



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

February 14, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Story County, Iowa.

The County had local tax revenue of \$112,352,967 for the year ended June 30, 2010, which included \$2,196,820 in tax credits from the state. The County forwarded \$92,081,901 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$20,271,066 of the local tax revenue to finance County operations, a 9 percent increase over the prior year. Other revenues included charges for service of \$2,645,361, operating grants, contributions and restricted interest of \$9,572,438, capital grants, contributions and restricted interest of \$1,112,506, local option sales tax of \$1,880,706, unrestricted investment earnings of \$191,504 and other general revenues of \$380,169.

Expenses for County operations totaled \$35,060,860, a less than one percent decrease from the prior year. Expenses included \$9,034,410 for public safety and legal services, \$8,782,139 for mental health and \$6,745,243 for roads and transportation.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/reports/1010-0085-B00F.pdf>.

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**STORY COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2010**

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**Story County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jane E. Halliburton	Board of Supervisors	Jan 2011
James M. Strohman	Board of Supervisors	Jan 2011
Wayne E. Clinton	Board of Supervisors	Jan 2013
Mary L. Mosiman	County Auditor	Jan 2013
David Jamison	County Treasurer	Jan 2011
Susan Vande Kamp	County Recorder	Jan 2011
Paul H. Fitzgerald	County Sheriff	Jan 2013
Stephen Holmes	County Attorney	Jan 2011
Wayne Schwickerath	County Assessor	Jan 2016
Gregory P. Lynch	City Assessor	Jan 2015

**Story County**



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Independent Auditor's Report

To the Officials of Story County:

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, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Story County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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 at June 30, 2010, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2011 on our consideration of Story County'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 42 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed 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 second paragraph of this report, the financial statements for the nine years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 28, 2011

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Story County provides this Management's Discussion and Analysis as a narrative overview of the financial activities of the County for the year ended June 30, 2010, along with comparative data for the year ended June 30, 2009. Readers are encouraged to consider this information in conjunction with the County's financial statements, which follow.

### **2010 FINANCIAL HIGHLIGHTS**

- Governmental activities revenue increased approximately \$1.44 million over fiscal year 2009. Property tax and capital grants, contributions and restricted interest increased approximately \$1,691,000 and \$792,000, respectively. Charges for service, operating grants, contributions and restricted interest and unrestricted investments earnings decreased approximately \$414,000, \$221,000 and \$231,000, respectively.
- Program expenses decreased approximately \$214,000 from fiscal year 2009.
- As a result of the above, net assets increased approximately \$993,000 during fiscal year 2010.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements as well as 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 Assets 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 statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Story County acts solely as an agent or custodian for the benefit of those outside of County government.
- 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY AS A WHOLE:**

### *The Statement of Net Assets and the Statement of Activities*

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 Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This 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 Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Assets 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 and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

## **REPORTING THE COUNTY BY FUNDS:**

### *Fund Financial Statements*

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These fund statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

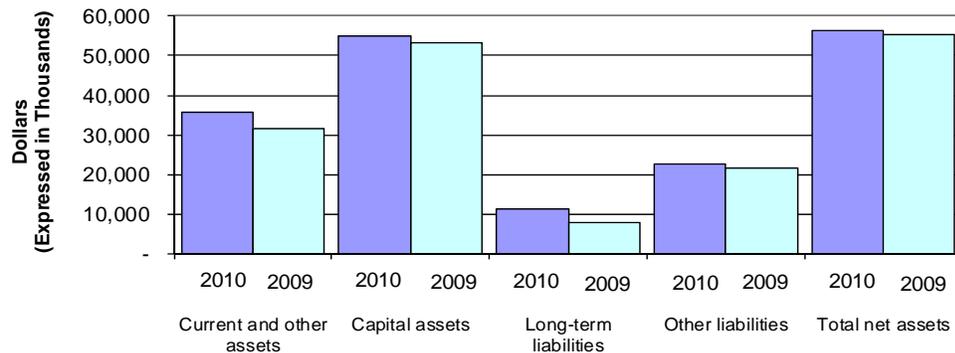
Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Story County's net assets at the end of fiscal year 2010 totaled approximately \$ 56.4 million. This is an increase of approximately \$993,000 compared to the end of fiscal year 2009, at approximately \$55.4 million. The analysis that follows focuses on the changes in net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	2010	2009
Current and other assets	\$ 35,711	31,561
Capital assets	54,820	53,321
Total assets	90,531	84,882
Long-term liabilities	11,391	7,992
Other liabilities	22,734	21,477
Total liabilities	34,125	29,469
Net assets:		
Invested in capital assets, net of related debt	48,483	46,051
Restricted	3,976	5,370
Unrestricted	3,947	3,992
Total net assets	\$ 56,406	55,413

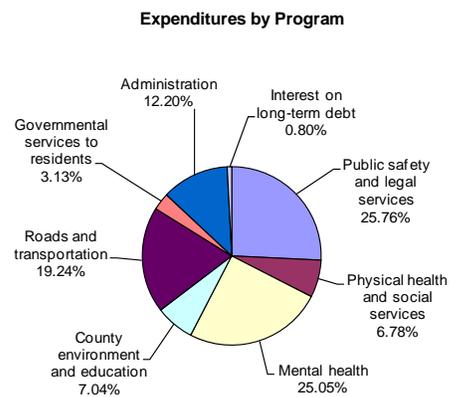
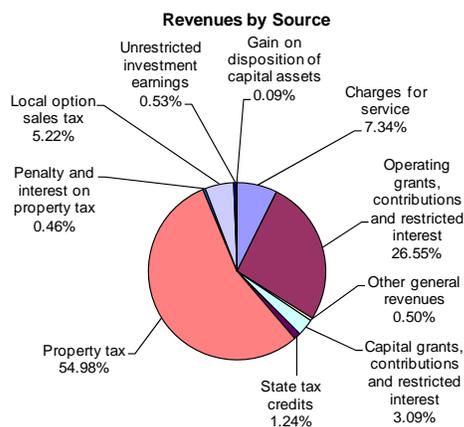
**Comparison - Statement of Net Assets**



Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This amount decreased approximately \$1.4 million from the previous year. This decrease is primarily due to decreases in net assets restricted for mental health and secondary road purposes.

Total net assets of Story County's governmental activities increased approximately \$993,000 from the previous year. Capital assets (land, infrastructure, buildings and equipment) are the largest portion of the County's net assets at approximately \$48.5 million at the end of fiscal year 2010.

Changes in Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 2,645	3,059
Operating grants, contributions and restricted interest	9,572	9,793
Capital grants, contributions and restricted interest	1,113	321
<b>General revenues:</b>		
Property tax	19,824	18,133
Penalty and interest on property tax	167	178
State tax credits	447	456
Local option sales tax	1,881	1,974
Unrestricted investment earnings	192	423
Gain on disposition of capital assets	34	64
Other general revenues	179	212
<b>Total revenues</b>	<b>36,054</b>	<b>34,613</b>
<b>Program expenses:</b>		
Public safety and legal services	9,035	9,169
Physical health and social services	2,376	1,953
Mental health	8,782	8,966
County environment and education	2,469	2,549
Roads and transportation	6,745	6,514
Governmental services to residents	1,099	1,327
Administration	4,276	4,413
Interest on long-term debt	279	384
<b>Total expenses</b>	<b>35,061</b>	<b>35,275</b>
Change in net assets	993	(662)
Net assets beginning of year	55,413	56,075
Net assets end of year	\$ 56,406	55,413



Revenues for governmental activities increased approximately \$1.44 million over fiscal year 2009. Capital grants, contributions and restricted interest increased approximately \$792,000 due to an increase in infrastructure contributions from the Iowa Department of Transportation. Charges for service decreased approximately \$414,000 due to receiving a large reimbursement for damages to County roads during the installation of a wind farm in the prior year. Operating grants, contributions and restricted interest decreased approximately \$221,000 due to decreased mental health funding received from the State.

The County's property tax revenue increased 9.33% over fiscal year 2009. Valuation of countywide property increased from \$2,976,349,976 in fiscal year 2009 to \$3,126,683,761 in fiscal year 2010. The levy rate for countywide property increased from approximately \$5.60 per \$1,000 of taxable valuation in fiscal year 2009 to approximately \$5.80 per \$1,000 of taxable valuation in fiscal year 2010. The levy rate for rural property increased from approximately \$3.04 per \$1,000 of taxable valuation in fiscal year 2009 to approximately \$3.09 per \$1,000 of taxable valuation in fiscal year 2010. This combination led to the increase in tax asking of approximately \$1,696,335.

Expenses in fiscal year 2010 decreased approximately \$214,000, or less than 1%, from fiscal year 2009.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Story County completed the year, its governmental funds reported a combined fund balance of \$12,894,314, an increase of \$2,976,649 over the \$9,917,665 combined fund balance at the end of fiscal year 2009. The difference is explained by individual fund.

The General Fund, the operating fund for Story County, ended fiscal year 2010 with an ending balance totaling \$4,145,583. This is an increase of \$284,230, or 7.4%.

Story County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. Fiscal year 2010 ended with a \$444,081 balance compared to \$1,275,472 at the end of fiscal year 2009. This decrease is due to a continued reduced level of state funding for community service and the allowed growth factor. Story County averaged 482 unduplicated clients per month for mental health administration during fiscal year 2010.

The Rural Services Fund ended fiscal year 2010 with a \$1,103,345 balance compared to the prior year balance of \$1,213,811. The decrease is due to expenditures and other financing uses exceeding revenues.

The Secondary Roads Fund ended fiscal year 2010 with a \$2,071,744 balance compared to the prior year balance of \$2,388,328. The Department maintained 707 miles of gravel, 25 miles of dirt and over 202 miles of paved roads. The Department currently operates ten maintenance districts. The Department completed one major bridge repair and four bridge replacements during the year. Drainage district and culvert repairs totaled 38 and 25, respectively.

The Debt Service Fund ended fiscal year 2010 with a \$60,864 balance compared to the prior year balance of \$54,758. Bond principal and interest payments are made according to the bond maturity schedule. During the year, the County issued \$5,300,000 of general obligation bonds for secondary road projects.

The Capital Projects Fund fiscal year 2010 ending fund balance was \$4,389,129 compared to the prior year balance of \$247,194. Bond proceeds were expended on five paving projects completed during fiscal year 2010 as well as two grade and pave projects in progress at June 30, 2010.

## **BUDGETARY HIGHLIGHTS**

Story County amended the fiscal year 2010 budget four times during the year. Two amendments were made in September as well as amendments in March and May. Receipts and other financing sources were increased \$4,276,887, due primarily to public health grants and the issuance of general obligation bonds. Disbursements and other financing uses increased \$4,791,712, due primarily to public health grants and capital projects.

The County's receipts were \$1,304,142 less than the amended budget, a variance of 3.64%. Total disbursements were \$8,732,616 less than the amended budget, a variance of 19.35%. This was due primarily to road improvement and other projects not completed during the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2010, Story County had approximately \$54.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This amount is an increase of approximately \$1.5 million over fiscal year 2009.

Story County had depreciation/amortization expense in fiscal year 2010 of \$2,713,701 and total accumulated depreciation/amortization of \$28,114,666 on the capital assets at June 30, 2010. This is an increase of \$115,943 in depreciation expense and \$2,405,758 for accumulated depreciation from fiscal year 2009. 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**

Story County issued \$5,300,000 of general obligation bonds during fiscal year 2010 and had \$10,630,000 outstanding at the end of fiscal year 2010, compared to \$7,270,000 at the end of fiscal year 2009.

Story County's general obligation debt continues to carry the Aa2 rating assigned by Moody's Investors Service, a national rating agency. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the county's corporate limits. Story County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$273 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 2011 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 2010 stood at 5.7% versus 4.9% a year ago. This compared with the State's unemployment rate of 6.7% and the national rate of 9.5% for the same period ending June 30, 2010.

These indicators were taken into account when adopting the budget for fiscal year 2011. The County's fiscal year 2011 countywide valuation increased \$160,601,214 and the rural valuation increased \$46,709,305 over the respective fiscal year 2010 valuations. The residential rollback decreased to 46.9094% for fiscal year 2011 as compared to the fiscal year 2010 rollback of 45.5893%. The fiscal year 2011 budget includes a 2.2% increase in receipts over the fiscal year

2010 budget, along with a minor decrease in disbursements of 0.6%. The increase in receipts is primarily from property and other county tax and intergovernmental revenue. The decrease in disbursements is due to a reduction in capital projects and debt service payments. Story County added no major programs or initiatives to the fiscal year 2011 budget. Elected officials, department heads and pay plan staff received no pay increase. Various union members received pay increases averaging 5% based on their years of service. Flex reimbursement for all employees increased \$25 to \$575 per month. Re-estimated ending fund balances were anticipated to be 30.2% of disbursements at the end of fiscal year 2010 and approximately 15.1% of disbursements by the close of fiscal year 2011.

#### **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.

**Story County**

## **Basic Financial Statements**

**Exhibit A**

Story County  
Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 13,350,609
Receivables:	
Property tax:	
Delinquent	28,131
Succeeding year	20,372,000
Interest and penalty on property tax	65,294
Accounts	72,161
Accrued interest	39,264
Due from other governments	1,478,843
Inventories	304,499
Capital assets (net of accumulated depreciation)	<u>54,820,343</u>
<b>Total assets</b>	<u>90,531,144</u>
<b>Liabilities</b>	
Accounts payable	1,062,272
Accrued interest payable	22,599
Salaries and benefits payable	528,044
Due to other governments	748,885
Deferred revenue:	
Succeeding year property tax	20,372,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,650,000
Compensated absences	742,193
Portion due or payable after one year:	
General obligation bonds	8,980,000
Net OPEB liability	<u>18,979</u>
<b>Total liabilities</b>	<u>34,124,972</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	48,482,708
Restricted for:	
Supplemental levy purposes	549,816
Mental health purposes	285,977
Secondary roads purposes	1,948,547
Debt service	40,271
Community betterment	374,947
Capital projects	96,764
Other purposes	679,568
Unrestricted	<u>3,947,574</u>
<b>Total net assets</b>	<u>\$ 56,406,172</u>

See notes to financial statements.

Story County

Statement of Activities

Year ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses				
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 9,034,410	964,228	226,188	- (7,843,994)
Physical health and social services	2,376,212	22,189	930,495	- (1,423,528)
Mental health	8,782,139	211,611	4,626,588	- (3,943,940)
County environment and education	2,469,190	249,235	625,956	- (1,593,999)
Roads and transportation	6,745,243	103,013	3,054,898	1,112,506 (2,474,826)
Governmental services to residents	1,099,018	1,067,862	905	- (30,251)
Administration	4,275,334	27,223	99,273	- (4,148,838)
Interest on long-term debt	279,314	-	8,135	- (271,179)
<b>Total</b>	<b>\$ 35,060,860</b>	<b>2,645,361</b>	<b>9,572,438</b>	<b>1,112,506 (21,730,555)</b>
<b>General Revenues:</b>				
Property and other county tax levied for:				
General purposes				17,661,246
Debt service				2,162,618
Penalty and interest on property tax				167,260
State tax credits				447,202
Local option sales tax				1,880,706
Unrestricted investment earnings				191,504
Gain on disposition of capital assets				33,537
Miscellaneous				179,372
<b>Total general revenues</b>				<b>22,723,445</b>
Change in net assets				992,890
Net assets beginning of year				55,413,282
Net assets end of year				<b>\$ 56,406,172</b>

See notes to financial statements.

Story County  
Balance Sheet  
Governmental Funds

June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	4,522,824	989,828	861,677	1,719,384
Receivables:				
Property tax:				
Delinquent	16,041	3,544	6,424	-
Succeeding year	13,460,000	2,974,000	2,072,000	-
Interest and penalty on property tax	65,294	-	-	-
Accounts	15,309	43,673	1,108	7,703
Accrued interest	37,260	-	-	-
Due from other governments	611,416	374,081	303,502	189,844
Inventories	-	-	-	304,499
<b>Total assets</b>	<b>\$ 18,728,144</b>	<b>4,385,126</b>	<b>3,244,711</b>	<b>2,221,430</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	703,286	147,530	9,896	73,531
Salaries and benefits payable	301,031	103,232	52,965	70,816
Due to other governments	24,576	712,931	245	5,339
Deferred revenue:				
Succeeding year property tax	13,460,000	2,974,000	2,072,000	-
Other	93,668	3,352	6,260	-
Total liabilities	<b>14,582,561</b>	<b>3,941,045</b>	<b>2,141,366</b>	<b>149,686</b>
Fund balances:				
Reserved for:				
Supplemental levy purposes	597,381	-	-	-
Debt service	-	-	-	-
Community betterment	-	-	374,947	-
Unreserved:				
Designated for:				
Multi agency expenses	55,000	-	-	-
Jail software	65,400	-	-	-
Analysis of social services evaluation team (ASSET)	5,000	-	-	-
Undesignated, reported in:				
General fund	3,422,802	-	-	-
Special revenue funds	-	444,081	728,398	2,071,744
Capital projects fund	-	-	-	-
Total fund balances	<b>4,145,583</b>	<b>444,081</b>	<b>1,103,345</b>	<b>2,071,744</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,728,144</b>	<b>4,385,126</b>	<b>3,244,711</b>	<b>2,221,430</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
60,511	4,477,812	718,573	13,350,609
2,122	-	-	28,131
1,866,000	-	-	20,372,000
-	-	-	65,294
-	-	4,368	72,161
237	1,448	319	39,264
-	-	-	1,478,843
-	-	-	304,499
1,928,870	4,479,260	723,260	35,710,801
-	84,844	43,185	1,062,272
-	-	-	528,044
-	5,287	507	748,885
1,866,000	-	-	20,372,000
2,006	-	-	105,286
1,868,006	90,131	43,692	22,816,487
-	-	-	597,381
60,864	-	-	60,864
-	-	-	374,947
-	-	-	55,000
-	-	-	65,400
-	-	-	5,000
-	-	-	3,422,802
-	-	679,568	3,923,791
-	4,389,129	-	4,389,129
60,864	4,389,129	679,568	12,894,314
1,928,870	4,479,260	723,260	35,710,801

**Story County**

Story County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2010

**Total governmental fund balances (page 19)** \$ 12,894,314

***Amounts reported for governmental activities in the Statement of Net Assets 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 \$82,935,009 and the accumulated depreciation/amortization is \$28,114,666. 54,820,343

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 105,286

Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (11,413,771)

**Net assets of governmental activities (page 16)** \$ 56,406,172

See notes to financial statements.

Story County

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

Year ended June 30, 2010

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 12,803,271	2,979,550	1,881,472	-
Local option sales tax	-	-	1,880,706	-
Interest and penalty on property tax	171,597	-	-	-
Intergovernmental	2,280,260	4,689,865	386,779	3,118,222
Licenses and permits	15,340	-	53,628	9,410
Charges for service	1,444,647	211,611	36,011	6,961
Use of money and property	259,860	-	-	-
Miscellaneous	148,888	4,380	5,087	43,907
<b>Total revenues</b>	<b>17,123,863</b>	<b>7,885,406</b>	<b>4,243,683</b>	<b>3,178,500</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	7,232,671	-	1,362,284	-
Physical health and social services	2,371,823	-	3,815	-
Mental health	-	8,717,522	-	-
County environment and education	1,198,805	-	1,134,232	-
Roads and transportation	-	-	234,915	4,905,211
Governmental services to residents	1,059,358	-	1,421	-
Administration	4,088,066	-	17,482	-
Debt service	-	-	-	-
Capital projects	491,110	-	-	598,473
<b>Total expenditures</b>	<b>16,441,833</b>	<b>8,717,522</b>	<b>2,754,149</b>	<b>5,503,684</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>682,030</b>	<b>(832,116)</b>	<b>1,489,534</b>	<b>(2,325,184)</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets	2,200	725	-	8,600
General obligation bonds issued	-	-	-	-
Discount on general obligation bonds	-	-	-	-
Operating transfers in	-	-	-	2,000,000
Operating transfers out	(400,000)	-	(1,600,000)	-
<b>Total other financing sources (uses)</b>	<b>(397,800)</b>	<b>725</b>	<b>(1,600,000)</b>	<b>2,008,600</b>
<b>Net change in fund balances</b>	<b>284,230</b>	<b>(831,391)</b>	<b>(110,466)</b>	<b>(316,584)</b>
<b>Fund balances beginning of year</b>	<b>3,861,353</b>	<b>1,275,472</b>	<b>1,213,811</b>	<b>2,388,328</b>
<b>Fund balances end of year</b>	<b>\$ 4,145,583</b>	<b>444,081</b>	<b>1,103,345</b>	<b>2,071,744</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
2,163,449	-	-	19,827,742
-	-	-	1,880,706
-	-	-	171,597
46,260	-	61,479	10,582,865
-	-	-	78,378
-	-	18,730	1,717,960
8,135	18,983	69,236	356,214
-	-	185,537	387,799
<u>2,217,844</u>	<u>18,983</u>	<u>334,982</u>	<u>35,003,261</u>

-	-	116,440	8,711,395
-	-	-	2,375,638
-	-	-	8,717,522
-	-	408,672	2,741,709
-	-	-	5,140,126
-	-	7,050	1,067,829
-	-	1	4,105,549
2,211,738	-	-	2,211,738
-	1,148,693	-	2,238,276
<u>2,211,738</u>	<u>1,148,693</u>	<u>532,163</u>	<u>37,309,782</u>

6,106	(1,129,710)	(197,181)	(2,306,521)
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-	-	-	11,525
-	5,300,000	-	5,300,000
-	(28,355)	-	(28,355)
-	-	-	2,000,000
-	-	-	(2,000,000)
-	5,271,645	-	5,283,170

6,106	4,141,935	(197,181)	2,976,649
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54,758	247,194	876,749	9,917,665
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60,864	4,389,129	679,568	12,894,314
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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, 2010

**Net change in fund balances - Total governmental funds (page 23)** \$ 2,976,649

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

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

Expenditures for capital assets	\$ 3,097,337	
Capital assets contributed by the State of Iowa	1,093,523	
Depreciation/amortization expense	<u>(2,713,701)</u>	1,477,159

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. 22,012

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

Property tax	(3,878)	
Other	<u>(72,693)</u>	(76,571)

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 Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(5,300,000)	
Repaid	<u>1,940,000</u>	(3,360,000)

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	(32,902)	
Other postemployment benefits	(5,881)	
Interest on long-term debt	<u>(7,576)</u>	(46,359)

**Change in net assets of governmental activities (page 17)** \$ 992,890

See notes to financial statements.

Story County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 4,010,772
Other County officials	243,078
Employee health insurance plan	11,584
Receivables:	
Property tax:	
Delinquent	95,483
Succeeding year	89,977,000
Accounts	79,530
Accrued interest	407
Assessments	1,688,108
Due from other governments	76,513
<b>Total assets</b>	<u>96,182,475</u>

**Liabilities**

Accounts payable	149,472
Due to other governments	95,386,403
Trusts payable	581,664
Compensated absences	64,936
<b>Total liabilities</b>	<u>96,182,475</u>

<b>Net assets</b>	<u>\$ -</u>
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See notes to financial statements.

Story County

Notes to Financial Statements

June 30, 2010

**(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 agriculture 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 County has other drainage districts which are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency 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 E911 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 Agency Funds of the County.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets 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 Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* 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 assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Debt Service Fund is utilized to account 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.

Additionally, the County reports the following funds:

Fiduciary Funds – Agency 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 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 capital leases 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 assets available to finance the programs. 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.

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, Liabilities and Fund Equity

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

Cash 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 which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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 receivable represents 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 receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is 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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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.

Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits 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. Assessments receivable represent assessments which have been made but have not been collected.

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, equipment and vehicles, intangibles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	5,000
Equipment and vehicles	5,000

Capital assets of the County 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
Equipment	3-20
Vehicles	5-15

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.

Deferred 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. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the 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 revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, 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 Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2010 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 insure 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.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$274,337 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Public Agency Investment Trust are unrated for credit risk purposes.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 400,000
	Special Revenue:	
	Rural Services	1,600,000
Total		<u>\$ 2,000,000</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, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 3,896,627	-	-	3,896,627
Intangibles, road network	117,327	-	-	117,327
Intangibles in progress, other	-	25,205	-	25,205
Construction in progress, road network	-	2,677,952	(1,641,944)	1,036,008
Construction in progress, other	1,223,990	678,841	-	1,902,831
Total capital assets not being depreciated/amortized	5,237,944	3,381,998	(1,641,944)	6,977,998
Capital assets being depreciated/amortized:				
Buildings	25,600,606	70,914	-	25,671,520
Improvements other than buildings	256,067	-	-	256,067
Equipment and vehicles	9,623,802	707,569	(319,481)	10,011,890
Infrastructure, road network	36,912,744	1,641,944	-	38,554,688
Infrastructure, other	1,398,917	63,929	-	1,462,846
Total capital assets being depreciated/amortized	73,792,136	2,484,356	(319,481)	75,957,011
Less accumulated depreciation/amortization for:				
Buildings	5,992,827	513,116	-	6,505,943
Improvements other than buildings	44,606	11,945	-	56,551
Equipment and vehicles	5,992,841	691,039	(307,943)	6,375,937
Infrastructure, road network	13,307,648	1,453,579	-	14,761,227
Infrastructure, other	370,986	44,022	-	415,008
Total accumulated depreciation/amortization	25,708,908	2,713,701	(307,943)	28,114,666
Total capital assets being depreciated/amortized, net	48,083,228	(229,345)	(11,538)	47,842,345
Governmental activities capital assets, net	\$ 53,321,172	3,152,653	(1,653,482)	54,820,343

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 408,357
Mental health	74,932
County environment and education	101,664
Roads and transportation	1,840,673
Governmental services to residents	30,960
Administration	257,115
Total depreciation/amortization expense - governmental activities	<u>\$ 2,713,701</u>

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. A right of way totaling \$117,327 which was previously reported as land, road network was reclassified as intangibles, road network. Restatement of the beginning net assets and capital assets for governmental activities was not necessary because the right of way has an indefinite useful life and, therefore, is not subject to amortization.

**(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 is as follows:

Fund	Description	Amount
General	Services	\$ 24,576
Special Revenue:		
Mental Health	Services	712,931
Rural Services	Services	245
Secondary Roads	Services	5,339
Other	Services	507
		<u>719,022</u>
Capital Projects	Services	<u>5,287</u>
Total for governmental funds		<u>\$ 748,885</u>
Agency:		
County Offices	Collections	\$ 61,621
Agricultural Extension Education		280,423
County Assessor		825,878
City Assessor		1,081,908
Schools		51,538,561
Community Colleges		1,843,294
Corporations		33,694,566
Townships		439,828
City Special Assessments		1,743,594
Auto License and Use Tax		1,584,142
All other		2,292,588
Total for agency funds		<u>\$ 95,386,403</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	General Obligation Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balances beginning of year	\$ 7,270,000	709,291	13,098	7,992,389
Increases	5,300,000	938,632	5,881	6,244,513
Decreases	(1,940,000)	(905,730)	-	(2,845,730)
Balances end of year	<u>\$ 10,630,000</u>	<u>742,193</u>	<u>18,979</u>	<u>11,391,172</u>
Due within one year	<u>\$ 1,650,000</u>	<u>742,193</u>	<u>-</u>	<u>2,392,193</u>

## Bonds Payable

A summary of the County's June 30, 2010 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2008 Issued Jun 1, 2008			Series 2009 Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	3.40%	\$ 170,000	64,138	1.80-2.40%	\$ 1,020,000	87,600
2012	3.40	180,000	58,358	2.00-2.40	1,035,000	69,240
2013	3.40	185,000	52,238	2.20-2.40	1,050,000	48,540
2014	3.45	195,000	45,948	2.40	1,060,000	25,440
2015	3.55	200,000	39,318		-	-
2016-2019	3.65-3.85	875,000	83,706		-	-
<b>Total</b>		<b>\$ 1,805,000</b>	<b>343,706</b>		<b>\$ 4,165,000</b>	<b>230,820</b>

Year Ending June 30,	Series 2009A Issued Nov 1, 2009			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	1.50%	\$ 460,000	119,446	1,650,000	271,184	1,921,184
2012	2.00	465,000	112,546	1,680,000	240,144	1,920,144
2013	2.00	480,000	103,246	1,715,000	204,024	1,919,024
2014	2.15	490,000	93,646	1,745,000	165,034	1,910,034
2015	2.55	510,000	83,110	710,000	122,428	832,428
2016-2019	2.85-3.35	2,255,000	183,706	3,130,000	267,412	3,397,412
<b>Total</b>		<b>\$ 4,660,000</b>	<b>695,700</b>	<b>10,630,000</b>	<b>1,270,226</b>	<b>11,900,226</b>

During the year ended June 30, 2010, the County issued \$5,300,000 of general obligation bonds and retired \$1,940,000 of general obligation bonds.

### **(7) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$ 1,182,362, \$1,119,715 and \$1,018,429, respectively, equal to the required contributions for each year.

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

Plan Description. The County operates a single-employer retiree benefit plan which provides health benefits for retirees. There are 49 active and 3 retired members in the plan. 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.

The health coverage is administered by TASC. Retirees receive single coverage at no cost for a number of months based on years of service at retirement with a maximum of 36 months for 30 years of service. Otherwise, retirees under age 65 pay the same premium for the health benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 31,003
Interest on net OPEB obligation	524
Adjustment to annual required contribution	(521)
Annual OPEB cost	<u>31,006</u>
Contributions made	<u>(25,125)</u>
Increase in net OPEB obligation	5,881
Net OPEB obligation beginning of year	<u>13,098</u>
Net OPEB obligation end of year	<u><u>\$ 18,979</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$25,125 to the health plan. Plan members eligible for benefits did not contribute to the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 31,003	81%	\$ 18,979

Funded Status and Funding Progress. As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$320,425, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$320,425. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$14,115,000 and the ratio of the UAAL to covered payroll was 2.27%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress,

presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 9%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table projected to 2010 using scale AA. Annual retirement and termination probabilities mirror those used for IPERS.

Projected claim costs of the health plan are \$987 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(9) Risk Management**

The County is a member in 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 with over 634 members from 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, public official's liability, police professional liability, property and inland marine and boiler/machinery. 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 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 due and payable in the current 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 to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current 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 risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010 were \$296,620.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. 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, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, 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 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. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with crime, bond and fidelity supplement in the amount of \$100,000, \$50,000 and \$50,000, respectively. 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) Justice Center Agreements**

In January 2000, the County entered into a contract with Alliant Energy for geothermal supply services for heating and cooling the Justice Center. The agreement calls for the County to pay a fixed charge of \$5,350 per month for 20 years. Alliant Energy retains ownership of the equipment.

In January 2000, the County entered into a contract with Alliant Energy for stand-by generator services for the Justice Center. The agreement calls for the County to pay a fixed charge of \$6,500 per month for 20 years. Alliant Energy retains ownership of the equipment.

**(11) Construction Commitments**

The County has entered into a contract for \$2,033,128 for improvements to the Heart of Iowa Nature Trail. As of June 30, 2010, costs of \$1,458,480 have been incurred on the contract. The \$574,648 balance on the contract will be paid as work on the project progresses.

**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, 2010

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 21,557,005	-	21,557,005
Interest and penalty on property tax	175,795	-	175,795
Intergovernmental	10,266,796	-	10,266,796
Licenses and permits	77,839	-	77,839
Charges for service	1,701,735	-	1,701,735
Use of money and property	383,637	-	383,637
Miscellaneous	424,871	45,601	379,270
Total receipts	<u>34,587,678</u>	<u>45,601</u>	<u>34,542,077</u>
Disbursements:			
Public safety and legal services	8,678,953	-	8,678,953
Physical health and social services	2,151,994	-	2,151,994
Mental health	8,517,767	-	8,517,767
County environment and education	2,681,269	52,283	2,628,986
Roads and transportation	5,009,440	-	5,009,440
Governmental services to residents	1,064,486	-	1,064,486
Administration	4,089,332	-	4,089,332
Debt service	2,211,738	-	2,211,738
Capital projects	2,054,332	-	2,054,332
Total disbursements	<u>36,459,311</u>	<u>52,283</u>	<u>36,407,028</u>
Deficiency of receipts under disbursements	(1,871,633)	(6,682)	(1,864,951)
Other financing sources, net	5,275,345	-	5,275,345
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,403,712	(6,682)	3,410,394
Balance beginning of year	9,946,897	134,981	9,811,916
Balance end of year	<u>\$ 13,350,609</u>	<u>128,299</u>	<u>13,222,310</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
21,731,399	21,731,399	(174,394)
59,800	59,800	115,995
9,858,176	11,525,863	(1,259,067)
22,750	58,750	19,089
1,623,455	1,623,455	78,280
455,822	555,822	(172,185)
217,930	291,130	88,140
<u>33,969,332</u>	<u>35,846,219</u>	<u>(1,304,142)</u>
8,713,194	8,872,669	193,716
1,958,834	2,826,771	674,777
8,715,388	8,715,388	197,621
2,538,842	2,966,942	337,956
5,115,950	5,115,950	106,510
1,169,736	1,169,736	105,250
4,533,558	4,578,758	489,426
2,227,430	2,327,430	115,692
5,375,000	8,566,000	6,511,668
<u>40,347,932</u>	<u>45,139,644</u>	<u>8,732,616</u>
(6,378,600)	(9,293,425)	7,428,474
<u>4,505,000</u>	<u>6,905,000</u>	<u>(1,629,655)</u>
(1,873,600)	(2,388,425)	5,798,819
<u>7,895,192</u>	<u>9,608,190</u>	<u>203,726</u>
<u>6,021,592</u>	<u>7,219,765</u>	<u>6,002,545</u>

Story County  
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 34,587,678	415,583	35,003,261
Expenditures	36,459,311	850,471	37,309,782
Net	(1,871,633)	(434,888)	(2,306,521)
Other financing sources, net	5,275,345	7,825	5,283,170
Beginning fund balances	9,946,897	(29,232)	9,917,665
Ending fund balances	\$ 13,350,609	(456,295)	12,894,314

See accompanying independent auditor's report.

Story County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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 and Agency Funds and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$4,791,712. 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 Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the City Assessor by the City Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

Story County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 308	308	0.00%	\$ 13,704	2.24%
2010	Jul 1, 2009	-	320	320	0.00	14,115	2.27

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Story County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	County Recorder's Records Management	Drainage Districts	Employee Wellness	Resource Enhancement and Protection	Special Law Enforcement
<b>Assets</b>					
Cash and pooled investments	\$ 132,097	128,299	1,287	95,186	23,428
Receivables:					
Accounts	-	-	-	-	94
Accrued interest	73	-	-	53	-
<b>Total assets</b>	<b>\$ 132,170</b>	<b>128,299</b>	<b>1,287</b>	<b>95,239</b>	<b>23,522</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	\$ 30	-	1	-	-
Due to other governments	-	-	-	-	469
Total liabilities	30	-	1	-	469
Fund balances:					
Unreserved	132,140	128,299	1,286	95,239	23,053
<b>Total liabilities and fund equity</b>	<b>\$ 132,170</b>	<b>128,299</b>	<b>1,287</b>	<b>95,239</b>	<b>23,522</b>

See accompanying independent auditor's report.

Revenue				
Jail Commissary	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Total
35,655	80,417	208,692	13,512	718,573
1,964	-	2,300	10	4,368
34	44	115	-	319
37,653	80,461	211,107	13,522	723,260
1,207	689	41,258	-	43,185
38	-	-	-	507
1,245	689	41,258	-	43,692
36,408	79,772	169,849	13,522	679,568
37,653	80,461	211,107	13,522	723,260

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

Year ended June 30, 2010

	County Recorder's Records Management	Drainage Districts	Employee Wellness	Resource Enhancement and Protection	Special Law Enforcement
Revenues:					
Intergovernmental	\$ -	-	-	41,104	-
Charges for service	12,217	-	-	-	-
Use of money and property	905	-	-	1,026	-
Miscellaneous	-	45,601	-	-	8,801
Total revenues	13,122	45,601	-	42,130	8,801
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	27,904
County environment and education	-	52,283	-	112,160	-
Governmental services to residents	7,050	-	-	-	-
Administration	-	-	1	-	-
Total expenditures	7,050	52,283	1	112,160	27,904
Excess (deficiency) of revenues over (under) expenditures	6,072	(6,682)	(1)	(70,030)	(19,103)
Fund balances beginning of year	126,068	134,981	1,287	165,269	42,156
Fund balances end of year	\$ 132,140	128,299	1,286	95,239	23,053

See accompanying independent auditor's report.

Revenue				
Jail Commissary	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Total
-	-	20,375	-	61,479
-	-	-	6,513	18,730
65,174	607	1,524	-	69,236
459	21,501	109,175	-	185,537
65,633	22,108	131,074	6,513	334,982
74,760	-	-	13,776	116,440
-	65,230	178,999	-	408,672
-	-	-	-	7,050
-	-	-	-	1
74,760	65,230	178,999	13,776	532,163
(9,127)	(43,122)	(47,925)	(7,263)	(197,181)
45,535	122,894	217,774	20,785	876,749
36,408	79,772	169,849	13,522	679,568

Story County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,092	198,141	235,444	355,521
Other County officials	243,078	-	-	-	-
Employee health insurance plan	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	331	1,877	255	67,040
Succeeding year	-	278,000	653,000	878,000	51,116,000
Accounts	369	-	-	18	-
Accrued interest	-	-	-	-	-
Assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 243,447</b>	<b>280,423</b>	<b>853,018</b>	<b>1,113,717</b>	<b>51,538,561</b>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	-	1,871	1,906	-
Due to other governments	61,621	280,423	825,878	1,081,908	51,538,561
Trusts payable	181,826	-	-	-	-
Compensated absences	-	-	25,269	29,903	-
<b>Total liabilities</b>	<b>\$ 243,447</b>	<b>280,423</b>	<b>853,018</b>	<b>1,113,717</b>	<b>51,538,561</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
13,140	253,588	3,610	55,486	1,584,142	1,309,608	4,010,772
-	-	-	-	-	-	243,078
-	-	-	-	-	11,584	11,584
2,154	20,978	1,218	-	-	1,630	95,483
1,828,000	33,420,000	435,000	-	-	1,369,000	89,977,000
-	-	-	-	-	79,143	79,530
-	-	-	-	-	407	407
-	-	-	1,688,108	-	-	1,688,108
-	-	-	-	-	76,513	76,513
<b>1,843,294</b>	<b>33,694,566</b>	<b>439,828</b>	<b>1,743,594</b>	<b>1,584,142</b>	<b>2,847,885</b>	<b>96,182,475</b>
-	-	-	-	-	145,695	149,472
1,843,294	33,694,566	439,828	1,743,594	1,584,142	2,292,588	95,386,403
-	-	-	-	-	399,838	581,664
-	-	-	-	-	9,764	64,936
<b>1,843,294</b>	<b>33,694,566</b>	<b>439,828</b>	<b>1,743,594</b>	<b>1,584,142</b>	<b>2,847,885</b>	<b>96,182,475</b>

Story County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 163,562	280,140	761,626	981,167	46,641,854	1,760,871
Additions:						
Property and other county tax	-	278,550	655,483	879,197	51,219,944	1,831,896
E911 surcharge	-	-	-	-	-	-
State tax credits	-	5,896	20,893	9,692	1,027,350	37,116
Office fees and collections	1,331,045	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,267,304	-	-	-	-	-
Miscellaneous	-	-	1,859	1,766	-	-
Total additions	2,598,349	284,446	678,235	890,655	52,247,294	1,869,012
Deductions:						
Agency remittances:						
To other funds	590,002	-	-	-	-	-
To other governments	732,521	284,163	586,843	758,105	47,350,587	1,786,589
Trusts paid out	1,195,941	-	-	-	-	-
Total deductions	2,518,464	284,163	586,843	758,105	47,350,587	1,786,589
Balances end of year	\$ 243,447	280,423	853,018	1,113,717	51,538,561	1,843,294

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
32,315,665	418,565	469,993	1,423,045	2,753,093	87,969,581
33,532,260	435,559	-	-	1,499,394	90,332,283
-	-	-	-	399,084	399,084
605,663	15,406	-	-	27,602	1,749,618
-	-	-	-	-	1,331,045
-	-	-	16,526,311	-	16,526,311
-	-	1,395,644	-	20,941	1,416,585
-	-	-	-	1,938,998	3,206,302
-	-	-	-	1,746,812	1,750,437
34,137,923	450,965	1,395,644	16,526,311	5,632,831	116,711,665
-	-	-	524,309	-	1,114,311
32,759,022	429,702	122,043	15,840,905	3,693,940	104,344,420
-	-	-	-	1,844,099	3,040,040
32,759,022	429,702	122,043	16,365,214	5,538,039	108,498,771
33,694,566	439,828	1,743,594	1,584,142	2,847,885	96,182,475

Story County

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

For the Last Ten Years

	2010	2009	2008	2007	2006
<b>Revenues:</b>					
Property and other county tax	\$ 19,827,742	18,144,717	17,419,098	17,204,958	16,619,561
Local option sales tax	1,880,706	1,973,998	1,862,831	1,893,254	1,678,208
Interest and penalty on property tax	171,597	167,380	143,170	175,492	165,595
Intergovernmental	10,582,865	10,924,361	11,994,475	9,123,604	10,627,342
Licenses and permits	78,378	40,457	216,849	38,146	35,570
Charges for service	1,717,960	1,672,853	1,614,316	1,733,658	1,740,150
Use of money and property	356,214	568,872	1,012,820	958,174	643,740
Miscellaneous	387,799	839,484	378,606	347,969	614,733
<b>Total</b>	<b>\$ 35,003,261</b>	<b>34,332,122</b>	<b>34,642,165</b>	<b>31,475,255</b>	<b>32,124,899</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	\$ 8,711,395	8,878,577	8,486,198	8,133,511	7,619,168
Physical health and social services	2,375,638	1,951,645	1,828,267	1,723,515	1,831,092
Mental health	8,717,522	8,915,724	8,951,224	8,382,751	7,899,548
County environment and education	2,741,709	2,711,564	2,421,393	2,347,314	2,393,141
Roads and transportation	5,140,126	5,127,571	4,798,021	4,071,732	4,145,529
Governmental services to residents	1,067,829	1,295,172	1,064,921	1,057,778	1,223,635
Administration	4,105,549	4,198,036	4,173,517	4,129,527	4,043,982
Non-program	-	-	-	-	-
Debt service	2,211,738	1,308,990	1,204,688	1,200,123	1,203,342
Capital projects	2,238,276	2,900,504	506,700	1,004,179	1,521,996
<b>Total</b>	<b>\$ 37,309,782</b>	<b>37,287,783</b>	<b>33,434,929</b>	<b>32,050,430</b>	<b>31,881,433</b>

See accompanying independent auditor's report.

Modified Accrual Basis				
2005	2004	2003	2002	2001
15,924,118	16,412,591	16,481,812	15,555,945	12,271,709
1,641,293	1,698,346	1,519,760	1,416,560	1,574,628
174,780	216,990	133,779	125,734	126,747
10,479,462	9,911,479	10,188,527	9,494,103	9,773,173
34,244	30,820	28,348	21,672	20,988
1,678,633	1,714,981	1,814,530	1,628,718	1,374,758
573,746	417,697	511,801	927,047	1,228,089
322,436	358,339	679,989	278,059	271,509
30,828,712	30,761,243	31,358,546	29,447,838	26,641,601
7,251,375	7,194,684	6,818,644	6,476,253	6,163,325
1,732,944	1,702,512	1,621,737	1,619,212	1,588,620
7,716,964	7,881,446	7,472,053	7,482,172	7,433,953
2,976,832	2,441,499	2,221,716	2,247,054	2,215,685
4,498,123	4,350,040	4,243,882	4,011,388	4,448,193
1,106,653	1,067,021	976,721	908,022	930,415
3,880,953	3,848,303	3,500,402	3,655,489	3,226,911
-	-	-	37,877	18,591
1,193,858	1,191,462	1,200,417	1,204,684	1,786,970
3,489,827	713,520	460,893	3,765,993	8,683,012
33,847,529	30,390,487	28,516,465	31,408,144	36,495,675

Story County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
State Criminal Alien Assistance Program	16.606		\$ 12,551
Bullet Proof Vest Partnership Program	16.607		4,346
U.S. Department of Health and Human Services (passed through U.S. Department of Justice):			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2006-MO-BX-0017	63,025
Total direct			<u>79,922</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>33,187</u>
U.S. Department of Justice:			
Iowa Department of Commerce - Iowa Alcoholic Beverages Division:			
Tobacco Surveillance Grants	16.000		<u>2,650</u>
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-10-49	<u>21,313</u>
Governor's Office of Drug Control Policy:			
ARRA - Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS-01	31,454
ARRA - Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS-Interdiction-06	568
			<u>32,022</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.738	09JAG/ARRA-3915B	95,079
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-CO85(90)-8T-85	410,714
Recreational Trails Program	20.219	2005-NT-003	<u>6,529</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-09-04 Task 22	3,198
State and Community Highway Safety	20.600	PAP-10-04 Task 22	4,222
			<u>7,420</u>
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSS) - Government Services, Recovery Act	84.397	S397A090016A	<u>31,375</u>

Story County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT85	469,286
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	58890B25	52,404
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		13,103
Refugee and Entrant Assistance-State Administered Program	93.566		91
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,563
Foster Care - Title IV-E	93.658		17,156
Adoption Assistance	93.659		4,323
Children's Health Insurance Program	93.767		188
Medical Assistance Program	93.778		36,701
Social Services Block Grant	93.667		16,338
Social Services Block Grant	93.667		473,257
			489,595
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		60,992
Homeland Security Grant Program	97.067	2006-GE-T6-0065-001 (Regional)	33,114
Homeland Security Grant Program	97.067	2007-GE-T7-0032-001 (Regional)	20,844
			53,958
Total indirect			1,846,649
Total			\$ 1,926,571

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Story County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Story County**



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

David A. Vaudt, CPA  
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 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, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 28, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Story County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Story County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Story County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be 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 a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-10 and II-C-10 to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Story County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted 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, 2010 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.

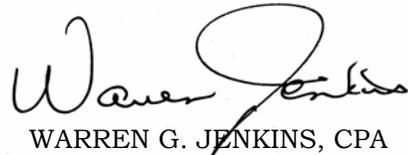
Story County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Story County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Story County and other parties to whom Story County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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.



DAVID A. VAUDT, CPA  
Auditor of State

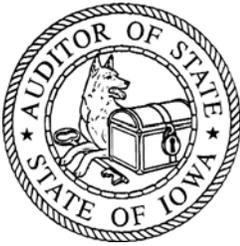


WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 28, 2011

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect on  
Each Major Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133**

**Story County**



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Auditor of State

Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect on  
Each Major Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133

To the Officials of Story County:

Compliance

We have audited Story County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Story County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Story County's management. Our responsibility is to express an opinion on Story County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Story County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Story County's compliance with those requirements.

In our opinion, Story County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Story County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Story County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Story County's internal control over compliance.

A deficiency in the County's 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance we consider to be a significant deficiency, described in Part III of the accompanying Schedule of Findings and Questioned Costs as item III-A-10. 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.

Story County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the County's response, we did not audit Story County's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Story County and other parties to whom Story County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 28, 2011

Story County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness 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) A significant deficiency in internal control over a major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 93.069 – Public Health Emergency Preparedness
  - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Story County qualified as a low-risk auditee.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Financial Reporting – During our audit, we identified material amounts of receivables not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables are identified and included in the County’s financial statements.

Response – The County will review procedures and implement additional processes to ensure receivables are properly included in the financial statements.

Conclusion – Response accepted.

II-B-09 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements.

Incoming mail in the County Treasurer’s office is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared, so a listing of mail receipts cannot be compared to the cash receipts records.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Treasurer should review the Office’s operating procedures to obtain the maximum internal control possible under the circumstances. The County Treasurer should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – The Treasurer’s Office understands the importance of sound internal controls and segregation of duties. We will comply, to the extent possible, with current personnel. We currently have mail opened by an employee that makes a list of cash and checks received periodically and on spontaneous, random occasions. These lists are then compared to cash receipts. We have increased the frequency of this practice. All employees are authorized to do data entry and to post to our internal system so without additional personnel, having a person not authorized to post transactions open the mail is not possible.

Conclusion – Response accepted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

II-C-10 Disaster Recovery Plan – The County has not developed a disaster recovery plan.

Recommendation – The County should develop a disaster recovery plan.

Response – The County will work with the EMA Director to complete a disaster recovery plan.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 93.069: Public Health Emergency Preparedness  
Pass-through Agency Number: 5880BT85  
Federal Award Year: 2010  
U.S. Department of Health and Human Services  
Passed through the Iowa Department of Public Health**

III-A-10 Cash Management – The County requested and received reimbursements from the Iowa Department of Public Health and then disbursed the funds to the subcontractor. In two instances, the County held reimbursements of \$30,326 and \$8,755 for 42 business days prior to disbursing the funds to the subcontractor.

Recommendation – The County should develop and implement procedures to ensure federal funds are disbursed timely.

Response and Corrective Action Planned – The County has procedures in place to ensure the federal dollars are substantiated before reimbursing the subcontractor. The instances described above were out of the ordinary and are not common practice. Story County will be more diligent in the grant compliance.

Conclusion – Response accepted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted.

IV-B-10 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.

IV-C-10 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-10 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Description	Amount
Mary Mosiman, County Auditor, Husband owns Lester Refrigeration	Refrigeration repair	\$647
Michelle Good, Sheriff's Office, Husband owns Good and Quick	Auto repair and maintenance	1,765

In accordance with Chapter 331.342(10) of the Code of Iowa, transactions with Lester Refrigeration do not appear to represent a conflict of interest since the total transactions were less than \$1,500 during the fiscal year.

In accordance with Chapter 331.342(4) of the Code of Iowa, the transactions with Good and Quick do not appear to represent a conflict of interest since the County employee's remuneration is not directly affected as a result of the contract and the employee's duties do not directly involve procurement or preparation of any part of the contract.

IV-E-10 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.

IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-10 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.

IV-H-10 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).

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-I-10 County Ordinances – The County Board of Supervisors last completed a compilation of County ordinances in April 2000. Chapter 331.302(9) of the Code of Iowa requires the Board to compile a code of ordinances containing all ordinances in effect at least once every five years.

Recommendation – The compilation of County ordinances should be prepared as required.

Response – The Board will work with the Story County Attorney’s office to complete the codification of our code of ordinances.

Conclusion – Response accepted.

IV-J-10 Travel Policy – The County’s travel policy does not include guidance on employee use of benefits derived from County travel, such as discount coupons (including frequent flier miles), free lodging (including points earned) or cash payments.

Recommendation – The County should modify the travel policy to require benefits received by employees while traveling on County business be used for future County travel rather than personal use.

Response – The County will update our travel policy to include a statement indicating that benefits derived from County travel are to be County property and not for personal use.

Conclusion – Response accepted.

IV-K-10 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

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Story County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Billie Jo Heth, Senior Auditor II  
Janet K. Mortvedt, Staff Auditor  
Alison P. Herold, Staff Auditor  
Kelly L. Hilton, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State