



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

January 24, 2025

Auditor of State Rob Sand today released an audit report on StoryComm.

FINANCIAL HIGHLIGHTS:

StoryComm had total receipts for periods ending June 30, 2019, 2020, 2021, 2022 and 2023 of \$287,878, \$3,073,613, \$1,565,560, \$2,370,779 and \$1,264,015, respectively. The changes in the receipts per year are due to changes in payments from participants for reimbursements related to infrastructure and radio equipment purchases. Disbursements for the year ended June 30, 2019, 2020, 2021, 2022, 2023 totaled \$982,510, \$2,739,969, \$1,253,747, \$1,326,282 and \$924,657, respectively. The significant change in disbursements is due primarily to changes in payments for infrastructure and radio equipment.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and disbursement of taxpayer funds. They are found on pages 16 through 18 of this report. The findings address issues such as financial reporting, lack of supporting documentation, not signing contracts, not holding a public hearing before entering into a contract and not publishing Board minutes. Sand provided StoryComm with recommendations to address each of the findings.

The StoryComm Board of Directors has a fiduciary responsibility to provide oversight of StoryComm'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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STORYCOMM

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENT
SCHEDULE OF FINDINGS**

JUNE 30, 2019 THROUGH JUNE 30, 2023

StoryComm



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

Rob Sand
Auditor of State

November 29, 2024

Officials of StoryComm
Ames, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for StoryComm for the years ended June 30, 2019 through 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 StoryComm 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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StoryComm

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Linda Murken	Chairperson	Story County
Steve Schainker	Member	City of Ames
Michael Norton	Member	Iowa State University
May Wu	Business Manager	
Erin Clanton	Attorney	

StoryComm



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Rob Sand
Auditor of State

Independent Auditor's Report

To the Members of the StoryComm:

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying financial statement of StoryComm as of and for the years ended June 30, 2019 through June 30, 2023, and the related Notes to Financial Statement, which collectively comprise StoryComm's basic financial statement as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of StoryComm as of June 30, 2019 through June 30, 2023, and the respective changes in cash basis financial position for the years then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about StoryComm'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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 judgment made by a reasonable user based on the financial statement.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 StoryComm'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about StoryComm'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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2024 on our consideration of StoryComm’s internal control over financial reporting and 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 StoryComm’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 StoryComm’s internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

November 29, 2024

StoryComm

Basic Financial Statement

StoryComm

StoryComm

Statement of Cash Receipts, Disbursements and
Changes in Cash Balance

As of and for the years ended June 30, 2019 through June 30, 2023

	2023	2022	2021	2020	2019
Operating receipts:					
Subscriber fees	\$ 713,291	641,518	588,929	-	-
Operating disbursements:					
Insurance	37,035	35,607	27,486	4,982	-
Miscellaneous professional services	9,501	13,954	14,715	12,760	-
Miscellaneous services	18,513	19,050	17,627	5,481	-
Professional services - consulting	-	-	-	4,530	-
Leases - building/land/office	16,245	13,172	21,100	4,050	-
Legal services	5,385	4,545	4,119	10,530	-
Loan repayment	-	102,349	-	-	-
Interest expense	-	3,070	3,070	-	-
IT services	6,120	8,292	7,320	15,313	-
Miscellaneous repair and maintenance	57,882	8,197	30,281	-	-
Utilities	17,941	15,885	16,090	1,679	-
Sand/gravel/rock/dirt	951	-	-	-	-
Hardware	738	-	-	-	-
Automotive/vehicle supplies	29	-	-	-	-
Electrical supplies	232	-	-	-	-
Janitorial/personal care supplies	66	-	-	-	-
Telecommunications	3,958	3,958	5,250	-	-
Total operating disbursements	174,596	228,079	147,058	59,325	-
Excess (deficiency) of operating receipts over (under) operating disbursements	538,695	413,439	441,871	(59,325)	-
Non-operating receipts (disbursements):					
Participant reimbursements	550,724	1,729,261	976,631	3,073,613	287,878
Infrastructure payments	(750,061)	(1,098,203)	(1,106,689)	(1,256,730)	(484,122)
Radio equipment payments	-	-	-	(1,423,914)	(498,388)
Net non-operating receipts (disbursements)	(199,337)	631,058	(130,058)	392,969	(694,632)
Change in cash balance	339,358	1,044,497	311,813	333,644	(694,632)
Cash balance beginning of year	995,322	(49,175)	(360,988)	(694,632)	-
Cash balance end of year	\$ 1,334,680	995,322	(49,175)	(360,988)	(694,632)
Cash Basis Fund Balance					
Restricted for:					
Communication services	\$ 1,334,680	995,322	-	-	-
Unrestricted	-	-	(49,175)	(360,988)	(694,632)
Total cash basis fund balance	\$ 1,334,680	995,322	(49,175)	(360,988)	(694,632)

See notes to financial statements.

StoryComm

Notes to Financial Statement

June 30, 2023

(1) Summary of Significant Accounting Policies

StoryComm was formed in 2018 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of StoryComm is to develop, operate and maintain an interoperable communications system for participating public safety and public services agencies throughout Story County on behalf of the units of government which are members of the Commission.

The governing body of StoryComm is composed of three voting members and three ex officio members. The three voting members of StoryComm include the city of Ames, Story County and Iowa State University. The 911 Board shall have the three ex officio members who will not be voting members.

A. Reporting Entity

For financial reporting purposes, StoryComm has included all funds, organizations, agencies, boards, commissions and authorities. StoryComm 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 StoryComm are such that exclusion would cause StoryComm's financial statement 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 StoryComm 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 StoryComm. StoryComm has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of StoryComm are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

StoryComm maintains its financial records on the basis of cash receipts and disbursements and the financial statement of StoryComm is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of StoryComm in accordance with U.S. generally accepted accounting principles.

D. Cash Basis Fund Balance

Funds set aside for payment of capital improvements are classified as restricted for communication services.

(2) Cash and Investments

StoryComm’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.

StoryComm 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 Commission; 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.

StoryComm had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Lease Agreement

A summary of changes in leases payable for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Lease agreement	\$ 49,768	-	3,507	46,261	3,612

On October 10, 2019, StoryComm entered into a lease agreement for real estate in McCallsburg, Iowa. An initial lease liability was recorded in the amount of \$61,480. The agreement requires yearly payments of \$5,000 over 15 years, with an implicit interest rate of 3%. During the year ended June 30, 2023, principal and interest paid were \$3,507 and \$1,493, respectively.

A summary of StoryComm’s June 30, 2023 lease agreement is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,612	1,388	5,000
2025	3,720	1,280	5,000
2026	3,832	1,168	5,000
2027	3,947	1,053	5,000
2028	4,065	935	5,000
2029-2033	22,231	2,769	25,000
2034	4,854	146	5,000
	<u>\$ 46,261</u>	<u>8,739</u>	<u>55,000</u>

(4) Risk Management

StoryComm is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; error and omissions; and natural disasters. These risks are covered by the purchase of commercial insurance. StoryComm assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



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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 a Financial Statement Performed in Accordance with
Government Auditing Standards

To the Members of the StoryComm:

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 statement of StoryComm, Iowa, as of and for the years ended June 30, 2019 through June 30, 2023, and the related Notes to Financial Statement, and have issued our report thereon dated November 29, 2024. Our report expressed unmodified opinions on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered StoryComm'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of StoryComm's internal control. Accordingly, we do not express an opinion on the effectiveness of StoryComm's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2023-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-002 and 2023-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether StoryComm's financial statement is 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 statement. 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 noncompliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about StoryComm's operations for the years ended June 30, 2019 through June 30, 2023, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of StoryComm. 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.

StoryComm's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on StoryComm's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. StoryComm's responses were not subjected to the other auditing procedures applied in the audit of the financial statement 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 StoryComm's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering StoryComm'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 StoryComm 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

November 29, 2024

StoryComm

Schedule of Findings

Years ended June 30, 2019 through June 30, 2023

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

2023-001 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 StoryComm’s financial statements.

Condition – Material amounts of receipts and disbursements were not properly recorded in StoryComm’s financial statements. Adjustments were subsequently made by StoryComm to properly report these amounts in the financial statements.

Cause – StoryComm policies do not require, and procedures have not been established to require independent review of transactions to ensure StoryComm’s financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in StoryComm officials not detecting the errors in the normal course of performing their assigned functions and material adjustments to StoryComm’s financial statements were necessary.

Recommendation – StoryComm should implement procedures to ensure all receipts and disbursements are identified and properly reported in StoryComm’s financial statements.

Response – The condition was during the transition of the university’s system to Workday when some transactions were not recorded properly due to some wrong invoices and corrections. We have been following ISU’s accounting practice and procedures for StoryComm’s finance and will keep doing it to ensure all receipts and disbursements are identified and properly reported in StoryComm’s financial statements.

Conclusion – Response accepted.

2023-002 Receipts

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper supporting documentation.

Condition – One transaction tested did not have supporting documentation.

Effect – Lack of supporting documentation could result in unauthorized or improper transactions and the opportunity for misappropriation.

StoryComm

Schedule of Findings

Years ended June 30, 2019 through June 30, 2023

Recommendation – All receipts should be supported by billings or other supporting documentation.

Response – This was before Workday. StoryComm couldn't find the billing for this transaction but got from the Accounts Receivable Office the A/R Paid/Outstanding Tckts For Month Ending 06-28-2019 showing that ISU paid \$182,776. StoryComm will ensure that all future receipts will be supported by billings or other supporting documentation.

Conclusion – Response accepted.

2023-003 Contracted Services

Criteria – Contracts should be signed by both parties to document each party's acknowledgement of their responsibilities as outlined in the contract. StoryComm contracts with Iowa State University for its accounting services.

Condition – The contract was approved by StoryComm's Board, but the contract was not signed by either party.

Effect – This condition could result in misunderstandings of services that are to be provided.

Recommendation – StoryComm should establish procedures to ensure contracts are reviewed, executed by proper signature, and retained.

Response – The contract is up for review in 2024. It will be reviewed at the November 2024 meeting and will be signed by both parties once approved by the Board.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

StoryComm

Schedule of Findings

Years ended June 30, 2019 through June 30, 2023

Other Findings Related to Required Statutory Reporting:

2023-A Questionable Disbursements – No disbursements 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-B Travel Expense – No disbursements of StoryComm money for travel expenses of spouses of Commission officials were noted.

2023-C Restricted Donor Activity – No transactions were noted between StoryComm, StoryComm officials and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2023-D Board Minutes – No transactions were found that we believe should have been approved in StoryComm’s minutes but were not. However, the minutes, including the schedule of bills allowed were not published as required by Chapter 28E.6(3) of the Code of Iowa. StoryComm’s minutes were not signed by a member of the Board.

Recommendation – StoryComm should ensure the minutes, including the schedule of bills allowed are published, as required. StoryComm should also ensure the Board minutes are signed by a member of the Board.

Response – StoryComm will review Chapter 28E.6(3) with our legal counsel and comply with the provisions of the chapter based on the guidance received.

Conclusion – Response accepted.

2023-E Public Hearing – Before entering into a contract for a public improvement with an estimated total cost in excess of \$100,000, StoryComm should hold a public hearing and give notice at least four but not more than 20 days prior to the hearing, as required by Chapter 26.12 of the Code of Iowa. In 2019, StoryComm did not hold a public hearing to approve the plans, specifications, contract and estimated costs for a \$10,832,855 communication services project as required by Chapter 26.12 of the Code of Iowa.

Recommendation – Before entering into a contract for public improvements with an estimated total cost in excess of \$100,000, StoryComm should ensure a public hearing is held and give notice at least four but not more than 20 days prior to the hearing, as required.

Response – StoryComm will ensure we are in compliance with any future projects exceeding the provisions of the Code of Iowa.

Conclusion – Response accepted.

StoryComm

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy
Janet K. Mortvedt, CPA, Manager
Brandon J. Vogel, Senior II Auditor
Ashley J. Moser, Senior Auditor
Kari L. Middleton, Staff Auditor
David R. Roszak, Staff Auditor
Brandon L. Weddell, Staff Auditor