agreements	General Obligation Bonds	Urban Renewal Revenue Bonds	Direct Borrowing - Installment Purchase Agreements	Direct Borrowing - Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, restated	\$ 57,290	5,223,608	2,829,780	1,758,069	256,056	878,688	11,375,709	1,666,326	24,045,526
Increases	98,323	-	-	-	272,105	1,095,852	-	-	1,466,280
Decreases	25,198	516,549	754,620	231,480	99,045	1,097,717	16,074,395	203,075	19,002,079
Balances end of year	\$ 130,415	4,707,059	2,075,160	1,526,589	429,116	876,823	(4,698,686)	1,463,251	6,509,727
Due within one year	\$ 34,872	527,378	404,979	238,865	-	876,823	-	21,753	2,104,670

Lease Agreements

On August 20, 2019, the County entered into a lease agreement for a copier system. An initial lease liability was recorded in the amount of \$21,160. The agreement requires annual payments of \$4,661 over 5 years with an initial payment made in September 2019 for \$388, with an implicit interest rate of 4.00% and final payment due August 2024.

On December 30, 2019, the County entered into a lease agreement for a postage machine. An initial lease liability was recorded in the amount of \$59,019. The agreement requires annual payments of \$12,923 over 5 years with an initial payment made in January 2020 for \$1,077, with an implicit interest rate of 3.75% and final payment due January 2025.

On December 14, 2021, the County entered into a lease agreement for a printer system. An initial lease liability was recorded in the amount of \$98,323. The agreement requires annual payments of \$21,401 over 5 years with an initial payment made in January 2022 for \$1,783, with an implicit interest rate of 3.50% and final payment due December 2026.

The value of these right-to-use assets as of the end of the current fiscal year was \$155,613 and had accumulated amortization of \$36,162. During the year ended June 30, 2022, the County paid principal of \$25,198 and interest of \$3,086 on the lease agreements. Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Copier System Issued Aug 20, 2019				Postage Machine Issued Dec 30, 2019			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2023	4.00%	\$ 4,354	307	4,661	3.75%	\$ 11,935	988	12,923
2024	4.00	4,531	130	4,661	3.75	12,391	532	12,923
2025	4.00	773	4	777	3.75	7,445	93	7,538
2026	4.00	-	-	-	3.75	-	-	-
2027		-	-	-	3.75	-	-	-
Total		\$ 9,658	441	10,099		\$ 31,771	1,613	33,384

Year Ending June 30,	Printer System Issued Dec 14, 2021				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2023	3.50%	\$ 18,583	2,818	21,401	\$ 34,872	4,113	38,985
2024	3.50	19,244	2,157	21,401	36,166	2,819	38,985
2025	3.50	19,929	1,473	21,402	28,147	1,570	29,717
2026	3.50	20,638	764	21,402	20,638	764	21,402
2027	3.50	10,592	108	10,700	10,592	108	10,700
Total		\$ 88,986	7,320	96,306	\$ 130,415	9,374	139,789

#### General Obligation Bonds

On August 23, 2019, the County issued \$3,000,000 of General Obligation Peace Officer and Emergency Services Communication Equipment and Systems Bonds, Series 2019, with an interest rate of 3.95% per annum. The bonds were issued to provide funds for the purpose of paying the costs, to that extent, of peace officer communication equipment and other emergency services communications and systems. During the year ended June 30, 2022, the County paid principal of \$166,549 and interest of \$108,568 on the bonds.

On May 20, 2020, the County issued \$3,000,000 of General Obligation Road Improvement Bonds, Series 2020, with an interest rate of 1.60% per annum. The bonds were issued for the purpose of paying the costs, to that extent, of improvements to County bridges, roads and culverts. During the year ended June 30, 2022, the County paid principal of \$350,000 and interest of \$40,640 on the bonds.

A summary of the County's June 30, 2022 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Peace Officer and Emergency Services Communication Equipment and Systems			Road Improvements		
	Issued Aug 23, 2019			Issued May 5, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	3.95%	\$ 172,378	100,722	1.60%	\$ 355,000	35,040
2024	3.95	178,411	94,075	1.60	365,000	29,360
2025	3.95	184,656	86,673	1.60	370,000	23,520
2026	3.95	191,119	79,278	1.60	375,000	17,600
2027	3.95	197,808	71,624	1.60	175,000	11,600
2028-2032	3.95	1,097,864	233,851	1.60	550,000	17,680
2033-2034	3.95	494,823	24,744		-	-
Total		<u>\$ 2,517,059</u>	<u>690,967</u>		<u>\$ 2,190,000</u>	<u>134,800</u>

Year Ending June 30,	Total		
	Principal	Interest	
2023	\$ 527,378	135,762	663,140
2024	543,411	123,435	666,846
2025	554,656	110,193	664,849
2026	566,119	96,878	662,997
2027	372,808	83,224	456,032
2028-2032	1,647,864	251,531	1,899,395
2033-2034	494,823	24,744	519,567
Total	<u>\$ 4,707,059</u>	<u>825,767</u>	<u>5,532,826</u>

### Urban Renewal Revenue Bonds

On December 1, 2012, the County issued \$3,185,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area, including improvements to Dakins Lake County Park and road improvements on Country Club Road and 590<sup>th</sup> Avenue. The bonds bear interest at 1.95% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. During the year ended June 30, 2022, the County paid principal of \$360,000 and interest of \$7,020 on the bonds. These were the final payments on the bonds, as the bonds are now paid in full.

On July 12, 2016, the County issued \$1,500,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area. The bonds bear interest at 2.15% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. During the year ended June 30, 2022, the County paid principal of \$151,500 and interest of \$17,110 on the bonds. However, the debt is subject to the constitutional debt limitation of the County. Total principal and interest remaining on the bonds is \$679,332, payable through June 2026.

On October 10, 2017, the County issued \$1,500,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area. The bonds bear interest at 2.65% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. During the year ended June 30, 2022, the County paid principal of \$147,800 and interest of \$25,005 on the bonds. Total principal and interest remaining on the bonds is \$860,068, payable through June 2027.

On November 27, 2018, the County issued \$1,000,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area. The bonds bear interest at 3.94% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. During the year ended June 30, 2022, the County paid principal of \$95,320 and interest of \$28,777 on the bonds. Total principal and interest remaining on the bonds is \$724,861, payable through June 2028.

A summary of the County's June 30, 2022 urban renewal revenue bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal Area Projects Issued Jul 12, 2016			Urban Renewal Area Projects Issued Oct 10, 2017		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2023	2.15%	\$ 155,300	13,852	2.65%	\$ 151,500	21,089
2024	2.15	159,300	10,514	2.65	155,300	17,074
2025	2.15	163,300	7,088	2.65	159,300	12,958
2026	2.15	166,400	3,578	2.65	163,300	8,737
2027	2.15	-	-	2.65	166,400	4,410
2028	2.15	-	-	2.65	-	-
Total		<u>\$ 644,300</u>	<u>35,032</u>		<u>\$ 795,800</u>	<u>64,268</u>

Year Ending June 30,	Urban Renewal Area Projects Issued Nov 27, 2018			Total		
	Interest			Interest		
	Rates	Principal	Interest	Principal	Interest	
2023	3.94%	\$ 98,179	25,021	\$ 404,979	59,962	464,941
2024	3.94	101,124	21,212	415,724	48,800	464,524
2025	3.94	104,158	17,169	426,758	37,215	463,973
2026	3.94	107,283	13,065	436,983	25,380	462,363
2027	3.94	110,501	8,838	276,901	13,248	290,149
2028	3.94	113,815	4,496	113,815	4,496	118,311
Total		<u>\$ 635,060</u>	<u>89,801</u>	<u>\$ 2,075,160</u>	<u>189,101</u>	<u>2,264,261</u>

During the year ended June 30, 2022, principal and interest paid and total TIF revenues were \$832,532 and \$840,254, respectively.

Installment Purchase Agreements – Direct Borrowing

On April 2, 2019, the County entered into an installment purchase agreement for ten motor graders with a total cost of \$3,128,860. The County received \$289,900 of trade-in allowance for ten used motor graders and applied \$650,000 as a down payment. The agreement bears interest at 3.90% per annum and is payable in annual installments of \$250,987 over five years, with a final payment of \$1,240,800 due by April 2, 2024. Payments under the installment purchase agreement totaled \$250,987, including interest of \$61,632 for the year ended June 30, 2022. Payment was made from the Special Revenue, Rural Services Fund.

The following is a schedule of the future minimum lease payments and the present value of net minimum payments under the installment purchase agreement.

Year Ending June 30,	Principal	Interest	Total
2023	\$ 196,740	54,248	250,988
2024	1,194,225	46,575	1,240,800
Total	\$ 1,390,965	100,823	1,491,788

On October 29, 2019, the County entered into an interest free installment purchase agreement for \$137,001 to purchase land for conservation purposes. The agreement is payable over 9 years, with a \$1 down payment and annual installments of \$17,125 due by November 1, 2027. During the year ended June 30, 2022, the County paid \$17,125 in principal under the installment agreement.

On March 2, 2020, the County entered into an interest free installment purchase agreement for \$125,000 to purchase land for conservation purposes. The agreement is payable over 5 years, with annual installments of \$25,000 due by March 20, 2024. Payments under the installment agreement totaled \$25,000 for the year ended June 30, 2022.

According to the installment purchase agreements, in the event the County fails to meet the terms of the contracts, at option of the lender the entire remaining balance may become due and payable.

A summary of the County's June 30, 2022 installment purchase agreements is as follows:

Year Ending June 30,	Installment Purchase		Total
	Conservation Land Purchase Oct 29, 2019	Conservation Land Purchase Mar 3, 2020	
2023	\$ 17,125	25,000	42,125
2024	17,125	25,000	42,125
2025	17,125	-	17,125
2026	17,125	-	17,125
2027	17,125	-	17,125
Total minimum payments	\$ 85,625	50,000	135,625



### Drainage Warrants Payable – Direct Borrowing

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing the assessments or installments due from the landowner, are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed, and interest is paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

## **(7) Pension Plan**

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2022 were \$1,675,290.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported an asset of \$4,698,686 for its proportionate share of the overall net pension asset. The overall net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the overall net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the overall net pension asset was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County's proportion was 1.361042%, which was an increase of 1.1991054% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$1,507,788. At June 30, 2022, 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 experience	\$ 515,821	186,318
Changes of assumptions	192,683	132,958
Net difference between projected and actual earnings on IPERS' investments	-	12,084,273
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	146,540	59,124
County contributions subsequent to the measurement date	1,675,290	-
Total	<u>\$ 2,530,334</u>	<u>12,462,673</u>

\$1,675,290 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 asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (2,924,166)
2024	(2,856,558)
2025	(2,644,152)
2026	(3,222,214)
2027	39,461
Total	<u>\$ (11,607,629)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 6,324,150	(4,698,686)	(13,932,014)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2022.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Story County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement, which results in an implicit rate subsidy and an OPEB liability. In addition, retirees under age 65 receive single coverage at no cost for a number of months based on their years of service at retirement with a maximum of 36 months for 30 years of service, which results in an explicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement; with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>252</u>
Total	<u>254</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,463,251 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	2.60% per annum.
Rates of salary increase (effective June 30, 2021)	3.25 to 16.25% average, including inflation plus merit/productivity increases
Discount rate (effective June 30, 2022)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.09% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,666,326
Changes for the year:	
Service cost	170,170
Interest	39,558
Differences between expected and actual experiences	(140,880)
Changes in assumptions	(211,221)
Benefit payments	<u>(60,702)</u>
Net changes	<u>(203,075)</u>
Total OPEB liability end of year	<u>\$ 1,463,251</u>

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

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 1,571,947	1,463,251	1,360,588

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 1,283,073	1,463,251	1,678,694

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$151,877. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 182,446	249,253
Changes in assumptions	<u>206,440</u>	<u>225,839</u>
Total	<u>\$ 388,886</u>	<u>475,092</u>

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

Year Ending June 30,	Amount
2023	\$ 2,851
2024	2,851
2025	2,851
2026	2,851
2027	2,847
Thereafter	<u>(100,457)</u>
	<u>\$ (86,206)</u>

**(9) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 members including various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, employment practices liability, public officials’ liability and police professional liability. There have been no reductions in insurance coverage from prior years.

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

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

The County’s property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County’s contributions to the Pool for the year ended June 30, 2022 were \$339,226.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, police professional, and public officials’ liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County’s risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County’s risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$5,000,000, crime in the amount of \$100,000 and bond and employee dishonesty in amounts ranging from \$20,000 to \$50,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the collection of premiums from individuals and departments which are then paid to Wellmark. Effective July 1, 2020 the County moved from a partial self-funded to a fully self-funded Employee Health Insurance Plan which provides comprehensive hospital and medical coverage for eligible employees and, if elected, their spouses and dependents. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Insurance Fund maintained by the County Treasurer. The plan is administered through a service agreement with Wellmark. The County's contribution for the year ended June 30, 2022 was \$3,687,360.



Amounts payable from the Employee Health Plan Fund at June 30, 2022 total \$430,219, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$3,616,241 at June 30, 2022 and is reported as a designation of the Internal Service, Employee Health Plan Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

Unpaid claims beginning of year	\$ 256,735
Incurred claims (including claims incurred but not reported at June 30, 2022)	3,312,490
Payments:	
Payment on claims during the year	<u>3,139,006</u>
Unpaid claims end of year	<u>\$ 430,219</u>

**(11) Dental Insurance Plan**

The Internal Service, Dental Self-Insurance Fund was established to account for the collection of premiums from individuals and departments which are then paid to Delta Dental. The County has a fully-insured dental insurance plan with Delta Dental. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Dental Self-Insurance Fund maintained by the County Treasurer. The plan is administered through a service agreement with Delta Dental. The County’s contribution for the year ended June 30, 2022 was \$151,225.

Amounts payable from the Dental Self-Insurance Fund at June 30, 2022 total \$17,263, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve. That reserve was \$129,716 at June 30, 2022 and is reported as a designation of the Internal Service, Dental Self-Insurance Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Unpaid claims beginning of year	\$ 4,500
Incurred claims (including claims incurred but not reported at June 30, 2022)	146,946
Payments:	
Payment on claims during the year	<u>134,183</u>
Unpaid claims end of year	<u>\$ 17,263</u>

**(12) Employee Flex Benefit Plan**

Eligible County employees receive \$145.30 as a flexible benefit each month as “Other Earnings” in their paychecks that can be used towards dental insurance premiums, vision insurance premiums, FSA medical spending plan, dependent care assistance plan or can be taken in cash. Total premium costs are taken as a pre-tax deduction from the employee’s paycheck. The \$145.30 monthly “Other Earnings” is subject to IPERS and considered taxable wages if not used for dental insurance premiums, vision insurance premiums, FSA medical spending plan or the dependent care assistance plan.

**(13) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Ames	Urban renewal and economic development projects	\$ 389,211
City of Cambridge	Urban renewal and economic development projects	84,158
City of Colo	Urban renewal and economic development projects	30,574
City of Huxley	Urban renewal and economic development projects	101,656
City of Nevada	Urban renewal and economic development projects	66,257
City of Roland	Urban renewal and economic development projects	11,929
City of Slater	Urban renewal and economic development projects	3,686
City of Story City	Urban renewal and economic development projects	67,845

**(14) Early Childhood Iowa Area Board**

Story County is the fiscal agent for BooST Together for Children (Early Childhood Iowa Area Board consisting of Story County and Boone County), an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2022 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 149,852	-	149,852
Quality improvement	-	57,491	57,491
Allocation for administration	7,887	29,299	37,186
School ready general use	-	499,182	499,182
Total state grants	157,739	585,972	743,711
Interest on investments	157	951	1,108
Total revenues	157,896	586,923	744,819
Expenditures:			
Program services:			
Early childhood	136,832	-	136,832
Quality improvement	-	14,550	14,550
School ready general use	-	633,823	633,823
Total program services	136,832	648,373	785,205
Administration	6,324	43,907	50,231
Total expenditures	143,156	692,280	835,436
Change in fund balance	14,740	(105,357)	(90,617)
Fund balance beginning of year	9,105	195,334	204,439
Fund balance end of year	\$ 23,845	89,977	113,822

**(15) County Financial Information Included in the Central Iowa Community Services Mental Health Region**

Central Iowa Community Services (CICS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Boone County, Cerro Gordo County, Franklin County, Greene County, Hamilton County, Hancock County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County, Warren County, Webster County, and Wright County. The financial activity of Story County’s Special Revenue, Mental Health Fund is included in the CICS Mental Health Region for the year ended June 30, 2022 as follows:

Revenues:		
Property and other county tax		\$ 1,781,327
Intergovernmental:		
State tax credits		107,493
Miscellaneous		<u>6</u>
Total revenues		<u>1,888,826</u>
Expenditures:		
Services to persons with:		
Mental illness		212,279
General administration:		
Direct administration	\$ 184,650	
Purchased administration	3,898	
Distribution to regional fiscal agent	<u>1,888,620</u>	<u>2,077,168</u>
Total expenditures		<u>2,289,447</u>
Excess of expenditures over revenues		(400,621)
Other financing sources		
Sale of capital assets		<u>5,050</u>
Change in fund balances		(395,571)
Fund balance beginning of year		<u>395,571</u>
Fund balance end of year		<u>\$ -</u>

**(16) Urban Renewal Economic Development Project Obligations**

The County has established an Urban Renewal Area Plan to use incremental property tax revenues to finance public improvements intended to promote the quality of life for residents and promote economic growth. The County has approved economic development projects with other governmental entities within the County and certified obligations through amendments to its Urban Renewal Area Plan. During fiscal year 2022, the County paid \$21,824 to other governments for economic development projects. At June 30, 2022, the outstanding balance of economic development project obligations was \$137,218. These obligations have not been reflected in the County’s financial statements because the underlying public improvement projects have not been substantially completed to fulfill requirements for reimbursement.

**(17) Opioid Litigation Settlement**

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

**(18) Accounting Change**

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

	Capital Assets	Long-term Liabilities Lease Agreements
Net position June 30, 2021, as previously reported	\$ 80,007,011	-
Change to implement GASBS No. 87	57,290	57,290
Net position July 1, 2021, as restated	\$ 80,064,301	57,290

**(19) Prospective Accounting Change**

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

**Required Supplementary Information**

Story County

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

Required Supplementary Information

Year ended June 30, 2022

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 32,787,950	-	32,787,950
Interest and penalty on property tax	130,213	-	130,213
Intergovernmental	18,760,910	-	18,760,910
Licenses and permits	72,637	-	72,637
Charges for service	1,986,896	-	1,986,896
Use of money and property	166,308	-	166,308
Miscellaneous	749,350	123,690	625,660
Total receipts	54,654,264	123,690	54,530,574
<b>Disbursements:</b>			
Public safety and legal services	15,056,137	-	15,056,137
Physical health and social services	2,618,094	-	2,618,094
Mental health	2,301,228	-	2,301,228
County environment and education	5,011,101	302,065	4,709,036
Roads and transportation	6,546,317	-	6,546,317
Governmental services to residents	1,467,818	-	1,467,818
Administration	7,357,998	-	7,357,998
Nonprogram	-	-	-
Debt service	1,601,767	102,878	1,498,889
Capital projects	2,014,028	-	2,014,028
Total disbursements	43,974,488	404,943	43,569,545
Excess (deficiency) of receipts over (under) disbursements	10,679,776	(281,253)	10,961,029
Other financing sources, net	356,516	272,105	84,411
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	11,036,292	(9,148)	11,045,440
Balance beginning of year	30,854,239	219,732	30,634,507
Balance end of year	\$ 41,890,531	210,584	41,679,947

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
32,328,564	32,865,697	(77,747)
75,000	75,000	55,213
8,531,908	18,398,532	362,378
79,745	79,745	(7,108)
1,972,385	2,077,085	(90,189)
471,136	371,136	(204,828)
555,570	642,220	(16,560)
44,014,308	54,509,415	21,159
15,359,113	15,730,713	674,576
2,867,869	4,255,006	1,636,912
1,892,751	2,323,659	22,431
4,708,301	7,153,984	2,444,948
7,659,876	8,344,876	1,798,559
2,115,889	1,980,789	512,971
7,733,922	9,204,963	1,846,965
-	1,350,000	1,350,000
1,550,920	1,550,920	52,031
2,886,947	6,273,858	4,259,830
46,775,588	58,168,768	14,599,223
(2,761,280)	(3,659,353)	14,620,382
2,000	71,778	12,633
(2,759,280)	(3,587,575)	14,633,015
21,126,857	30,436,338	198,169
18,367,577	26,848,763	14,831,184

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Story County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2022

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 54,654,264	(8,682,271)	45,971,993
Expenditures	43,974,488	(299,697)	43,674,791
Net	10,679,776	(8,382,574)	2,297,202
Other financing sources, net	356,516	89,323	445,839
Beginning fund balances	30,854,239	(26,357)	30,827,882
Ending fund balances	\$ 41,890,531	(8,319,608)	33,570,923

See accompanying independent auditor's report.

Story County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund, and Custodial Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$11,393,180. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted.

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Story County

Schedule of County Proportionate Share of the Net Pension Liability (Asset)

Iowa Public Employees' Retirement System  
For the Last Eight Years\*  
(In Thousands)

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability/asset	1.361042% **	0.161938%	0.150443%	0.151779%
County's proportionate share of the net pension liability (asset)	\$ (4,699)	11,376	8,712	9,605
County's covered payroll	\$ 17,546	16,962	16,582	15,798
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(26.78)%	67.07%	52.54%	60.80%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

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

\*\* Overall plan net pension asset.

See accompanying independent auditor's report.

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2018	2017	2016	2015
0.164576%	0.160859%	0.191537%	0.190907%
10,963	10,123	9,463	7,571
15,605	14,622	17,396	17,542
70.25%	69.23%	54.40%	43.16%
82.21%	81.82%	85.19%	87.61%

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Story County

Schedule of County Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 1,675	1,656	1,614	1,591
Contributions in relation to the statutorily required contribution	<u>(1,675)</u>	<u>(1,656)</u>	<u>(1,614)</u>	<u>(1,591)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 17,913	17,546	16,962	16,582
Contributions as a percentage of covered payroll	9.35%	9.44%	9.52%	9.59%

See accompanying independent auditor's report.

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2018	2017	2016	2015	2014	2013
1,442	1,427	1,343	1,600	1,608	1,567
(1,442)	(1,427)	(1,343)	(1,600)	(1,608)	(1,567)
-	-	-	-	-	-
15,798	15,605	14,622	17,396	17,542	17,423
9.13%	9.14%	9.18%	9.20%	9.17%	8.99%

**Story County**

Story County

Notes to Required Supplementary Information – Pension Asset

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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



Story County  
 Schedule of Changes in the County's  
 Total OPEB Liability and Related Ratios  
 For the Last Six Years  
 Required Supplementary Information

	2022	2021	2020	2019
Service cost	\$ 170,170	140,456	127,366	81,028
Interest cost	39,558	42,465	54,635	48,807
Difference between expected and actual experiences	(140,880)	(40,502)	(119,591)	185,483
Changes in assumptions	(211,221)	120,777	91,432	64,627
Benefit payments	(60,702)	(105,053)	(148,407)	(113,604)
Net change in total OPEB liability	(203,075)	158,143	5,435	266,341
Total OPEB liability beginning of year	1,666,326	1,508,183	1,502,748	1,236,407
Total OPEB liability end of year	\$ 1,463,251	1,666,326	1,508,183	1,502,748
Covered-employee payroll	\$ 17,778,134	16,745,067	15,881,003	15,602,603
Total OPEB liability as a percentage of covered-employee payroll	8.23%	9.95%	9.50%	9.63%

See accompanying independent auditor's report.

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

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

Year ended June 30, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.56%
Year ended June 30, 2016	2.92%

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<u>2018</u>	<u>2017</u>
75,302	80,859
41,218	32,737
118,091	-
(23,346)	(43,293)
<u>(113,733)</u>	<u>(104,342)</u>
97,532	(34,039)
<u>1,138,875</u>	<u>1,172,914</u>
<u>1,236,407</u>	<u>1,138,875</u>
14,593,861	14,032,559
8.47%	8.12%

**Story County**

## **Supplementary Information**

Story County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2022

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Law Enforcement
				Special
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 66,681	210,584	139,873	64,220
Receivables:				
Property tax:				
Succeeding year tax increment financing	-	-	-	-
Accounts	1,170	-	-	-
Accrued interest	17	-	35	-
Drainage assessments	-	441,659	-	-
Due from other governments	-	-	-	-
Opioid settlement	-	-	-	-
<b>Total assets</b>	<b>\$ 67,868</b>	<b>652,243</b>	<b>139,908</b>	<b>64,220</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	26
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Drainage assessments	-	441,659	-	-
Opioid settlement	-	-	-	-
Total deferred inflows of resources	-	441,659	-	-
Fund balances:				
Restricted for:				
Conservation purposes	-	-	139,908	-
Debt service	-	-	-	-
Drainage purposes	-	210,584	-	-
Friends of animals	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	67,868	-	-	64,194
Total fund balances	67,868	210,584	139,908	64,194
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<b>\$ 67,868</b>	<b>652,243</b>	<b>139,908</b>	<b>64,220</b>

See accompanying independent auditor's report.

Revenue					
Tax Increment Financing	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Local Government Opioid Abatement	Total
208,390	100,204	1,170,572	34,069	-	1,994,593
885,000	-	-	-	-	885,000
-	-	-	-	-	1,170
-	25	293	-	-	370
-	-	-	-	-	441,659
-	-	18,905	-	-	18,905
-	-	-	-	1,682,234	1,682,234
1,093,390	100,229	1,189,770	34,069	1,682,234	5,023,931
-	303	8,015	-	-	8,344
885,000	-	-	-	-	885,000
-	-	-	-	-	441,659
-	-	-	-	1,624,274	1,624,274
885,000	-	-	-	1,624,274	2,950,933
-	-	1,181,755	-	-	1,321,663
208,390	-	-	-	-	208,390
-	-	-	-	-	210,584
-	99,926	-	-	-	99,926
-	-	-	-	57,960	57,960
-	-	-	34,069	-	166,131
208,390	99,926	1,181,755	34,069	57,960	2,064,654
1,093,390	100,229	1,189,770	34,069	1,682,234	5,023,931

Story County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2022

	County Recorder's Records Management	Drainage Districts	Employee Wellness	Special Resource Enhancement and Protection
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	14,056	-	-	-
Use of money and property	169	-	-	29,084
Miscellaneous	-	123,690	-	-
Total revenues	14,225	123,690	-	29,084
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	302,065	-	-
Governmental services to residents	196	-	-	-
Administration	-	-	666	-
Debt service	-	102,878	-	-
Capital projects	-	-	-	-
Total expenditures	196	404,943	666	-
Excess (deficiency) of revenues over (under) expenditures	14,029	(281,253)	(666)	29,084
Other financing sources:				
Drainage warrants issued	-	272,105	-	-
Sale of capital assets	-	-	-	4,278
Total other financing sources	-	272,105	-	4,278
Change in fund balances	14,029	(9,148)	(666)	33,362
Fund balances beginning of year	53,839	219,732	666	106,546
Fund balances end of year	\$ 67,868	210,584	-	139,908

See accompanying independent auditor's report.

Revenue						
Special Law Enforcement	Tax Increment Financing	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Local Government Opioid Abatement	Total
-	840,254	-	-	-	-	840,254
-	28,957	-	-	-	-	28,957
-	-	-	-	1,716	-	15,772
-	-	284	3,245	-	-	32,782
9,242	-	33,451	164,225	-	57,960	388,568
9,242	869,211	33,735	167,470	1,716	57,960	1,306,333
27,286	-	-	-	-	-	27,286
-	21,824	47,753	65,225	-	-	436,867
-	-	-	-	-	-	196
-	-	-	-	-	-	666
-	832,532	-	-	-	-	935,410
-	-	-	61,942	-	-	61,942
27,286	854,356	47,753	127,167	-	-	1,462,367
(18,044)	14,855	(14,018)	40,303	1,716	57,960	(156,034)
-	-	-	-	-	-	272,105
-	-	-	4,278	-	-	8,556
-	-	-	4,278	-	-	280,661
(18,044)	14,855	(14,018)	44,581	1,716	57,960	124,627
82,238	193,535	113,944	1,137,174	32,353	-	1,940,027
64,194	208,390	99,926	1,181,755	34,069	57,960	2,064,654



**Schedule 3**

Story County  
Combining Schedule of Net Position  
June 30, 2022

	Employee Insurance	Dental Self-Insurance	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 3,455,927	101,559	3,557,486
Cash held by health plan trustee	588,438	45,420	633,858
Receivables:			
Accounts	2,095	-	2,095
<b>Total assets</b>	<b>4,046,460</b>	<b>146,979</b>	<b>4,193,439</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	430,219	17,263	447,482
<b>Net Position</b>			
Restricted for employee health	3,025,707	84,297	3,110,004
Unrestricted	590,534	45,419	635,953
<b>Total net position</b>	<b>\$ 3,616,241</b>	<b>129,716</b>	<b>3,745,957</b>

See accompanying independent auditor's report.

## Story County

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position

June 30, 2022

	Employee Insurance	Dental Self-Insurance	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 3,687,360	1,383	3,688,743
Reimbursements from employees and others	421,960	151,225	573,185
Miscellaneous	2,095	-	2,095
Total operating revenues	4,111,415	152,608	4,264,023
Operating expenses:			
Medical claims	3,196,104	128,147	3,324,251
Insurance premiums	107,204	18,799	126,003
Administrative costs	539	-	539
Short term disability payments	8,643	-	8,643
Total operating expenses	3,312,490	146,946	3,459,436
Operating income	798,925	5,662	804,587
Net position beginning of year	2,817,316	124,054	2,941,370
Net position end of year	\$ 3,616,241	129,716	3,745,957

See accompanying independent auditor's report.

**Story County**

Story County  
Combining Statement of Cash Flows  
Year ended June 30, 2022

	Employee Insurance	Dental Self-Insurance	Total
Cash flows from operating activities:			
Cash received from operating funds and other governmental units	\$ 3,687,360	1,383	3,688,743
Cash received from employees and others	421,960	151,225	573,185
Cash paid to suppliers for services	(3,139,006)	(134,183)	(3,273,189)
Net cash provided by operating activities and net increase in cash and cash equivalents	970,314	18,425	988,739
Cash and cash equivalents beginning of year	3,074,051	128,554	3,202,605
Cash and cash equivalents end of year	\$ 4,044,365	146,979	4,191,344
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 798,925	5,662	804,587
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Accounts receivable	(2,095)	-	(2,095)
Accounts payable	173,484	12,763	186,247
Net cash provided by operating activities	\$ 970,314	18,425	988,739

See accompanying independent auditor's report.

Story County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2022

	County Offices	Central Iowa Community Services	Agricultural Extension Education	County Assessor	City Assessor	Schools
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	19,608,936	973	448,645	795,420	199,258
Other County officials	227,330	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	-	214	1,356	54	45,154
Succeeding year	-	-	611,000	859,000	1,113,000	81,445,000
Accounts	117	8,657	-	-	-	-
Accrued interest	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Due from other governments	11	124,354	-	-	-	-
Prepaid expense	-	-	-	26,768	16,312	-
<b>Total assets</b>	<b>227,458</b>	<b>19,741,947</b>	<b>612,187</b>	<b>1,335,769</b>	<b>1,924,786</b>	<b>81,689,412</b>
<b>Liabilities:</b>						
Accounts payable	-	2,741,267	-	1,684	30,406	-
Salaries and benefits payable	-	-	-	25,579	87,492	-
Due to other governments	140,271	72,639	1,187	-	22,328	244,412
Trusts payable	87,187	-	-	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Compensated absences	-	-	-	46,361	-	-
<b>Total liabilities</b>	<b>227,458</b>	<b>2,813,906</b>	<b>1,187</b>	<b>73,624</b>	<b>140,226</b>	<b>244,412</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	-	-	611,000	859,000	1,113,000	81,445,000
<b>Net Position</b>						
Restricted for individuals, organizations and other governments	\$ -	16,928,041	-	403,145	671,560	-

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
8,715	102,311	3,432	7,940	2,285,416	2,388,947	25,849,993
-	-	-	-	-	-	227,330
1,910	14,935	960	-	-	2,466	67,049
3,688,000	49,654,000	796,000	-	-	4,963,000	143,129,000
-	-	-	-	-	31,780	40,554
-	-	-	-	-	374	374
-	-	-	1,263,612	-	52,817	1,316,429
-	-	-	-	-	134,699	259,064
-	-	-	-	-	33,189	76,269
3,698,625	49,771,246	800,392	1,271,552	2,285,416	7,607,272	170,966,062
-	-	-	-	-	84,345	2,857,702
-	-	-	-	-	27,365	140,436
10,625	117,246	4,392	1,271,552	2,285,416	23,458	4,193,526
-	-	-	-	-	461,959	549,146
-	-	-	-	-	48,527	48,527
-	-	-	-	-	15,978	62,339
10,625	117,246	4,392	1,271,552	2,285,416	661,632	7,851,676
3,688,000	49,654,000	796,000	-	-	4,963,000	143,129,000
-	-	-	-	-	1,982,640	19,985,386

Story County  
Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds  
Year ended June 30, 2022

	County Offices	Central Iowa Community Services	Agricultural Extension Education	County Assessor	City Assessor	Schools
Additions:						
Property and other county tax	\$ -	-	387,618	988,805	1,211,036	78,801,393
911 surcharge	-	-	-	-	-	-
State tax credits	-	-	23,392	62,574	70,872	4,706,629
Office fees and collections	2,306,931	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,400,923	-	-	-	-	-
Miscellaneous	-	18,650,418	-	172	1,001	6,784
Total additions	3,707,854	18,650,418	411,010	1,051,551	1,282,909	83,514,806
Deductions:						
Agency remittances:						
To other funds	808,907	-	-	-	-	-
To other governments	1,498,018	10,455,325	411,010	901,531	943,126	83,514,806
Trusts paid out	1,400,929	-	-	-	-	-
Total deductions	3,707,854	10,455,325	411,010	901,531	943,126	83,514,806
Changes in net position	-	8,195,093	-	150,020	339,783	-
Net position beginning of year	-	8,732,948	-	253,125	331,777	-
Balances end of year	\$ -	16,928,041	-	403,145	671,560	-

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
3,470,315	49,291,067	764,892	-	-	4,473,832	139,388,958
-	-	-	-	-	182,441	182,441
209,354	3,159,456	39,930	-	-	269,976	8,542,183
-	-	-	-	-	-	2,306,931
-	-	-	-	27,557,873	-	27,557,873
-	-	-	10,063	-	138,097	148,160
-	-	-	-	-	1,189,792	2,590,715
-	-	1,044	-	-	2,134,521	20,793,940
3,679,669	52,450,523	805,866	10,063	27,557,873	8,388,659	201,511,201
-	-	-	-	805,701	-	1,614,608
3,679,669	52,450,523	805,866	10,063	26,752,172	6,890,951	188,313,060
-	-	-	-	-	1,723,975	3,124,904
3,679,669	52,450,523	805,866	10,063	27,557,873	8,614,926	193,052,572
-	-	-	-	-	(226,267)	8,458,629
-	-	-	-	-	2,208,907	11,526,757
-	-	-	-	-	1,982,640	19,985,386



Story County

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

Year ended June 30, 2022

	2022	2021	2020	2019
<b>Revenues:</b>				
Property and other county tax	\$ 28,862,206	28,343,859	27,377,104	25,122,663
Tax increment financing	840,254	873,292	875,628	860,702
Local option sales tax	3,105,279	2,962,504	2,424,139	2,287,087
Interest and penalty on property tax	130,213	197,240	62,001	125,230
Intergovernmental	10,010,008	12,149,669	9,103,626	9,476,410
Licenses and permits	69,366	80,899	245,840	65,332
Charges for service	1,989,768	2,018,158	1,790,441	1,725,272
Use of money and property	202,529	433,275	784,206	879,170
Miscellaneous	762,370	1,353,790	868,517	843,148
<b>Total</b>	<b>\$ 45,971,993</b>	<b>48,412,686</b>	<b>43,531,502</b>	<b>41,385,014</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 14,596,096	14,501,196	14,240,542	13,043,941
Physical health and social services	2,710,127	2,565,132	2,260,831	2,397,772
Mental health	2,289,447	2,425,747	2,940,578	2,092,934
County environment and education	5,063,834	4,771,785	4,819,713	4,418,670
Roads and transportation	6,583,635	7,054,891	6,722,666	9,148,189
Governmental services to residents	1,459,819	1,525,285	1,553,327	1,249,746
Administration	7,397,216	6,942,787	6,393,209	6,410,936
Nonprogram	-	-	23,697	55,282
Debt service	1,601,767	2,000,595	1,139,678	1,744,176
Capital projects	1,972,850	4,380,327	4,175,215	4,546,146
<b>Total</b>	<b>\$ 43,674,791</b>	<b>46,167,745</b>	<b>44,269,456</b>	<b>45,107,792</b>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
23,694,457	22,804,363	24,001,196	22,069,411	22,482,441	21,496,628
921,259	982,361	802,605	612,399	365,330	362,423
2,198,341	2,206,814	2,241,205	2,288,611	1,902,738	1,904,668
115,792	105,109	123,483	102,467	129,030	147,639
8,075,981	8,600,246	9,520,715	9,890,941	10,336,171	8,914,618
81,188	85,488	55,514	53,983	74,279	57,750
1,839,909	1,824,028	1,761,351	1,866,733	1,842,687	1,922,434
510,252	2,080,054	755,325	281,396	196,536	203,785
1,910,329	1,034,738	758,491	837,706	1,289,612	1,206,655
<b>39,347,508</b>	<b>39,723,201</b>	<b>40,019,885</b>	<b>38,003,647</b>	<b>38,618,824</b>	<b>36,216,600</b>
12,099,746	11,348,017	11,031,889	10,469,437	10,048,320	9,799,170
2,334,249	2,448,548	2,315,177	2,320,342	2,307,098	2,139,504
2,031,539	2,034,835	4,054,405	8,675,130	5,689,991	5,961,907
4,801,702	4,302,414	3,580,630	3,574,712	3,158,021	2,742,873
6,889,882	5,822,801	5,282,732	5,962,458	7,831,510	5,266,727
1,172,742	1,215,079	1,626,578	1,097,132	1,058,190	1,253,493
5,684,129	5,389,514	5,408,901	4,731,940	4,523,424	4,482,138
84,132	293,385	34,318	-	-	-
2,225,906	1,381,687	3,660,672	1,217,786	2,285,812	2,548,320
4,357,481	2,132,895	1,490,987	2,340,217	2,405,660	1,124,660
<b>41,681,508</b>	<b>36,369,175</b>	<b>38,486,289</b>	<b>40,389,154</b>	<b>39,308,026</b>	<b>35,318,792</b>

**Schedule 9**

Story County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Grantor/Program	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture			
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	FY22	\$ 73,792
Total U.S. Department of Agriculture			<u>73,792</u>
U.S. Department of Defense			
Passed through Iowa Office of Treasurer of State			
Payments in Lieu of Real Estate Taxes	12.112		2,609
Total U.S. Department of Defense			<u>2,609</u>
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226	FY22	523
Total U.S. Department of the Interior			<u>523</u>
U.S. Department of Justice:			
Passed through Iowa Department of Justice:			
COVID-19, Coronavirus Emergency Supplemental Funding Program	16.034	20-CESF-359244	8,080
Violence Against Women Formula Grants	16.588	VW-21-56-PR	3,869
Violence Against Women Formula Grants	16.588	PR-2022-Story County-00132	21,672
			<u>25,541</u>
State Criminal Alien Assistance Program	16.606	15PBJA-20-RR-00347-SCAA	3,029
Bulletproof Vest Partnership Program	16.607	FY22	3,698
Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-JAG-394191	35,000
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	19-COAP-05	134,460
Total U.S. Department of Justice			<u>209,808</u>
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	TAP-R-C085(151)--8T-85	5,000
Highway Planning and Construction	20.205	TAP-R-C085(154)--8T-85	60,394
			<u>65,394</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 21-402-MOPT, Task 44	3,794
State and Community Highway Safety	20.600	PAP 22-402-MOPT, Task 65	9,114
			<u>12,908</u>
Total U.S. Department of Transportation			<u>78,302</u>
U.S. Department of the Treasury			
Passed through Iowa Department of Revenue:			
COVID-19, Coronavirus Relief Fund	21.019		1,204
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027		877,928
Total U.S. Department of the Treasury			<u>879,132</u>
U.S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
Clean Water State Revolving Fund Cluster:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	21-ESD-WQB-KAMEN-0001	60,000
Total U.S. Environmental Protection Agency			<u>60,000</u>
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5881I480E	11,910
Public Health Emergency Response: Cooperative Agreement			
for Emergency Response: Public Health Crisis Response	93.354	5885BT485	181,887

Story County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2022

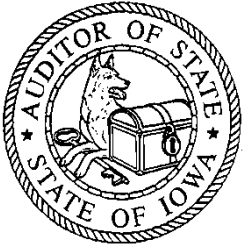
Grantor/Program	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Iowa Department of Human Services:			
Passed through Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	FY22	2,611
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	FY22	87
Foster Care - Title IV-E	93.658	FY22	19,671
Adoption Assistance	93.659	FY22	10,765
Social Services Block Grant	93.667	FY22	20,084
Children's Health Insurance Program	93.767	FY22	1,522
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY22	19,245
Medicaid Cluster:			
Medical Assistance Program	93.778	FY22	87,017
Total U.S. Department of Health and Human Services			354,799
U.S. Department of Homeland Security:			
Passed through Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4557-DR-IA	96,775
Total U.S. Department of Homeland Security			96,775
Total			\$ 1,755,740

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

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

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

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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Auditor of State

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

To the Officials of Story County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Story County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Story 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 Story County's internal control. Accordingly, we do not express an opinion on the effectiveness of Story 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 County'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 Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Story 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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


## Story County's Responses to Findings

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

## Purpose of this Report

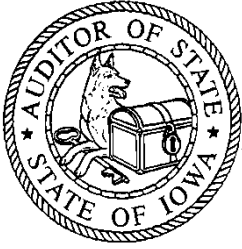
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Story County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

March 10, 2023

**Story County**



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

To the Officials of Story County:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Story 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 Story 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 Story County's federal programs.



## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Story 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 judgement made by a reasonable user of the report on compliance about Story 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Story County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Story 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 Story County's internal control over compliance. Accordingly, no such opinion is expressed.

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

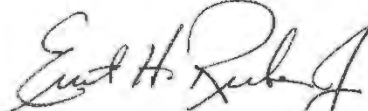
## Report on Internal Control Over Compliance

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit 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.



Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

March 10, 2023

Story County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2022

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 21.027 – COVID-19, Coronavirus State and Local Fiscal Recovery Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Story County did not qualify as a low-risk auditee.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

**INTERNAL CONTROL DEFICIENCIES:**

2022-001 Segregation of Duties

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

Condition – Generally, one or two individuals in the Treasurer’s Office may have control over the following area for which no compensating controls exist:

- Incoming mail is opened by an employee who is authorized to make entries to the accounting records.

Cause – The Treasurer’s Office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions, processes and reports.

Effect – Inadequate segregation of duties could adversely affect the County’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The Treasurer should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The Treasurer should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response –

County Treasurer – This is a difficult control to satisfy due to the structure of independent county offices and the budgetary constraints on staffing to satisfy Story County’s core value of efficiency. Therefore, we will rotate mail-opening duties between supervisory staff within the department to mitigate the risk and limit exposure. We will also ask our Recorder’s Office to do random mail checks with our staff to have some outside assistance. We will be vigilant to monitor the process and create an environment of shared oversight. We will also regularly examine our internal control processes to ensure we are providing accurate and honest financial information.

Conclusion – Response accepted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-002 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of capital asset additions were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established to require an independent review of year-end cut-off or other transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should implement procedures to ensure capital asset additions are identified and reported in the County's financial statements.

Response – Additional detailed procedures were implemented in fiscal year 2022 to ensure proper attribution and additional oversight and review. The County will further enhance its policies and provide more guidance to departments and offices.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program was noted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

- 2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amount budgeted by function.
- 2022-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- 2022-C Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2022-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Marianne Harrelson, Conservation Office, Husband owns R&M Automotive	Vehicle repairs	\$ 4,945

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with R&M Automotive do not appear to represent conflicts of interest since the total transactions for each were less than \$6,000 during the fiscal year.

- 2022-E Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2022-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2022-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- 2022-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 2022-J Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Custodial Funds because of the County’s fiduciary relationship with the organization.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Etsy	Plaques for board members for years of service	\$ 244
Etsy	Sales Tax	17

The disbursements made to Etsy were made by BooSt Together for the Children (Early Childhood Iowa Area Board consisting of Story County and Boone County). According to the opinion, it is possible for such expenditure to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The County should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – The BooSt Together for Children reimbursed the BooSt Together for Children School Ready fund for a total of \$261.00. The legal parameters regarding purchases for retiring Board members was not addressed and the Director lacked prior knowledge of the law. Check was submitted to County Auditor.

Conclusion – Response accepted.

2022-K Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.



Story County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Janet K. Mortvedt, CPA, Manager  
Brett S. Gillen, CPA, Senior Auditor  
Savannah R. Fitz, Staff Auditor  
Nolen R. Schultz, Staff Auditor  
Brandon L. Weddell, Staff Auditor  
Patrick A. Stewart, Assistant Auditor  
Benjamin D. Wong, Audit Intern