

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

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

March 5, 2024

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$53,856,238 for the year ended June 30, 2023, a 9.4% increase. Expenses for County operations for the year ended June 30, 2023 totaled \$44,125,891, a 10.4% increase. The increase in revenues is due primarily to an increase in American Rescue Plan Act revenues and an increase in unrestricted investment earnings. The increase in expenses is due to increases in the public safety and legal services function due to allocation of pension expenses, county environment and education function due to an increase in drainage district engineering costs, improvements to field house and purchase of equipment and non-program function due to allocation of ARPA funds.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 98 through 103 of this report. The findings address a lack of segregation of duties, material amounts of capital asset additions and payables not properly recorded in the County's financial statements and disbursements exceeding the budget in the debt service function before an approved amendment. Sand provided the County with recommendations to address the findings.

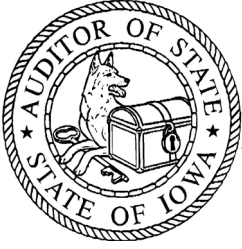
Two of the three findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible 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, 2023

Story County



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Rob Sand
Auditor of State

February 13, 2024

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, 2023. 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".

Rob Sand
Auditor of State

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Story County

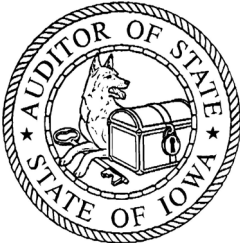
Officials

(Before January 2023)

<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

(After January 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Latifah Faisal	Board of Supervisors	Jan 2025
Lisa Heddens	Board of Supervisors	Jan 2027
Linda Murken	Board of Supervisors	Jan 2027
Lucy Martin	County Auditor	Jan 2025
Ted Rasmusson	County Treasurer	Jan 2027
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Independent Auditor's Report

To the Officials of Story County:

Report on the Audit of the Financial Statements

Opinion

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, 2023, 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, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of 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.

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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 62 through 74 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

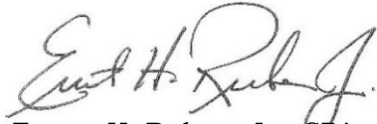
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2022 (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 GAAS. 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 February 13, 2024 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
Chief Deputy Auditor of State

February 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023, along with comparative data for the year ended June 30, 2022. Readers are encouraged to consider this information in conjunction with the County's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- Story County's governmental activities revenue increased approximately \$4,635,000 over fiscal year 2022. The increase is primarily due to an increase in American Rescue Plan Act revenues of about \$2,330,000 and an increase in unrestricted investment earnings of about \$1,756,000 over fiscal year 2022.
- Expenses in fiscal year 2023 increased approximately \$4,163,000, or 10.4%, over fiscal year 2022. The primary areas of expenditure increase were in public safety and legal services of about \$1,513,000, an increase in county environment and education of about \$1,210,000, and an increase in non-program expenditures of about \$1,036,000.
- The County's net position at June 30, 2023 increased approximately \$9,730,000 over the June 30, 2022 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 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 2023 totaled approximately \$112.6 million. This compares to the fiscal year 2022 balance of approximately \$102.9 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,	
	2023	2022
Current and other assets	\$ 87,245	82,889
Capital assets	84,071	79,910
Total assets	171,316	162,799
Deferred outflows of resources	2,940	2,919
Long-term liabilities	12,208	11,208
Other liabilities	17,585	10,579
Total liabilities	29,793	21,787
Deferred inflows of resources	31,868	41,066
Net position:		
Net investment in capital assets	77,765	72,548
Restricted	18,936	19,351
Unrestricted	15,894	10,966
Total net position	\$ 112,595	102,865

Net position of Story County’s governmental activities increased approximately \$9,730,000 over the previous year.

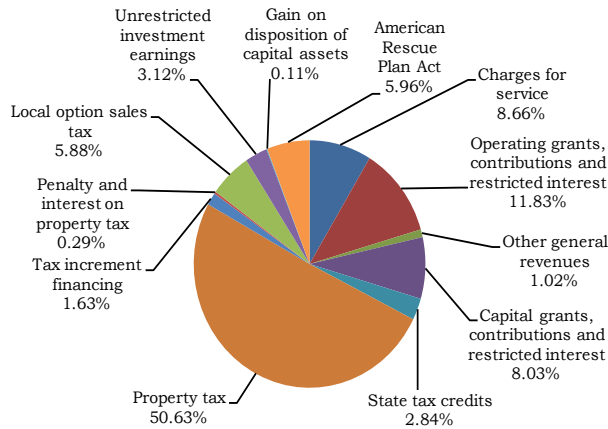
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position increased 7.2%, or approximately \$5,217,000 over the prior year. This increase is primarily due to an increase in capital assets net of accumulated depreciation of about \$4,161,000.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position decreased 2.1%, or approximately \$415,000 from the prior year.

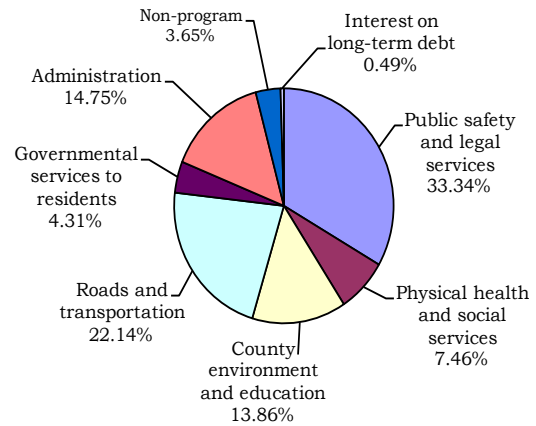
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$10,966,000 at June 30, 2022 to approximately \$15,894,000 at the end of this year, an increase of 44.9%. This increase is primarily due to a decrease in deferred inflows related to pension of approximately \$10,890,000, which is offset by an increase in net pension liability of approximately \$8,768,000.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2023	2022
Revenues:		
Program revenues:		
Charges for service	\$ 4,661	4,073
Operating grants, contributions and restricted interest	6,369	8,190
Capital grants, contributions and restricted interest	4,322	935
General revenues:		
Property tax	27,278	28,861
Tax increment financing	879	840
Penalty and interest on property tax	155	126
State tax credits	1,527	1,730
Local option sales tax	3,168	3,105
American Rescue Plan Act	3,208	878
Unrestricted investment earnings	1,681	(75)
Gain on disposition of capital assets	61	90
Other general revenues	547	468
Total revenues	<u>53,856</u>	<u>49,221</u>
Program expenses:		
Public safety and legal services	14,719	13,207
Physical health and social services	3,290	2,621
Mental health	-	2,266
County environment and education	6,115	4,906
Roads and transportation	9,770	9,002
Governmental services to residents	1,900	1,302
Administration	6,507	5,857
Non-program	1,609	573
Interest on long-term debt	216	229
Total expenses	<u>44,126</u>	<u>39,963</u>
Change in net position	9,730	9,258
Net position beginning of year	<u>102,865</u>	<u>93,607</u>
Net position end of year	<u>\$ 112,595</u>	<u>102,865</u>

Revenues by Source



Expenses by Program



Story County’s governmental activities net position increased approximately \$9,730,000 during the year. Revenues for governmental activities increased approximately \$4,635,000 over fiscal year 2022. The increase is primarily due to an increase in American Rescue Plan Act revenues of about \$2,330,000 and an increase in unrestricted investment earnings of about \$1,756,000 over fiscal year 2022.

Property taxes decreased approximately \$1,583,000, or 5.5%, from fiscal year 2022 due to a decrease in levy rates. Countywide taxable property valuation increased 4.2%, from \$5,295,854,568 in fiscal year 2022 to \$5,517,719,135 in fiscal year 2023. The levy rate for countywide property decreased from \$4.95627 per \$1,000 of taxable valuation in fiscal year 2022 to \$4.50207 per \$1,000 of taxable valuation in fiscal year 2023 primarily due to the elimination of the mental health tax levy rate of \$0.34843 in FY2022 to no levy in FY2023. The levy rate for rural property decreased from \$3.03847 per \$1,000 of taxable valuation in fiscal year 2022 to \$2.83033 per \$1,000 of taxable valuation in fiscal year 2023.

Expenses in fiscal year 2023 increased approximately \$4,163,000, or 10.4%, over fiscal year 2022. The primary areas of expenditure increases were in public safety and legal services of about \$1,512,000, an increase in county environment and education of about \$1,209,000, and an increase in non-program expenditures of about \$1,036,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Story County completed the year, its governmental funds reported a combined fund balance of approximately \$34.3 million, an increase of approximately \$716,000 over the combined fund balance of approximately \$33.6 million at the end of fiscal year 2022. The difference is explained by individual funds.

The General Fund, the operating fund for Story County, ended fiscal year 2023 with a fund balance totaling \$18,988,941. This is an increase of approximately \$67,000 over the prior year. Revenues in the general fund increased by about \$3,788,000, or 12.9% over fiscal year 2022 including an increase in use of money and property of about \$1,765,000 due to an increase in interest rates and an increase in intergovernmental revenues of about \$1,741,000 due to ARPA funds. Expenditures increased by approximately \$5,458,000, or 20.27%, due primarily to an increase in expenditures for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) federal program. The CSLFRF program expenditures were used for HVAC repairs on County facilities, allocation of funds for new senior services facility, emergency food distribution, childcare retention program, and improvements to wastewater treatment facility to name a few programs.

The Special Revenue, Rural Services Fund ended fiscal year 2023 with a \$2,221,054 fund balance compared to the prior year balance of \$2,636,049. Revenues decreased by about \$20,000 from fiscal year 2022. Expenditures increased by approximately \$617,000, or 13.8%, over fiscal year 2022. This is primarily due to an increase in the county environment and education function of about \$508,000. Part of this increase in expenditures was for improvements to the Nevada Field House and purchase of truck and tractor.

The Special Revenue, Secondary Roads Fund ended fiscal year 2023 with a \$9,238,590 fund balance compared to the prior year balance of \$8,155,616. Revenues decreased about \$26,000 from fiscal year 2022. Expenditures in the fund increased approximately \$1,014,000, or 15.2%, due to decreased capital projects expenses for ongoing projects.

The Debt Service Fund ended fiscal year 2023 with a \$84,569 fund balance compared to the prior year balance of \$71,791. Property taxes decreased approximately \$56,000 over fiscal year 2022. This decrease is due to the debt service levy decreasing from \$0.12784 per \$1,000 of taxable valuation in fiscal year 2022 to \$0.11402 per \$1,000 of taxable valuation in fiscal year 2023. Payments on general obligation bonds are paid from the County's debt service fund.

The Capital Projects Fund June 30, 2023 fund balance was \$1,062,076 compared to the prior year balance of \$1,721,294. Expenditures in the fund decreased approximately \$535,000, or 44.8%, from the prior year. This decrease is due to fewer projects during fiscal year 2023.

BUDGETARY HIGHLIGHTS

Over the course of the year, Story County amended its budget two times. The first amendment was made in August 2022 and resulted in a decrease in budgeted receipts of \$194,201 and an increase in expenditures of \$8,776,802, related primarily to the capital projects function.

The second budget amendment was made in May 2023. This amendment increased budgeted receipts \$426,390 and decreased budgeted disbursements \$8,792,151 related primarily to decrease in the capital projects function.

The County's receipts were \$707,773 more than the amended budget. Total disbursements were \$11,952,745 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 2023, Story County had approximately \$84.1 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 increase (including additions and deletions) of approximately \$4,161,000, or 5.2%, over last year.

Story County had depreciation/amortization expense in fiscal year 2023 of \$4,556,881 and total accumulated depreciation/amortization of \$68,736,987 at June 30, 2023. 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, 2023, Story County had \$4,683,535 of outstanding general obligation bonds and urban renewal revenue bonds compared to \$6,782,219 of outstanding general obligation bonds and urban renewal revenue bonds at the end of fiscal year 2022. 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, 2023 is \$3,502,354. 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, 2023 is \$1,194,225. 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, 2023 is \$76,375.

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 \$464 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 2024 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 2023 stood at 2.5% versus 2.2% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 3.6% for the same period ended June 30, 2023.

These indicators were taken into account when adopting the budget for fiscal year 2024. The County's fiscal year 2024 countywide taxable valuation increased \$63,618,651 and the rural taxable valuation increased \$27,057,341 over the respective fiscal year 2023 valuations. The fiscal year 2024 budget includes a 15.82% decrease in receipts from the fiscal year 2023 budget, along with an increase in disbursements of 8.47%. The decrease in receipts is due to federal funds received related to COVID-19 in FY23 with no similar receipts expected in FY24. The increase in disbursements is primarily due to roads and transportation expenditures. Re-estimated ending fund balances were anticipated to be 66.79% of disbursements at the end of fiscal year 2023 and approximately 30.23% of disbursements by the close of fiscal year 2024.

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

Exhibit A

Story County
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 53,808,049
Cash held by health plan trustee	677,126
Receivables:	
Property tax:	
Delinquent	18,373
Succeeding year	28,241,000
Succeeding year tax increment financing	977,000
Interest and penalty on property tax	88,209
Accounts	24,757
Accrued interest	163,379
Drainage assessments	277,762
Opioid settlement	1,317,568
Due from other governments	1,041,396
Inventories	372,919
Prepaid expenses	237,730
Capital assets not being depreciated	17,170,558
Capital assets, net of accumulated depreciation/amortization	<u>66,900,323</u>
Total assets	<u>171,316,149</u>
Deferred Outflows of Resources	
Pension related deferred outflows	2,582,097
OPEB related deferred outflows	<u>358,010</u>
Total deferred outflows of resources	<u>2,940,107</u>

Story County
Statement of Net Position
June 30, 2023

	Governmental Activities
Liabilities	
Accounts payable	1,829,118
Accrued interest payable	13,477
Salaries and benefits payable	830,409
Due to other governments	182,043
Unearned revenues	14,730,131
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	36,166
General obligation bonds	543,411
Urban renewal revenue bonds	256,424
Installment purchase agreements	1,236,350
Compensated absences	975,989
OPEB liability	7,134
Portion due or payable after one year:	
Lease agreements	59,377
General obligation bonds	2,958,943
Urban renewal revenue bonds	924,757
Installment purchase agreements	34,250
Drainage warrants	206,146
Net pension liability	4,069,474
OPEB liability	899,165
Total liabilities	29,792,764
Deferred Inflows of Resources	
Unavailable property tax revenue	28,241,000
Unavailable tax increment financing revenue	977,000
Pension related deferred inflows	1,572,758
OPEB related deferred inflows	1,077,584
Total deferred inflows of resources	31,868,342
Net Position	
Net investment in capital assets	77,764,630
Restricted for:	
Supplemental levy purposes	2,037,251
Community betterment	575,516
Rural services purposes	1,522,996
Secondary roads purposes	9,052,464
Conservation purposes	2,496,429
Debt service	206,170
Drainage warrants	483,064
Opioid abatement	1,682,234
Other purposes	880,053
Unrestricted	15,894,343
Total net position	\$ 112,595,150

See notes to financial statements.

Story County

Story County

Statement of Activities

Year ended June 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 14,719,265	1,162,648	233,634	-	(13,322,983)
Physical health and social services	3,290,111	35,386	602,216	-	(2,652,509)
County environment and education	6,115,420	1,256,687	386,723	-	(4,472,010)
Roads and transportation	9,769,529	145,592	5,137,556	4,314,230	(172,151)
Governmental services to residents	1,900,419	1,303,905	4,999	-	(591,515)
Administration	6,506,590	48,577	-	7,936	(6,450,077)
Non-program	1,608,865	708,550	-	-	(900,315)
Interest on long-term debt	215,692	-	4,229	-	(211,463)
Total	\$ 44,125,891	4,661,345	6,369,357	4,322,166	(28,773,023)
General Revenues:					
Property and other county tax levied for:					
General purposes					26,640,743
Debt service					637,015
Tax increment financing					879,216
Penalty and interest on property tax					154,627
State tax credits					1,527,082
Local option sales tax					3,167,689
American Rescue Plan Act					3,207,537
Unrestricted investment earnings					1,680,823
Rent					235,656
Gain on disposition of capital assets					61,316
Miscellaneous					311,666
Total general revenues					38,503,370
Change in net position					9,730,347
Net position beginning of year					102,864,803
Net position end of year					\$ 112,595,150

See notes to financial statements.

Story County
Balance Sheet
Governmental Funds

June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments:			
County treasurer	\$ 34,564,985	2,081,640	8,768,969
Cash held by health plan trustee	71,254	-	-
Receivables:			
Property tax:			
Delinquent	13,051	4,983	-
Succeeding year	23,993,000	3,596,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	88,209	-	-
Accounts	18,616	1,342	2,982
Accrued interest	161,114	-	-
Opioid settlement	-	-	-
Drainage assessments	-	-	-
Due from other governments	314,399	264,070	461,979
Inventories	-	-	372,919
Prepaid expenditures	235,878	-	1,852
Total assets	\$ 59,460,506	5,948,035	9,608,701
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 823,015	18,524	253,531
Salaries and benefits payable	610,907	107,147	112,355
Due to other governments	177,386	327	4,225
Unearned revenues	14,730,131	-	-
Total liabilities	16,341,439	125,998	370,111
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	23,993,000	3,596,000	-
Succeeding year tax increment financing	-	-	-
Other purposes	137,126	4,983	-
Total deferred inflows of resources	24,130,126	3,600,983	-
Fund balances:			
Nonspendable:			
Inventories	-	-	372,919
Prepaid expenditures	235,878	-	1,852
Restricted for:			
Supplemental levy purposes	2,129,194	-	-
Community betterment	-	575,516	-
Rural services purposes	-	1,645,538	-
Secondary roads purposes	-	-	8,863,819
Conservation purposes	1,074,816	-	-
Debt service	-	-	-
Capital projects	-	-	-
Drainage purposes	-	-	-
Friends of animals	-	-	-
Opioid abatement	-	-	-
LATCF Grant	50,000	-	-
Other purposes	1,901	-	-
Committed for:			
Conservation projects	675,504	-	-
Assigned for:			
Capital improvement projects	1,812,309	-	-
Facilities projects	33,500	-	-
Sheriff vehicles	245,115	-	-
County attorney fine collection	370,986	-	-
Jail commissary	127,714	-	-
Analysis of Social Services Evaluation Team	3,319	-	-
Small community funding	292,081	-	-
Unassigned	11,936,624	-	-
Total fund balances	18,988,941	2,221,054	9,238,590
Total liabilities, deferred inflows of resources and fund balances	\$ 59,460,506	5,948,035	9,608,701

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
85,057	1,143,497	2,688,566	49,332,714
-	-	-	71,254
339	-	-	18,373
652,000	-	-	28,241,000
-	-	977,000	977,000
-	-	-	88,209
-	-	1,817	24,757
112	-	2,153	163,379
-	-	1,317,568	1,317,568
-	-	277,762	277,762
-	-	948	1,041,396
-	-	-	372,919
-	-	-	237,730
737,508	1,143,497	5,265,814	82,164,061
600	81,421	1,705	1,178,796
-	-	-	830,409
-	-	105	182,043
-	-	-	14,730,131
600	81,421	1,810	16,921,379
652,000	-	-	28,241,000
-	-	977,000	977,000
339	-	1,595,330	1,737,778
652,339	-	2,572,330	30,955,778
-	-	-	372,919
-	-	-	237,730
-	-	-	2,129,194
-	-	-	575,516
-	-	-	1,645,538
-	-	-	8,863,819
-	-	1,421,613	2,496,429
84,569	-	134,739	219,308
-	1,062,076	-	1,062,076
-	-	411,449	411,449
-	-	129,573	129,573
-	-	364,666	364,666
-	-	-	50,000
-	-	229,634	231,535
-	-	-	675,504
-	-	-	1,812,309
-	-	-	33,500
-	-	-	245,115
-	-	-	370,986
-	-	-	127,714
-	-	-	3,319
-	-	-	292,081
-	-	-	11,936,624
84,569	1,062,076	2,691,674	34,286,904
737,508	1,143,497	5,265,814	82,164,061

Story County

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

June 30, 2023

Total governmental fund balances (page 21) \$ 34,286,904

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 \$152,807,868 and the accumulated depreciation/amortization is \$68,736,987. 84,070,881

Other long-term assets are not available to pay current year expenditures, and therefore, are recognized as deferred inflows of resources in the governmental funds. 1,737,778

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. 4,430,885

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	\$ 2,940,107	
Deferred inflows of resources	<u>(2,650,342)</u>	289,765

Long-term liabilities, including general obligation bonds payable, urban renewal revenue bonds payable, installment purchase agreements payable, drainage warrants payable, compensated absences payable, net pension liability, 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. (12,221,063)

Net position of governmental activities (page 17) \$ 112,595,150

See notes to financial statements.

Story County

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

Year ended June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 23,256,385	3,384,125	-
Tax increment financing	-	-	-
Local option sales tax	-	3,167,689	-
Interest and penalty on property tax	151,310	-	-
Intergovernmental	5,645,876	769,751	5,184,842
Licenses and permits	15,885	29,060	59,685
Charges for service	1,818,565	29,122	5,695
Use of money and property	1,933,994	-	-
Miscellaneous	320,314	12,575	32,926
Total revenues	33,142,329	7,392,322	5,283,148
Expenditures:			
Operating:			
Public safety and legal services	13,119,213	2,571,538	-
Physical health and social services	3,334,396	18,493	-
County environment and education	3,363,064	2,233,805	-
Roads and transportation	-	250,987	7,680,765
Governmental services to residents	1,946,398	725	-
Administration	7,947,666	-	-
Non-program	1,000,242	-	-
Debt service	677,327	-	-
Capital projects	1,001,468	-	4,409
Total expenditures	32,389,774	5,075,548	7,685,174
Excess (deficiency) of revenues over (under) expenditures	752,555	2,316,774	(2,402,026)
Other financing sources (uses):			
Sale of capital assets	14,867	53,231	-
Drainage warrants issued	-	-	-
Transfers in	-	-	3,485,000
Transfers out	(700,000)	(2,785,000)	-
Total other financing sources (uses)	(685,133)	(2,731,769)	3,485,000
Change in fund balances	67,422	(414,995)	1,082,974
Fund balances beginning of year	18,921,519	2,636,049	8,155,616
Fund balances end of year	\$ 18,988,941	2,221,054	9,238,590

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
637,036	-	-	27,277,546
-	-	879,216	879,216
-	-	-	3,167,689
-	-	-	151,310
35,117	-	28,798	11,664,384
-	-	-	104,630
-	-	10,357	1,863,739
4,229	-	48,811	1,987,034
117	-	1,750,232	2,116,164
676,499	-	2,717,414	49,211,712
-	-	1,868	15,692,619
-	-	-	3,352,889
-	-	839,826	6,436,695
-	-	-	7,931,752
-	-	-	1,947,123
-	-	-	7,947,666
-	-	-	1,000,242
663,721	-	1,340,807	2,681,855
-	659,218	49,694	1,714,789
663,721	659,218	2,232,195	48,705,630
12,778	(659,218)	485,219	506,082
-	-	-	68,098
-	-	141,801	141,801
-	-	-	3,485,000
-	-	-	(3,485,000)
-	-	141,801	209,899
12,778	(659,218)	627,020	715,981
71,791	1,721,294	2,064,654	33,570,923
84,569	1,062,076	2,691,674	34,286,904

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, 2023

Change in fund balances - Total governmental funds (page 25) \$ 715,981

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	\$ 4,410,562	
Capital assets contributed by the Iowa Department of Transportation	4,314,230	
Depreciation/amortization expense	<u>(4,556,881)</u>	4,167,911

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. (6,782)

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	212	
Other	<u>(445,062)</u>	(444,850)

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

Issued	(141,801)	
Repaid	<u>2,754,316</u>	2,612,515

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. 1,773,765

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	(99,166)	
Pension expense	399,753	
OPEB expense	(76,416)	
Interest on long-term debt	<u>2,708</u>	226,879

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 684,928

Change in net position of governmental activities (page 19) \$ 9,730,347

See notes to financial statements.

Story County
Statement of Net Position
Proprietary Fund
June 30, 2023

	Internal Service - Employee Group Health and Dental
Assets	
Current assets:	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 4,475,335
Cash held by health plan trustee	605,872
Total assets	5,081,207
Liabilities	
Current liabilities:	
Accounts payable	650,322
Net Position	
Restricted for employee health	4,034,873
Unrestricted	396,012
Total net position	\$ 4,430,885

See notes to financial statements.

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

June 30, 2023

		<u>Internal Service - Employee Group Health and Dental</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 3,673,820
Reimbursements from employees and others		<u>572,503</u>
Total operating revenues		4,246,323
Operating expenses:		
Medical claims	\$ 3,411,049	
Insurance premiums	145,582	
Administrative costs	1,407	
Short term disability payments	<u>3,357</u>	<u>3,561,395</u>
Operating income and change in net position		684,928
Net position beginning of year		<u>3,745,957</u>
Net position end of year		<u>\$ 4,430,885</u>

See notes to financial statements.

Story County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2023

	Internal Service - Employee Group Health and Dental
Cash flows from operating activities:	
Cash received from operating funds and other governmental units	\$ 3,673,820
Cash received from employees and others	574,598
Cash paid to suppliers for services	(3,358,555)
Net cash provided by operating activities and increase in cash and cash equivalents	889,863
Cash and cash equivalents beginning of year	4,191,344
Cash and cash equivalents end of year	\$ 5,081,207
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 684,928
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	2,095
Accounts payable	202,840
Net cash provided by operating activities	\$ 889,863

See notes to financial statements.

Story County
Statement of Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

Assets

Cash and pooled investments:

County Treasurer	\$ 13,689,882
Other County officials	207,188

Receivables:

Property tax:

Delinquent	66,456
Succeeding year	146,901,000

Accounts	28,864
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Accrued interest	35,820
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Assessments	1,107,505
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Due from other governments	162,588
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Prepaid expenses	48,962
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Total assets	<u>162,248,265</u>
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Liabilities

Liabilities:

Accounts payable	1,248,830
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Salaries and benefits payable	43,284
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Due to other governments	4,629,394
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Trusts payable	709,489
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Stamped warrants payable	33,527
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Compensated absences	84,311
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Total liabilities	<u>6,748,835</u>
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Deferred Inflows of Resources

Unavailable property tax revenue	<u>146,901,000</u>
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Total net position	<u>\$ 8,598,430</u>
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See notes to financial statements.

Story County
Statement of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

Additions:	
Property and other county tax	\$ 142,878,685
911 surcharge	165,361
State tax credits	6,360,689
Office fees and collections	1,781,972
Auto licenses, use tax and postage	28,668,892
Assessments	79,207
Trusts	2,618,153
Miscellaneous	<u>15,578,001</u>
Total additions	<u>198,130,960</u>
Deductions:	
Agency remittances:	
To other funds	1,485,908
To other governments	204,950,287
Trusts paid out	<u>3,081,721</u>
Total deductions	<u>209,517,916</u>
Changes in net position	(11,386,956)
Net position beginning of year	<u>19,985,386</u>
Net position end of year	<u>\$ 8,598,430</u>

See notes to financial statements.

Story County

Notes to Financial Statements

June 30, 2023

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

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

Opioid Settlement Receivable – The County will receive payments from certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failure to monitor for, detect and prevent diversion of the drugs. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction and recovery services.

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, 2023. 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, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the 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, 2023 disbursements did not exceed the amount budgeted. However, disbursements exceeded the amount budgeted in the debt service function prior to approval of the budget amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute 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, 2023, the County had the following investments:

Investment	Fair Value	Maturity
Federal Agricultural Mortgage Corporation (FAMC)	\$451,913	10/14/2025
Federal Farm Credit Bank Bond (FFCBB)	454,862	8/25/2025
Federal Farm Credit Bank Bond (FFCBB)	453,308	9/16/2025
Federal Home Loan Bank (FHLB)	448,934	3/10/2026
Federal Home Loan Bank (FHLB)	448,916	5/20/2026
Federal Home Loan Bank (FHLB)	443,931	9/30/2026
Federal Home Loan Bank Bond Step CPN (FHLB)	484,664	5/19/2027
Federal Home Loan Bank Bond Step CPN (FHLB)	496,594	9/30/2025
Federal Home Loan Mortgage Corporation (FHLMC)	492,665	10/20/2027
	<u>\$ 4,175,787</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 FAMC, FFCBB, FHLB, and FHLMC 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 \$33,233,185. 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, FHLB, and FHLMC investments at June 30, 2023 are rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's. The investment in the Iowa Public Agency Investment Trust is 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, 2023 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 700,000
	Special Revenue:	
	Rural Services	<u>2,785,000</u>
Total		<u>\$ 3,485,000</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, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
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	471,685	4,960,265	(4,611,311)	820,639
Construction in progress, other	8,126,830	1,283,729	-	9,410,559
Total capital assets not being depreciated/amortized	<u>15,537,875</u>	<u>6,243,994</u>	<u>(4,611,311)</u>	<u>17,170,558</u>
Capital assets being depreciated/amortized:				
Buildings	27,619,805	503,312	-	28,123,117
Improvements other than buildings	7,767,066	226,066	(46,500)	7,946,632
Equipment and vehicles	17,746,743	1,815,140	(555,616)	19,006,267
Right-to-use leased equipment	155,613	-	-	155,613
Intangibles, other	159,652	-	-	159,652
Infrastructure, road network	71,721,226	4,611,311	-	76,332,537
Infrastructure, other	3,913,492	-	-	3,913,492
Total capital assets being depreciated/amortized	<u>129,083,597</u>	<u>7,155,829</u>	<u>(602,116)</u>	<u>135,637,310</u>
Less accumulated depreciation/amortization for:				
Buildings	11,777,143	556,552	-	12,333,695
Improvements other than buildings	1,056,799	207,967	(3,100)	1,261,666
Equipment and vehicles	11,121,297	1,589,463	(528,514)	12,182,246
Right-to-use leased equipment	36,162	36,162	-	72,324
Intangibles, other	159,652	-	-	159,652
Infrastructure, road network	39,163,909	2,094,937	-	41,258,846
Infrastructure, other	1,396,758	71,800	-	1,468,558
Total accumulated depreciation/amortization	<u>64,711,720</u>	<u>4,556,881</u>	<u>(531,614)</u>	<u>68,736,987</u>
Total capital assets being depreciated/amortized, net	<u>64,371,877</u>	<u>2,598,948</u>	<u>(70,502)</u>	<u>66,900,323</u>
Governmental activities capital assets, net	<u>\$ 79,909,752</u>	<u>8,842,942</u>	<u>(4,681,813)</u>	<u>84,070,881</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 588,986
Physical health and social services		11,400
County environment and education		451,650
Roads and transportation		2,976,736
Governmental services to residents		11,061
Administration		<u>517,048</u>
Total depreciation/amortization expense - governmental activities		<u>\$ 4,556,881</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, 2023 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 177,386</u>
Special Revenue:		
Rural Services	Services	327
Secondary Roads	Services	4,225
Friends of Conservation	Services	<u>105</u>
		<u>4,657</u>
Total for governmental funds		<u>\$ 182,043</u>
Custodial:		
County Offices	Collections	\$ 108,123
Central Iowa Community Services		402,084
Agricultural Extension Education		2,083
City Assessor		29,823
Schools		274,738
Community Colleges		12,570
Corporations		152,265
Townships		3,765
City Special Assessments		1,077,384
Auto License and Use Tax		2,533,882
All other		<u>32,677</u>
Total for custodial funds		<u>\$ 4,629,394</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 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	\$ 130,415	4,707,059	2,075,160	1,526,589	429,116	876,823	(4,698,686)	1,463,251	6,509,727
Increases	-	-	-	-	141,801	1,179,903	8,768,160	211,968	10,301,832
Decreases	34,872	1,204,705	893,979	255,989	364,771	1,080,737	-	768,920	4,603,973
Balances end of year	<u>\$ 95,543</u>	<u>3,502,354</u>	<u>1,181,181</u>	<u>1,270,600</u>	<u>206,146</u>	<u>975,989</u>	<u>4,069,474</u>	<u>906,299</u>	<u>12,207,586</u>
Due within one year	<u>\$ 36,166</u>	<u>543,411</u>	<u>256,424</u>	<u>1,236,350</u>	<u>-</u>	<u>975,989</u>	<u>-</u>	<u>7,134</u>	<u>3,055,474</u>

Lease Agreements

On August 20, 2019, the County entered into a lease agreement for a copier system. The lease liability at July 1, 2021 was recorded in the amount of \$13,887. The agreement requires monthly payments of \$388 with an implicit interest rate of 4.00% and final payment due August 2024. During the year ended June 30, 2023, principal and interest paid were \$4,354 and \$307, respectively.

On December 30, 2019, the County entered into a lease agreement for a postage machine. The lease liability at July 1, 2021 was recorded in the amount of \$43,403. The agreement requires monthly payments of \$1,077 with an implicit interest rate of 3.75% and final payment due January 2025. During the year ended June 30, 2023, principal and interest paid were \$11,935 and \$989, respectively.

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 monthly payments of \$1,783 over five years, with an implicit interest rate of 3.50% and final payment due December 2026. During the year ended June 30, 2023, principal and interest paid were \$18,583 and \$2,818, respectively.

Future principal and interest lease payments as of June 30, 2023 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
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		\$ 5,304	134	5,438		\$ 19,836	625	20,461

Year Ending June 30,	Printer System Issued Dec 14, 2021				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
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		\$ 70,403	4,502	74,905	\$ 95,543	5,261	100,804

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, 2023, the County paid principal of \$172,378 plus an additional payment of \$677,327 and interest of \$100,703 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, 2023, the County paid principal of \$355,000 and interest of \$35,040 on the bonds.

A summary of the County's June 30, 2023 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Peace Officer and Emergency Services Communication Equipment and Systems Issued Aug 23, 2019			Road Improvements Issued May 5, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2024	3.95%	\$ 178,411	94,075	1.60%	\$ 365,000
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	3.95	204,731	63,876	1.60	180,000	8,800
2029-2032	3.95	710,629	169,974	1.60	370,000	8,880
Total		<u>\$ 1,667,354</u>	<u>565,500</u>		<u>\$ 1,835,000</u>	<u>99,760</u>

Year Ending June 30,	Total		
	Principal	Interest	
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	384,731	72,676	457,407
2029-2032	1,080,629	178,854	1,259,483
Total	<u>\$ 3,502,354</u>	<u>665,260</u>	<u>4,167,614</u>

Urban Renewal Revenue Bonds

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. However, the debt is subject to the constitutional debt limitation of the County. During the year ended June 30, 2023, the County paid the remaining principal of \$644,300 and interest of \$13,852 on the bonds.

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, 2023, the County paid principal of \$151,500 and interest of \$21,089 on the bonds. Total principal and interest remaining on the bonds is \$687,479, 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, 2023, the County paid principal of \$98,179 and interest of \$25,021 on the bonds. Total principal and interest remaining on the bonds is \$601,661, payable through June 2028.

A summary of the County's June 30, 2023 urban renewal revenue bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal Area Projects Issued Oct 10, 2017			Urban Renewal Area Projects Issued Nov 27, 2018		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2024	2.65%	\$ 155,300	17,074	3.94%	\$ 101,124	21,212
2025	2.65	159,300	12,958	3.94	104,158	17,169
2026	2.65	163,300	8,737	3.94	107,283	13,065
2027	2.65	166,400	4,410	3.94	110,501	8,838
2028		-	-	3.94	113,815	4,496
Total		\$ 644,300	43,179		\$ 536,881	64,780

Year Ending June 30,	Total		
	Principal	Interest	
2024	256,424	38,286	294,710
2025	263,458	30,127	293,585
2026	270,583	21,802	292,385
2027	276,901	13,248	290,149
2028	113,815	4,496	118,311
Total	\$ 1,181,181	107,959	1,289,140

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 \$54,248 for the year ended June 30, 2023. 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
2024	\$ 1,194,225	46,575	1,240,800

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, 2025. During the year ended June 30, 2023, the County paid \$34,250 in principal under the installment agreement making an additional \$17,125 payment on the purchase 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, 2023.

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, 2023 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	
2024	\$ 17,125	25,000	42,125
2025	17,125	-	17,125
2026	17,125	-	17,125
Total minimum payments	\$ 51,375	25,000	76,375

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.

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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 8.76% of covered payroll, for a total rate of 17.52%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2023 were \$1,773,765.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the County reported a liability of \$4,069,474 for its proportionate share of the overall net pension liability. The overall net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the overall net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the overall net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the County's proportion was 0.107711%, which was a decrease of 1.253331% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$399,753. At June 30, 2023, 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	\$ 708,204	87,088
Changes of assumptions	5,064	353,298
Net difference between projected and actual earnings on IPERS' investments	-	888,393
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	95,064	243,979
County contributions subsequent to the measurement date	1,773,765	-
Total	<u>\$ 2,582,097</u>	<u>1,572,758</u>

\$1,773,765 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (858,587)
2025	(649,845)
2026	(1,216,989)
2027	1,978,899
2028	(17,904)
Total	<u>\$ (764,426)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<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 Liability (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 11,753,136	4,069,474	(2,688,594)

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.

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

(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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>253</u>
Total	<u>254</u>

Total OPEB Liability – The County's total OPEB liability of \$906,299 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2023)	2.60% per annum.
Rates of salary increase (effective June 30, 2023)	3.25% to 16.25 % average, including inflation plus merit/productivity increases.
Discount rate (effective June 30, 2023)	4.13% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2023)	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 4.13% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 Mortality 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	<u>\$ 1,463,251</u>
Changes for the year:	
Service cost	124,009
Interest	63,881
Differences between expected and actual experiences	(717,647)
Changes in assumptions	24,078
Benefit payments	<u>(51,273)</u>
Net changes	<u>(556,952)</u>
Total OPEB liability end of year	<u>\$ 906,299</u>

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

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

	<u>1% Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Total OPEB liability	\$ 973,635	906,299	842,473

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.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 802,039	906,299	1,029,706

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized OPEB expense (reduction) of \$(76,416). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 154,848	875,365
Changes in assumptions	203,162	202,219
Total	<u>\$ 358,010</u>	<u>1,077,584</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
2024	\$ (60,201)
2025	(60,201)
2026	(60,201)
2027	(60,205)
2028	(56,314)
Thereafter	<u>(422,452)</u>
	<u>\$ (719,574)</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 800 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, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement liability. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2023 were \$444,882.

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

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$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 or 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, 2023 was \$3,673,820.

Amounts payable from the Employee Health Plan Fund at June 30, 2023 total \$618,633, 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 \$3,925,933 at June 30, 2023 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 of \$75,000 in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 430,219
Incurred claims (including claims incurred but not reported at June 30, 2023)	3,406,737
Payments:	
Payment on claims during the year	<u>3,218,323</u>
Unpaid claims end of year	<u>\$ 618,633</u>

(11) Dental Insurance Plan

The Internal Service, Dental Self-Insurance Fund was established to account for the collection of premiums from individuals 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 payroll deductions 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 employee payroll contribution for the year ended June 30, 2023 was \$163,875.

Amounts payable from the Dental Self-Insurance Fund at June 30, 2023 total \$31,689, 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 \$108,940 at June 30, 2023 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. The maximum annual benefit is limited to \$1,500 per person. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 17,263
Incurred claims (including claims incurred but not reported at June 30, 2023)	154,658
Payments:	
Payment on claims during the year	<u>140,232</u>
Unpaid claims end of year	<u>\$ 31,689</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) Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for employees. The 457 Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust of the exclusive benefit of plan participants and beneficiaries. These funds are invested and held by the Iowa Retirement Investors’ Club and do not constitute a liability of the County.

(14) 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.

Tax Abatements of Other Entities

Other entities within the County also provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the cities of Nevada and Story City offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Ames	Urban renewal and economic development projects	\$ 249,496
City of Colo	Urban renewal and economic development projects	23,214
City of Huxley	Urban renewal and economic development projects	105,861
City of Nevada	Urban renewal and economic development projects	51,304
	Chapter 404 tax abatement program	98,551
City of Roland	Urban renewal and economic development projects	10,165
City of Slater	Urban renewal and economic development projects	5,547
City of Story City	Urban renewal and economic development projects	15,809
	Chapter 404 tax abatement program	24,893

(15) 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, 2023 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 142,034	-	142,034
Quality improvement	-	57,191	57,191
Allocation for administration	7,475	27,817	35,292
School ready general use	-	394,895	394,895
Total state grants	149,509	479,903	629,412
Interest on investments	824	2,574	3,398
Local funds	2,411	-	2,411
Miscellaneous	-	261	261
Total revenues	152,744	482,738	632,810
Expenditures:			
Program services:			
Early childhood	141,913	-	141,913
Quality improvement	-	54,340	54,340
School ready general use	-	406,646	406,646
Total program services	141,913	460,986	602,899
Administration	6,952	20,332	27,284
Local Funds	1,186	-	1,186
Total expenditures	150,051	481,318	630,183
Change in fund balance	2,693	1,420	4,113
Fund balance beginning of year	23,845	89,977	113,822
Fund balance end of year	\$ 26,538	91,397	117,935

(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 2023, the County paid \$27,724 to other governments for economic development projects. At June 30, 2023, the outstanding balance of economic development project obligations was \$109,494. 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.

Story County

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, 2023

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 31,312,887	-	31,312,887
Interest and penalty on property tax	151,310	-	151,310
Intergovernmental	17,889,358	-	17,889,358
Licenses and permits	101,955	-	101,955
Charges for service	1,866,925	-	1,866,925
Use of money and property	1,829,350	-	1,829,350
Miscellaneous	2,162,123	1,156,335	1,005,788
Total receipts	<u>55,313,908</u>	<u>1,156,335</u>	<u>54,157,573</u>
Disbursements:			
Public safety and legal services	15,585,033	-	15,585,033
Physical health and social services	3,179,475	-	3,179,475
County environment and education	6,422,967	710,405	5,712,562
Roads and transportation	7,881,171	-	7,881,171
Governmental services to residents	1,932,384	-	1,932,384
Administration	7,827,772	-	7,827,772
Nonprogram	904,027	-	904,027
Debt service	2,681,256	386,866	2,294,390
Capital projects	1,596,285	-	1,596,285
Total disbursements	<u>48,010,370</u>	<u>1,097,271</u>	<u>46,913,099</u>
Excess (deficiency) of receipts over (under) disbursements	7,303,538	59,064	7,244,474
Other financing sources, net	209,899	141,801	68,098
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	7,513,437	200,865	7,312,572
Balance beginning of year	41,890,531	210,584	41,679,947
Balance end of year	<u>\$ 49,403,968</u>	<u>411,449</u>	<u>48,992,519</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
31,121,015	31,371,015	(58,128)
75,000	75,000	76,310
18,977,985	17,662,314	227,044
73,160	88,160	13,795
2,002,995	1,878,155	(11,230)
432,156	1,253,356	575,994
574,700	1,121,800	(116,012)
53,257,011	53,449,800	707,773
16,176,946	16,614,041	1,029,008
6,560,859	5,232,749	2,053,274
9,282,510	6,943,783	1,231,221
7,747,085	8,543,846	662,675
1,850,932	2,077,007	144,623
8,716,320	9,300,788	1,473,016
2,020,000	2,764,110	1,860,083
1,651,200	2,328,527	34,137
4,875,341	5,060,993	3,464,708
58,881,193	58,865,844	11,952,745
(5,624,182)	(5,416,044)	12,660,518
14,500	53,900	14,198
(5,609,682)	(5,362,144)	12,674,716
28,736,368	41,475,884	204,063
23,126,686	36,113,740	12,878,779

Story County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2023

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 55,313,908	(6,102,196)	49,211,712
Expenditures	48,010,370	695,260	48,705,630
Net	7,303,538	(6,797,456)	506,082
Other financing sources, net	209,899	-	209,899
Beginning fund balances	41,890,531	(8,319,608)	33,570,923
Ending fund balances	\$ 49,403,968	(15,117,064)	34,286,904

See accompanying independent auditor's report.

Story County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

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 nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, 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 decreased budgeted disbursements by \$15,349. 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, 2023, disbursements exceeded the amounts budgeted in the debt service function prior to the second budget amendment.

Story County

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

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

Required Supplementary Information

	2023	2022	2021	2020
County's proportion of the net pension liability/asset	0.107711%	1.361042% **	0.161938%	0.150443%
County's proportionate share of the net pension liability (asset)	\$ 4,069	(4,699)	11,376	8,712
County's covered payroll	\$ 17,913	17,546	16,962	16,582
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.72%	(26.78)	67.07%	52.54%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81	82.90%	85.45%

* 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.

2019	2018	2017	2016	2015
0.151779%	0.164576%	0.160859%	0.191537%	0.190907%
9,605	10,963	10,123	9,463	7,571
15,798	15,605	14,622	17,396	17,542
60.80%	70.25%	69.23%	54.40%	43.16%
83.62%	82.21%	81.82%	85.19%	87.61%

Story County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 1,774	1,675	1,656	1,614
Contributions in relation to the statutorily required contribution	<u>(1,774)</u>	<u>(1,675)</u>	<u>(1,656)</u>	<u>(1,614)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 19,024	17,913	17,546	16,962
Contributions as a percentage of covered payroll	9.33%	9.35%	9.44%	9.52%

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
1,591	1,442	1,427	1,343	1,600	1,608
(1,591)	(1,442)	(1,427)	(1,343)	(1,600)	(1,608)
-	-	-	-	-	-
16,582	15,798	15,605	14,622	17,396	17,542
9.59%	9.13%	9.14%	9.18%	9.20%	9.17%

Story County

Story County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

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

Story County

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

For the Last Seven Years

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 124,009	170,170	140,456	127,366
Interest cost	63,881	39,558	42,465	54,635
Difference between expected and actual experiences	(717,647)	(140,880)	(40,502)	(119,591)
Changes in assumptions	24,078	(211,221)	120,777	91,432
Benefit payments	(51,273)	(60,702)	(105,053)	(148,407)
Net change in total OPEB liability	(556,952)	(203,075)	158,143	5,435
Total OPEB liability beginning of year	<u>1,463,251</u>	<u>1,666,326</u>	<u>1,508,183</u>	<u>1,502,748</u>
Total OPEB liability end of year	<u>906,299</u>	<u>1,463,251</u>	<u>1,666,326</u>	<u>1,508,183</u>
Covered-employee payroll	\$ 17,772,433	17,778,134	16,745,067	15,881,003
Total OPEB liability as a percentage of covered-employee payroll	5.10%	8.23%	9.95%	9.50%

See accompanying independent auditor's report.

2019	2018	2017
81,028	75,302	80,859
48,807	41,218	32,737
185,483	118,091	-
64,627	(23,346)	(43,293)
(113,604)	(113,733)	(104,342)
266,341	97,532	(34,039)
1,236,407	1,138,875	1,172,914
1,502,748	1,236,407	1,138,875
15,602,603	14,593,861	14,032,559
9.63%	8.47%	8.12%

Story County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2023

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2023 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2023:

- Changed mortality assumptions to the SOA Public Plan 2010 Mortality tables.

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

Year ended June 30, 2023	4.13%
Year ended June 30, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.56%
Year ended June 30, 2016	2.92%

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

Supplementary Information

Story County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Law Enforcement
Assets				
Cash, cash equivalents and pooled investments	\$ 77,429	411,449	112,618	115,518
Receivables:				
Property tax:				
Succeeding year tax increment financing	-	-	-	-
Accounts	949	-	-	-
Accrued interest	103	-	149	-
Drainage assessments	-	277,762	-	-
Due from other governments	-	-	-	948
Opioid settlement	-	-	-	-
Total assets	\$ 78,481	689,211	112,767	116,466
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other governments	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Drainage assessments	-	277,762	-	-
Opioid settlement	-	-	-	-
Total deferred inflows of resources	-	277,762	-	-
Fund balances:				
Restricted for:				
Conservation purposes	-	-	112,767	-
Debt service	-	-	-	-
Drainage purposes	-	411,449	-	-
Friends of animals	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	78,481	-	-	116,466
Total fund balances	78,481	411,449	112,767	116,466
Total liabilities, deferred inflows of resources and fund balances	\$ 78,481	689,211	112,767	116,466

See accompanying independent auditor's report.

Revenue					
Tax Increment Financing	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Local Government Opioid Abatement	Total
134,739	129,952	1,307,622	34,573	364,666	2,688,566
977,000	-	-	-	-	977,000
-	754	-	114	-	1,817
-	172	1,729	-	-	2,153
-	-	-	-	-	277,762
-	-	-	-	-	948
-	-	-	-	1,317,568	1,317,568
1,111,739	130,878	1,309,351	34,687	1,682,234	5,265,814
-	1,305	400	-	-	1,705
-	-	105	-	-	105
-	1,305	505	-	-	1,810
977,000	-	-	-	-	977,000
-	-	-	-	-	277,762
-	-	-	-	1,317,568	1,317,568
977,000	-	-	-	1,317,568	2,572,330
-	-	1,308,846	-	-	1,421,613
134,739	-	-	-	-	134,739
-	-	-	-	-	411,449
-	129,573	-	-	-	129,573
-	-	-	-	364,666	364,666
-	-	-	34,687	-	229,634
134,739	129,573	1,308,846	34,687	364,666	2,691,674
1,111,739	130,878	1,309,351	34,687	1,682,234	5,265,814

Story County

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

Year ended June 30, 2023

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Law Enforcement
Revenues:				Special
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	9,739	-	-	-
Use of money and property	874	-	30,686	-
Miscellaneous	-	1,156,335	-	54,140
Total revenues	10,613	1,156,335	30,686	54,140
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	1,868
County environment and education	-	710,405	57,827	-
Debt service	-	386,866	-	-
Capital projects	-	-	-	-
Total expenditures	-	1,097,271	57,827	1,868
Excess (deficiency) of revenues over (under) expenditures	10,613	59,064	(27,141)	52,272
Other financing sources:				
Drainage warrants issued	-	141,801	-	-
Change in fund balances	10,613	200,865	(27,141)	52,272
Fund balances beginning of year	67,868	210,584	139,908	64,194
Fund balances end of year	\$ 78,481	411,449	112,767	116,466

See accompanying independent auditor's report.

Revenue					
Tax Increment Financing	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Local Government Opioid Abatement	Total
879,216	-	-	-	-	879,216
28,798	-	-	-	-	28,798
-	-	-	618	-	10,357
-	1,412	15,839	-	-	48,811
-	48,829	184,222	-	306,706	1,750,232
908,014	50,241	200,061	618	306,706	2,717,414
-	-	-	-	-	1,868
27,724	20,594	23,276	-	-	839,826
953,941	-	-	-	-	1,340,807
-	-	49,694	-	-	49,694
981,665	20,594	72,970	-	-	2,232,195
(73,651)	29,647	127,091	618	306,706	485,219
-	-	-	-	-	141,801
(73,651)	29,647	127,091	618	306,706	627,020
208,390	99,926	1,181,755	34,069	57,960	2,064,654
134,739	129,573	1,308,846	34,687	364,666	2,691,674

Schedule 3

Story County
Combining Schedule of Net Position
June 30, 2023

	Employee Insurance	Dental Self-Insurance	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 4,345,883	129,452	4,475,335
Cash held by health plan trustee	563,932	41,940	605,872
Total assets	4,909,815	171,392	5,081,207
Liabilities			
Current liabilities:			
Accounts payable	618,633	31,689	650,322
Net Position			
Restricted for employee health	3,925,933	108,940	4,034,873
Unrestricted	365,249	30,763	396,012
Total net position	\$ 4,291,182	139,703	4,430,885

See accompanying independent auditor's report.

Story County

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

June 30, 2023

	Employee Insurance	Dental Self-Insurance	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 3,673,820	-	3,673,820
Reimbursements from employees and others	407,858	164,645	572,503
Total operating revenues	4,081,678	164,645	4,246,323
Operating expenses:			
Medical claims	3,275,783	135,266	3,411,049
Insurance premiums	126,190	19,392	145,582
Administrative costs	1,407	-	1,407
Short term disability payments	3,357	-	3,357
Total operating expenses	3,406,737	154,658	3,561,395
Operating income	674,941	9,987	684,928
Net position beginning of year	3,616,241	129,716	3,745,957
Net position end of year	\$ 4,291,182	139,703	4,430,885

See accompanying independent auditor's report.

Story County

Story County
Combining Statement of Cash Flows
Year ended June 30, 2023

	Employee Insurance	Dental Self-Insurance	Total
Cash flows from operating activities:			
Cash received from operating funds and other governmental units	\$ 3,673,820	-	3,673,820
Cash received from employees and others	409,953	164,645	574,598
Cash paid to suppliers for services	(3,218,323)	(140,232)	(3,358,555)
Net cash provided by operating activities and net increase in cash and cash equivalents	865,450	24,413	889,863
Cash and cash equivalents beginning of year	4,044,365	146,979	4,191,344
Cash and cash equivalents end of year	<u>\$ 4,909,815</u>	<u>171,392</u>	<u>5,081,207</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 674,941	9,987	684,928
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	188,414	14,426	202,840
Net cash provided by operating activities	<u>\$ 865,450</u>	<u>24,413</u>	<u>889,863</u>

See accompanying independent auditor's report.

Story County
Combining Schedule of Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

	County Offices	Central Iowa Community Services	Agricultural Extension Education	County Assessor	City Assessor	Schools
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	6,939,194	2,083	357,340	861,760	274,738
Other County officials	207,188	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	-	343	1,216	45	47,334
Succeeding year	-	-	642,000	818,000	1,188,000	82,437,000
Accounts	1,299	500	-	-	-	-
Accrued interest	-	33,873	-	-	-	-
Assessments	-	-	-	-	-	-
Due from other governments	84	-	-	-	35,669	-
Prepaid expense	-	-	-	23,902	20,102	-
Total assets	208,571	6,973,567	644,426	1,200,458	2,105,576	82,759,072
Liabilities:						
Accounts payable	-	1,123,651	-	948	6,991	-
Salaries and benefits payable	-	-	-	30,616	-	-
Due to other governments	108,123	402,084	2,083	-	29,823	274,738
Trusts payable	100,448	-	-	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Compensated absences	-	-	-	64,087	-	-
Total liabilities	208,571	1,525,735	2,083	95,651	36,814	274,738
Deferred Inflows of Resources						
Unavailable revenues	-	-	642,000	818,000	1,188,000	82,437,000
Net Position						
Restricted for individuals, organizations and other governments	\$ -	5,447,832	343	286,807	880,762	47,334

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
12,570	152,265	3,765	6,892	2,533,882	2,545,393	13,689,882
-	-	-	-	-	-	207,188
2,066	11,694	975	-	-	2,783	66,456
4,074,000	51,825,000	817,000	-	-	5,100,000	146,901,000
-	-	-	-	-	27,065	28,864
-	-	-	-	-	1,947	35,820
-	-	-	1,070,492	-	37,013	1,107,505
-	-	-	-	-	126,835	162,588
-	-	-	-	-	4,958	48,962
4,088,636	51,988,959	821,740	1,077,384	2,533,882	7,845,994	162,248,265
-	-	-	-	-	117,240	1,248,830
-	-	-	-	-	12,668	43,284
12,570	152,265	3,765	1,077,384	2,533,882	32,677	4,629,394
-	-	-	-	-	609,041	709,489
-	-	-	-	-	33,527	33,527
-	-	-	-	-	20,224	84,311
12,570	152,265	3,765	1,077,384	2,533,882	825,377	6,748,835
4,074,000	51,825,000	817,000	-	-	5,100,000	146,901,000
2,066	11,694	975	-	-	1,920,617	8,598,430

Story County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

	County Offices	Central Iowa Community Services	Agricultural Extension Education	County Assessor	City Assessor	Schools
Additions:						
Property and other county tax	\$ -	-	610,960	869,000	1,104,447	81,413,330
911 surcharge	-	-	-	-	-	-
State tax credits	-	-	29,913	54,698	62,581	2,909,856
Office fees and collections	1,781,972	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	956,596	-	-	-	-	-
Miscellaneous	-	13,584,366	-	350	36,343	5,373
Total additions	2,738,568	13,584,366	640,873	924,048	1,203,371	84,328,559
Deductions:						
Agency remittances:						
To other funds	668,908	-	-	-	-	-
To other governments	1,113,743	25,064,575	640,530	1,040,386	994,169	84,281,225
Trusts paid out	955,917	-	-	-	-	-
Total deductions	2,738,568	25,064,575	640,530	1,040,386	994,169	84,281,225
Changes in net position	-	(11,480,209)	343	(116,338)	209,202	47,334
Net position beginning of year	-	16,928,041	-	403,145	671,560	-
Balances end of year	\$ -	5,447,832	343	286,807	880,762	47,334

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
3,685,556	49,428,144	807,459	-	-	4,959,789	142,878,685
-	-	-	-	-	165,361	165,361
130,682	2,861,738	40,086	-	-	271,135	6,360,689
-	-	-	-	-	-	1,781,972
-	-	-	-	28,668,892	-	28,668,892
-	-	-	64,378	-	14,829	79,207
-	-	-	-	-	1,661,557	2,618,153
-	-	827	-	-	1,950,742	15,578,001
3,816,238	52,289,882	848,372	64,378	28,668,892	9,023,413	198,130,960
-	-	-	-	817,000	-	1,485,908
3,814,172	52,278,188	847,397	64,378	27,851,892	6,959,632	204,950,287
-	-	-	-	-	2,125,804	3,081,721
3,814,172	52,278,188	847,397	64,378	28,668,892	9,085,436	209,517,916
2,066	11,694	975	-	-	(62,023)	(11,386,956)
-	-	-	-	-	1,982,640	19,985,386
2,066	11,694	975	-	-	1,920,617	8,598,430

Story County

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

For the Last Ten Years

	2023	2022	2021	2020
Revenues:				
Property and other county tax	\$ 27,277,546	28,862,206	28,343,859	27,377,104
Tax increment financing	879,216	840,254	873,292	875,628
Local option sales tax	3,167,689	3,105,279	2,962,504	2,424,139
Interest and penalty on property tax	151,310	130,213	197,240	62,001
Intergovernmental	11,664,384	10,010,008	12,149,669	9,103,626
Licenses and permits	104,630	69,366	80,899	245,840
Charges for service	1,863,739	1,989,768	2,018,158	1,790,441
Use of money and property	1,987,034	202,529	433,275	784,206
Miscellaneous	2,116,164	762,370	1,353,790	868,517
Total	<u>\$ 49,211,712</u>	<u>45,971,993</u>	<u>48,412,686</u>	<u>43,531,502</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 15,692,619	14,596,096	14,501,196	14,240,542
Physical health and social services	3,352,889	2,710,127	2,565,132	2,260,831
Mental health	-	2,289,447	2,425,747	2,940,578
County environment and education	6,436,695	5,063,834	4,771,785	4,819,713
Roads and transportation	7,931,752	6,583,635	7,054,891	6,722,666
Governmental services to residents	1,947,123	1,459,819	1,525,285	1,553,327
Administration	7,947,666	7,397,216	6,942,787	6,393,209
Nonprogram	1,000,242	-	-	23,697
Debt service	2,681,855	1,601,767	2,000,595	1,139,678
Capital projects	1,714,789	1,972,850	4,380,327	4,175,215
Total	<u>\$ 48,705,630</u>	<u>43,674,791</u>	<u>46,167,745</u>	<u>44,269,456</u>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
25,122,663	23,694,457	22,804,363	24,001,196	22,069,411	22,482,441
860,702	921,259	982,361	802,605	612,399	365,330
2,287,087	2,198,341	2,206,814	2,241,205	2,288,611	1,902,738
125,230	115,792	105,109	123,483	102,467	129,030
9,476,410	8,075,981	8,600,246	9,520,715	9,890,941	10,336,171
65,332	81,188	85,488	55,514	53,983	74,279
1,725,272	1,839,909	1,824,028	1,761,351	1,866,733	1,842,687
879,170	510,252	2,080,054	755,325	281,396	196,536
843,148	1,910,329	1,034,738	758,491	837,706	1,289,612
41,385,014	39,347,508	39,723,201	40,019,885	38,003,647	38,618,824
13,043,941	12,099,746	11,348,017	11,031,889	10,469,437	10,048,320
2,397,772	2,334,249	2,448,548	2,315,177	2,320,342	2,307,098
2,092,934	2,031,539	2,034,835	4,054,405	8,675,130	5,689,991
4,418,670	4,801,702	4,302,414	3,580,630	3,574,712	3,158,021
9,148,189	6,889,882	5,822,801	5,282,732	5,962,458	7,831,510
1,249,746	1,172,742	1,215,079	1,626,578	1,097,132	1,058,190
6,410,936	5,684,129	5,389,514	5,408,901	4,731,940	4,523,424
55,282	84,132	293,385	34,318	-	-
1,744,176	2,225,906	1,381,687	3,660,672	1,217,786	2,285,812
4,546,146	4,357,481	2,132,895	1,490,987	2,340,217	2,405,660
45,107,792	41,681,508	36,369,175	38,486,289	40,389,154	39,308,026

Schedule 9

Story County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

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	2129924	<u>\$ 72,631</u>
Passed through Iowa Department of Natural Resources:			
Cooperative Forestry Assistance	10.664	FY23	<u>893</u>
Total U.S. Department of Agriculture			<u>73,524</u>
U.S. Department of Defense:			
Passed through Iowa Office of Treasurer of State:			
Payments in Lieu of Real Estate Taxes	12.112	FY23	<u>2,067</u>
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226	FY23	<u>561</u>
U.S. Department of Justice:			
Passed through Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	PR-2022-Story County-00132	324
Violence Against Women Formula Grants	16.588	PR-2023-Story CA-00062	<u>21,996</u>
			<u>22,320</u>
State Criminal Alien Assistance Program	16.606	15PBJA-21-RR-05084-SCAA	
Bulletproof Vest Partnership Program	16.607	FY23	<u>3,077</u>
Passed through Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20-JAG-447922	<u>33,300</u>
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	19-COAP-05	<u>100,391</u>
Equitable Sharing Program	16.922	IA0850000	<u>36,749</u>
Total U.S. Department of Justice			<u>197,887</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 22-402-MOPT, Task 65	5,738
State and Community Highway Safety	20.600	PAP 23-402-MOPT, Task 79	<u>14,499</u>
Total U.S. Department of Transportation			<u>20,237</u>
U.S. Department of the Treasury:			
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA	<u>3,207,537</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	<u>40,000</u>
U.S. Election Assistance Commission			
HAVA Election Security Grant	90.404	385-2321-HAVACYBER	<u>4,125</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Passed through Human Services Administrative Reimbursements:			
Guardianship Assistance	93.090	00002129924	<u>16</u>
Passed through Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	58831481	18,895
Immunization Cooperative Agreements	93.268	5885BT485	<u>57,548</u>
			<u>76,443</u>

Story County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2023

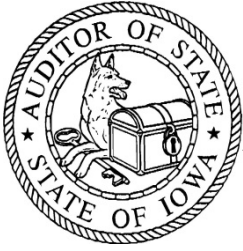
Grantor/Program	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U.S. Department of Health and Human Services: (continued)			
Passed through Iowa Department of Public Health:			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5885BT485	50,103
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT485	3,721
Iowa Department of Human Services:			
Passed through Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	00002129924	2,149
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	00002129924	203
Foster Care - Title IV-E	93.658	00002129924	15,325
Adoption Assistance	93.659	00002129924	8,471
Social Services Block Grant	93.667	00002129924	19,166
Children's Health Insurance Program	93.767	00002129924	1,253
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002129924	16,757
Medicaid Cluster:			
Medical Assistance Program	93.778	00002129924	82,902
Total U.S. Department of Health and Human Services			276,509
Total			\$ 3,822,447

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, 2023. 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**

Rob Sand
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, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 13, 2024.

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 2023-001 and 2023-002 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, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

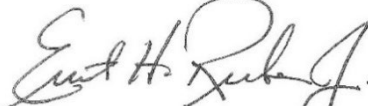
Story County's Responses to Findings

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

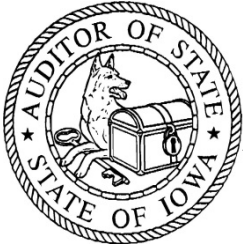
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in 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
Chief Deputy Auditor of State

February 13, 2024

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, 2023. 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, 2023.

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.

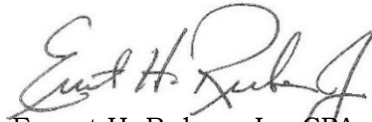
Report on Internal Control Over Compliance

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
Chief Deputy Auditor of State

February 13, 2024

Story County
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

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, 2023

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 Segregation of Duties

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

Condition – 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, 2023

2023-002 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 and payables 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 and payables are identified and reported in the County's financial statements.

Response – The County will make every effort to convey to ALL departments the importance of following the procedures in place for the recording of information into capital assets and accounts payable.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amount budgeted in the debt service function prior to the second budget amendment.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The final budget amendment was five days after the bond payment was made. Since the due date for the bond was June 1, 2023 and the money was budgeted (in another service area) the payment was processed. We will monitor the budget closer in future years.

Conclusion – Response accepted.

2023-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.

2023-C Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2023-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	\$ 708

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 were less than \$6,000 during the fiscal year.

2023-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.

2023-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.

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

2023-H Deposits and Investments – 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.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

- 2023-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 2023-J 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.
- 2023-K Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- 2023-L Tax Increment Financing (TIF) – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. Also, Story County properly completed the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF.

Story County

Staff

This audit was performed by:

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