



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 21, 2012

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 \$116,948,731 for the year ended June 30, 2010, which included \$2,075,919 in tax credits from the state. The County forwarded \$96,146,380 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$20,802,351 of the local tax revenue to finance County operations, a 2.6% increase over the prior year. Other revenues included charges for service of \$2,638,069, operating grants, contributions and restricted interest of \$13,417,524, capital grants, contributions and restricted interest of \$1,576,045, local option sales tax of \$1,912,716, unrestricted investment earnings of \$123,244 and other general revenues of \$560,433.

Expenses for County operations totaled \$37,017,983, a 5.6% increase over the prior year. Expenses included \$10,481,569 for mental health, \$9,496,493 for public safety and legal services and \$6,523,706 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/1110-0085-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, 2011

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Story County

Officials

(Before January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jane E. Halliburton	Board of Supervisors	Jan 2011
James M. Strohman	Board of Supervisors	(Resigned)
Rick Sanders (Appointed)	Board of Supervisors	Nov 2010
Wayne E. Clinton	Board of Supervisors	Jan 2013
Mary L. Mosiman	County Auditor	(Resigned)
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

(After January 2011)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Wayne E. Clinton	Board of Supervisors	Jan 2013
Rick Sanders	Board of Supervisors	Jan 2015
Paul Toot	Board of Supervisors	Jan 2015
Lucy Martin (Appointed)	County Auditor	Nov 2012
Renee M. Twedt	County Treasurer	Jan 2015
Susan Vande Kamp	County Recorder	Jan 2015
Paul H. Fitzgerald	County Sheriff	Jan 2013
Stephen Holmes	County Attorney	Jan 2015
Wayne Schwickerath	County Assessor	Jan 2016
Gregory P. Lynch	City Assessor	Jan 2015

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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, 2011, 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, 2011, 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 February 3, 2012 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 the 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, 2010 (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

February 3, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011, along with comparative data for the year ended June 30, 2010. Readers are encouraged to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Governmental activities' revenue increased approximately \$4,977,000 over fiscal year 2010. Operating grants, contributions and restricted interest, property tax and capital grants, contributions and restricted interest increased approximately \$3,846,000, \$562,000 and \$463,000, respectively.
- Program expenses increased approximately \$1,957,000 over fiscal year 2010.
- As a result of the above, net assets increased approximately \$4,013,000 during fiscal year 2011.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net 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 financial 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.

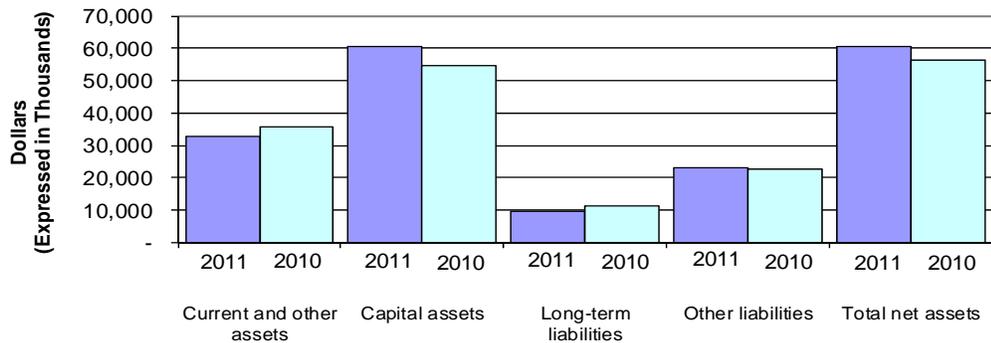
Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

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 2011 totaled approximately \$ 60.4 million. This is an increase of approximately \$4.0 million compared to the end of fiscal year 2010, at approximately \$56.4 million. The analysis that follows focuses on the changes in net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)			
		June 30,	
		2011	2010
Current and other assets	\$	32,956	\$ 35,711
Capital assets		60,515	54,820
Total assets		93,471	90,531
Long-term liabilities		9,799	11,391
Other liabilities		23,253	22,734
Total liabilities		33,052	34,125
Net assets:			
Invested in capital assets, net of related debt		52,600	48,483
Restricted		4,507	4,628
Unrestricted		3,312	3,295
Total net assets	\$	60,419	\$ 56,406

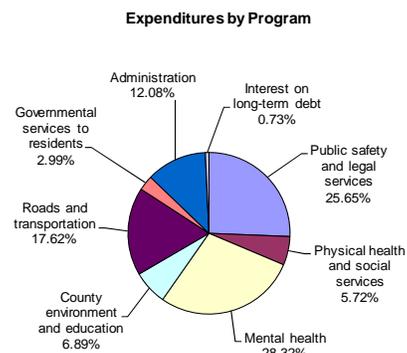
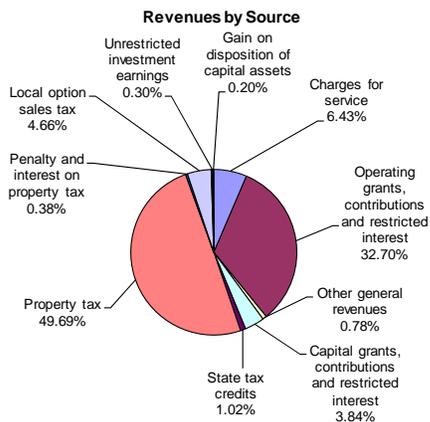
Comparison - Statement of Net Assets



Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This amount decreased approximately \$121,000 from the previous year.

Total net assets of Story County's governmental activities increased approximately \$4,013,000 from the previous year. Capital assets (land, infrastructure, buildings and equipment) are the largest portion of the County's net assets at approximately \$52.6 million at the end of fiscal year 2011.

Changes in Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 2,638	\$ 2,645
Operating grants, contributions and restricted interest	13,418	9,572
Capital grants, contributions and restricted interest	1,576	1,113
General revenues:		
Property tax	20,386	19,824
Penalty and interest on property tax	157	167
State tax credits	416	447
Local option sales tax	1,913	1,881
Unrestricted investment earnings	123	192
Gain on disposition of capital assets	83	34
Other general revenues	321	179
Total revenues	<u>41,031</u>	<u>36,054</u>
Program expenses:		
Public safety and legal services	9,496	9,035
Physical health and social services	2,117	2,376
Mental health	10,482	8,782
County environment and education	2,550	2,469
Roads and transportation	6,524	6,745
Governmental services to residents	1,107	1,099
Administration	4,472	4,276
Interest on long-term debt	270	279
Total expenses	<u>37,018</u>	<u>35,061</u>
Change in net assets	4,013	993
Net assets beginning of year	56,406	55,413
Net assets end of year	<u>\$ 60,419</u>	<u>\$ 56,406</u>



Revenues for governmental activities increased approximately \$4,977,000 over fiscal year 2010. Operating grants, contributions and restricted interest increased approximately \$3,846,000 due to increases in state mental health funding of approximately \$2.9 million, road use tax of approximately \$178,000, I-Jobs funding of approximately \$142,000 and FEMA funding of approximately \$339,000. Capital grants, contributions and restricted interest increased approximately \$463,000 due to an increase in infrastructure contributions from the Iowa Department of Transportation.

The County's property tax revenue increased 2.8% over fiscal year 2010. Valuation of countywide property increased from \$3,126,683,761 in fiscal year 2010 to \$3,287,284,975 in fiscal year 2011. The levy rate for countywide property decreased from approximately \$5.80 per \$1,000 of taxable valuation in fiscal year 2010 to approximately \$5.65 per \$1,000 of taxable valuation in fiscal year 2011. The levy rate for rural property increased from approximately \$3.09 per \$1,000 of taxable valuation in fiscal year 2010 to approximately \$3.16 per \$1,000 of taxable valuation in fiscal year 2011. This combination led to the increase in tax asking of \$546,963.

Expenses in fiscal year 2011 increased approximately \$1,957,000 or 5.59%, over fiscal year 2010.

INDIVIDUAL MAJOR FUND ANALYSIS

As Story County completed the year, its governmental funds reported a combined fund balance of approximately \$9.5 million, a decrease of approximately \$3.4 million from the combined fund balance of approximately \$12.9 million at the end of fiscal year 2010. The difference is explained by individual fund.

The General Fund, the operating fund for Story County, ended fiscal year 2011 with an ending fund balance totaling \$4,372,341. This is an increase of \$190,350, or 4.55%, over June 30, 2010.

Story County has continued to look for ways to effectively manage the cost of mental health services in the Special Revenue, Mental Health Fund. Fiscal year 2011 ended with a \$62,599 fund balance compared to \$444,081 at the end of fiscal year 2010. This decrease is due to a combination of an increase in state funding for community service and the allowed growth factor of approximately \$2.9 million, an increase in expenditures related to community life program group home maintenance and equipment expenses of approximately \$1.2 million and an increase in the number of clients served.

The Special Revenue, Rural Services Fund ended fiscal year 2011 with a \$922,901 fund balance compared to the prior year balance of \$1,103,345. The decrease is due to expenditures and other financing uses exceeding revenues.

The Special Revenue, Secondary Roads Fund ended fiscal year 2011 with a \$2,329,796 fund balance compared to the prior year balance of \$2,071,744. The increase is due to increased revenues related to road use taxes, I-Jobs and FEMA funding. Expenditures in the fund increased approximately \$154,000 over the prior year.

The Debt Service Fund ended fiscal year 2011 with a \$42,739 fund balance compared to the prior year balance of \$60,864. Bond principal and interest payments are made according to the bond maturity schedule.

The Capital Projects Fund fiscal year 2011 ending fund balance was \$1,219,232 compared to the prior year balance of \$4,389,129. Bond proceeds received during fiscal year 2010 were expended in fiscal year 2011 on various road projects.

BUDGETARY HIGHLIGHTS

Story County amended the fiscal year 2011 budget three times during the year. The first amendment was made in October 2010 and resulted in an increase of budgeted receipts of approximately \$718,000 and budgeted expenditures of approximately \$943,000 related to public health and trail grants, including related expenditures.

The second amendment was made in March 2011. This amendment increased budgeted receipts approximately \$3,795,000 and budgeted expenditures approximately \$2,563,000 related to increased mental health funding, including related expenditures.

The third amendment was made in May 2011. This amendment increased budgeted receipts approximately \$48,000 and budgeted expenditures approximately \$915,000, related primarily to additional mental health expenditures.

The County's receipts were \$404,741 more than the amended budget, a variance of 1.0%. Total disbursements were \$2,173,263 less than the amended budget, a variance of 4.9%. 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 2011, Story County had approximately \$60.5 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 \$5.7 million over the end of fiscal year 2010.

Story County had depreciation/amortization expense in fiscal year 2011 of \$2,966,450 and total accumulated depreciation/amortization of \$30,514,305 on the capital assets at June 30, 2011. This is an increase of \$252,749 in depreciation/amortization expense and \$2,399,639 for accumulated depreciation/amortization from fiscal year 2010. Story County takes a full year's depreciation in the year of acquisition of a capital asset and in the year of disposal. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2011, Story County had \$8,980,000 of outstanding general obligation bonds, compared to \$10,630,000 at the end of fiscal year 2010.

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% 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 \$288 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 2012 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 5.3% versus 5.7% a year ago. This compared with the State's unemployment rate of 6.0% and the national rate of 9.1% for the same period ended June 30, 2011.

These indicators were taken into account when adopting the budget for fiscal year 2012. The County's fiscal year 2012 countywide valuation increased \$106,006,634 and the rural valuation increased \$42,957,189 over the respective fiscal year 2011 valuations. The fiscal year 2012 budget includes an 8.1% increase in receipts over the fiscal year 2011 budget, along with a minor decrease in disbursements of 1.1%. 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. Salary increases for fiscal year 2012 varied. Pay plan staff and the community life union received \$1,000 across the board increases. The Sheriff's union, Sheriff's command staff union and Secondary Roads union received 2% increases. Elected officials received 1.5% increases and department heads received \$1,000 increases. Flex reimbursement for all employees remained at \$575 per month. Re-estimated ending fund balances were anticipated to be 24.9% of disbursements at the end of fiscal year 2011 and approximately 21.2% of disbursements by the close of fiscal year 2012.

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 AStory County
Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 10,718,149
Receivables:	
Property tax:	
Delinquent	29,621
Succeeding year	20,605,000
Interest and penalty on property tax	65,294
Accounts	202,950
Accrued interest	22,551
Due from other governments	1,023,802
Inventories	288,000
Capital assets (net of accumulated depreciation)	60,515,425
Total assets	<u>93,470,792</u>
Liabilities	
Accounts payable	1,142,869
Accrued interest payable	20,012
Salaries and benefits payable	614,329
Due to other governments	801,110
Deferred revenue:	
Succeeding year property tax	20,605,000
Other	70,154
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,680,000
Compensated absences	806,181
Portion due or payable after one year:	
General obligation bonds	7,300,000
Net OPEB liability	12,566
Total liabilities	<u>33,052,221</u>
Net Assets	
Invested in capital assets, net of related debt	52,599,897
Restricted for:	
Supplemental levy purposes	706,516
Rural services purposes	509,697
Secondary roads purposes	2,247,071
Debt service	25,203
Community betterment	304,364
Capital projects	26,979
Conservation land acquisition purposes	92,467
Other purposes	594,072
Unrestricted	3,312,305
Total net assets	<u>\$ 60,418,571</u>

See notes to financial statements.

Story County

Statement of Activities

Year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 9,496,493	986,058	284,935	-	(8,225,500)
Physical health and social services	2,117,277	20,536	567,842	-	(1,528,899)
Mental health	10,481,569	229,242	7,728,633	-	(2,523,694)
County environment and education	2,550,217	238,211	990,430	119,000	(1,202,576)
Roads and transportation	6,523,706	149,323	3,761,925	1,457,045	(1,155,413)
Governmental services to residents	1,106,557	991,752	639	-	(114,166)
Administration	4,472,219	22,947	79,055	-	(4,370,217)
Interest on long-term debt	269,945	-	4,065	-	(265,880)
Total	\$ 37,017,983	2,638,069	13,417,524	1,576,045	(19,386,345)
General Revenues:					
Property and other county tax levied for:					
General purposes					18,521,503
Debt service					1,865,071
Penalty and interest on property tax					156,670
State tax credits					415,777
Local option sales tax					1,912,716
Unrestricted investment earnings					123,244
Gain on disposition of capital assets					82,912
Miscellaneous					320,851
Total general revenues					23,398,744
Change in net assets					4,012,399
Net assets beginning of year					56,406,172
Net assets end of year					\$ 60,418,571

See notes to financial statements.

Story County
Balance Sheet
Governmental Funds

June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 4,970,254	1,215,526	719,455
Receivables:			
Property tax:			
Delinquent	16,852	3,786	6,364
Succeeding year	13,736,000	2,770,000	2,206,000
Interest and penalty on property tax	65,294	-	-
Accounts	39,070	159,939	2,221
Accrued interest	21,996	-	-
Due from other governments	128,225	281,133	312,378
Inventories	-	-	-
Total assets	\$ 18,977,691	4,430,384	3,246,418
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	344,088	663,369	42,534
Salaries and benefits payable	344,973	130,144	60,413
Due to other governments	13,810	776,141	8,365
Deferred revenue:			
Succeeding year property tax	13,736,000	2,770,000	2,206,000
Other	166,479	28,131	6,205
Total liabilities	14,605,350	4,367,785	2,323,517
Fund balances:			
Nonspendable:			
Inventories	\$ -	-	-
Restricted for:			
Supplemental levy purposes	757,636	-	-
Mental health purposes	-	62,599	-
Community betterment	-	-	304,364
Rural services purposes	-	-	618,537
Secondary roads purposes	-	-	-
Conservation land acquisition/capital improvements	92,467	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for:			
Real estate software	46,000	-	-
Jail software	10,700	-	-
Multi agency expenses	55,000	-	-
Analysis of social services evaluation team (ASSET)	5,000	-	-
County attorney fine collection	15,594	-	-
Jail commissary	59,485	-	-
Administration building roof	-	-	-
Unassigned	3,330,459	-	-
Total fund balances	4,372,341	62,599	922,901
Total liabilities and fund balances	\$ 18,977,691	4,430,384	3,246,418

See notes to financial statements.

Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
1,957,447	42,579	1,218,873	594,015	10,718,149
-	2,619	-	-	29,621
-	1,893,000	-	-	20,605,000
-	-	-	-	65,294
1,170	-	-	550	202,950
-	17	359	179	22,551
301,266	-	-	800	1,023,802
288,000	-	-	-	288,000
2,547,883	1,938,215	1,219,232	595,544	32,955,367
91,406	-	-	1,472	1,142,869
78,799	-	-	-	614,329
2,794	-	-	-	801,110
-	1,893,000	-	-	20,605,000
45,088	2,476	-	-	248,379
218,087	1,895,476	-	1,472	23,411,687
288,000	-	-	-	288,000
-	-	-	-	757,636
-	-	-	-	62,599
-	-	-	-	304,364
-	-	-	-	618,537
2,041,796	-	-	-	2,041,796
-	-	-	-	92,467
-	42,739	-	-	42,739
-	-	1,091,451	-	1,091,451
-	-	-	594,072	594,072
-	-	-	-	46,000
-	-	-	-	10,700
-	-	-	-	55,000
-	-	-	-	5,000
-	-	-	-	15,594
-	-	-	-	59,485
-	-	127,781	-	127,781
-	-	-	-	3,330,459
2,329,796	42,739	1,219,232	594,072	9,543,680
2,547,883	1,938,215	1,219,232	595,544	32,955,367

Story County

Story County

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

June 30, 2011

Total governmental fund balances (page 19) \$ 9,543,680

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 \$91,029,730 and the accumulated depreciation/amortization is \$30,514,305. 60,515,425

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 178,225

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 year and, therefore, are not reported in the governmental funds. (9,818,759)

Net assets of governmental activities (page 16) \$ 60,418,571

See notes to financial statements.

Story County

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

Year ended June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 13,471,193	2,974,319	2,075,048	-
Local option sales tax	-	-	1,912,716	-
Interest and penalty on property tax	156,670	-	-	-
Intergovernmental	2,071,051	7,760,779	504,817	3,806,205
Licenses and permits	14,840	-	12,452	9,200
Charges for service	1,482,415	229,242	44,200	7,195
Use of money and property	216,958	-	-	-
Miscellaneous	303,689	6,723	7,725	45,371
Total revenues	17,716,816	10,971,063	4,556,958	3,867,971
Expenditures:				
Operating:				
Public safety and legal services	7,461,149	-	1,750,255	-
Physical health and social services	2,107,743	-	12,942	-
Mental health	-	11,360,978	-	-
County environment and education	1,277,957	-	1,131,189	-
Roads and transportation	-	-	240,000	4,935,040
Governmental services to residents	1,069,507	-	3,016	-
Administration	4,374,050	-	-	-
Debt service	-	-	-	-
Capital projects	761,060	-	-	722,529
Total expenditures	17,051,466	11,360,978	3,137,402	5,657,569
Excess (deficiency) of revenues over (under) expenditures	665,350	(389,915)	1,419,556	(1,789,598)
Other financing sources (uses):				
Sale of capital assets	-	8,433	-	22,650
Operating transfers in	-	-	-	2,025,000
Operating transfers out	(475,000)	-	(1,600,000)	-
Total other financing sources (uses)	(475,000)	8,433	(1,600,000)	2,047,650
Net change in fund balances	190,350	(381,482)	(180,444)	258,052
Fund balances beginning of year, as restated	4,181,991	444,081	1,103,345	2,071,744
Fund balances end of year	\$ 4,372,341	62,599	922,901	2,329,796

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,864,601	-	-	20,385,161
-	-	-	1,912,716
-	-	-	156,670
35,741	-	35,054	14,213,647
-	-	-	36,492
-	-	18,856	1,781,908
4,065	7,996	2,455	231,474
-	-	224,907	588,415
<u>1,904,407</u>	<u>7,996</u>	<u>281,272</u>	<u>39,306,483</u>
-	-	17,910	9,229,314
-	-	-	2,120,685
-	-	-	11,360,978
-	-	278,894	2,688,040
-	-	-	5,175,040
-	-	33,548	1,106,071
-	-	8	4,374,058
1,922,532	-	-	1,922,532
-	3,227,893	-	4,711,482
<u>1,922,532</u>	<u>3,227,893</u>	<u>330,360</u>	<u>42,688,200</u>
(18,125)	(3,219,897)	(49,088)	(3,381,717)
-	-	-	31,083
-	50,000	-	2,075,000
-	-	-	(2,075,000)
<u>-</u>	<u>50,000</u>	<u>-</u>	<u>31,083</u>
(18,125)	(3,169,897)	(49,088)	(3,350,634)
<u>60,864</u>	<u>4,389,129</u>	<u>643,160</u>	<u>12,894,314</u>
<u>42,739</u>	<u>1,219,232</u>	<u>594,072</u>	<u>9,543,680</u>

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, 2011

Net change in fund balances - Total governmental funds (page 23) \$ (3,350,634)

**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	\$ 7,041,655	
Capital assets contributed by the State of Iowa and others	1,568,048	
Depreciation/amortization expense	<u>(2,966,450)</u>	5,643,253

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. 51,829

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	1,413	
Other	<u>71,526</u>	72,939

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. 1,650,000

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	(63,988)	
Other postemployment benefits	6,413	
Interest on long-term debt	<u>2,587</u>	<u>(54,988)</u>

Change in net assets of governmental activities (page 17) \$ 4,012,399

See notes to financial statements.

Story County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

Assets

Cash and pooled investments:	
County Treasurer	\$ 3,940,866
Other County officials	178,440
Employee health insurance plan	11,307
Receivables:	
Property tax:	
Delinquent	93,994
Succeeding year	94,535,000
Accounts	72,066
Accrued interest	287
Assessments	1,554,175
Due from other governments	86,435
Total assets	100,472,570

Liabilities

Accounts payable	83,464
Salaries and benefits payable	43,274
Due to other governments	99,812,828
Trusts payable	452,310
Compensated absences	80,694
Total liabilities	100,472,570

Net assets	\$ -
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See notes to financial statements.

Story County

Notes to Financial Statements

June 30, 2011

(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 the road use allocation from the State of Iowa, required transfers from the General and Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

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

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

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.

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

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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 - easements and right-of-ways	50,000
Intangibles - other	100,000
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 unspent grant proceeds as well as 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 and unspent grant proceeds.

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, 2011. 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, fund balances are classified as follows:

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2011 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 \$775,920 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, 2011 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 425,000
	Special Revenue:	
	Rural Services	1,600,000
Capital Projects	General	50,000
Total		\$ 2,075,000

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, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 3,896,627	613,380	-	4,510,007
Intangibles, road network	117,327	-	-	117,327
Intangibles in progress, other	25,205	76,174	-	101,379
Construction in progress, road network	1,036,008	5,541,302	(1,638,770)	4,938,540
Construction in progress, other	1,902,831	498,265	-	2,401,096
Total capital assets not being depreciated/amortized	<u>6,977,998</u>	<u>6,729,121</u>	<u>(1,638,770)</u>	<u>12,068,349</u>
Capital assets being depreciated/amortized:				
Buildings	25,671,520	694,927	-	26,366,447
Improvements other than buildings	256,067	22,856	-	278,923
Equipment and vehicles	10,011,890	1,192,917	(603,273)	10,601,534
Infrastructure, road network	38,554,688	1,638,770	-	40,193,458
Infrastructure, other	1,462,846	58,173	-	1,521,019
Total capital assets being depreciated/amortized	<u>75,957,011</u>	<u>3,607,643</u>	<u>(603,273)</u>	<u>78,961,381</u>
Less accumulated depreciation/amortization for:				
Buildings	6,505,943	547,917	-	7,053,860
Improvements other than buildings	56,551	13,087	-	69,638
Equipment and vehicles	6,375,937	803,131	(566,811)	6,612,257
Infrastructure, road network	14,761,227	1,555,384	-	16,316,611
Infrastructure, other	415,008	46,931	-	461,939
Total accumulated depreciation/amortization	<u>28,114,666</u>	<u>2,966,450</u>	<u>(566,811)</u>	<u>30,514,305</u>
Total capital assets being depreciated/amortized, net	<u>47,842,345</u>	<u>641,193</u>	<u>(36,462)</u>	<u>48,447,076</u>
Governmental activities capital assets, net	<u>\$ 54,820,343</u>	<u>7,370,314</u>	<u>(1,675,232)</u>	<u>60,515,425</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 422,452
Mental health	164,590
County environment and education	111,790
Roads and transportation	1,959,692
Governmental services to residents	30,344
Administration	<u>277,582</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,966,450</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 13,810
Special Revenue:		
Mental Health	Services	776,141
Rural Services	Services	8,365
Secondary Roads	Services	2,794
		<u>787,300</u>
Total for governmental funds		<u>\$ 801,110</u>
Agency:		
County Offices	Collections	\$ 58,490
Agricultural Extension Education		280,205
County Assessor		836,453
City Assessor		1,007,147
Schools		54,885,626
Community Colleges		1,986,280
Corporations		34,755,781
Townships		477,993
City Special Assessments		1,571,093
Auto License and Use Tax		1,599,559
All other		2,354,201
Total for agency funds		<u>\$ 99,812,828</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	General Obligation Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balances beginning of year	\$ 10,630,000	742,193	18,979	11,391,172
Increases	-	1,026,056	24,235	1,050,291
Decreases	1,650,000	962,068	30,648	2,642,716
Balances end of year	<u>\$ 8,980,000</u>	<u>806,181</u>	<u>12,566</u>	<u>9,798,747</u>
Due within one year	<u>\$ 1,680,000</u>	<u>806,181</u>	<u>-</u>	<u>2,486,181</u>

Bonds Payable

A summary of the County's June 30, 2011 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2008 Issued Jun 1, 2008			Series 2009 Issued Apr 1, 2009		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2012	3.40%	\$ 180,000	58,358	2.00%	\$ 1,035,000	69,240
2013	3.40	185,000	52,238	2.20	1,050,000	48,540
2014	3.40	195,000	45,948	2.40	1,060,000	25,440
2015	3.45	200,000	39,318		-	-
2016	3.55	205,000	32,418		-	-
2017-2019	3.65-3.85	670,000	51,288		-	-
Total		\$ 1,635,000	279,568		\$ 3,145,000	143,220

Year Ending June 30,	Series 2009A Issued Nov 1, 2009			Total		
	Interest			Principal	Interest	Total
	Rates	Principal	Interest			
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	2.85	530,000	70,106	735,000	102,524	837,524
2017-2019	3.00-3.35	1,725,000	113,600	2,395,000	164,888	2,559,888
Total		\$ 4,200,000	576,254	8,980,000	999,042	9,979,042

During the year ended June 30, 2011, the County retired \$1,650,000 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 4.50% of their annual covered salary and the County is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$1,280,996, \$1,182,362 and \$1,119,715, 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, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 24,230
Interest on net OPEB obligation	759
Adjustment to annual required contribution	(754)
Annual OPEB cost	<u>24,235</u>
Contributions made	<u>(30,648)</u>
Decrease in net OPEB obligation	(6,413)
Net OPEB obligation beginning of year	<u>18,979</u>
Net OPEB obligation end of year	<u><u>\$ 12,566</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, 2011.

For the year ended June 30, 2011, the County contributed \$30,648 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
2009	\$29,790	56.0%	\$13,098
2010	31,006	81.0%	18,979
2011	24,235	126.5%	12,566

Funded Status and Funding Progress. As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$279,703, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$279,703. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$15,693,000 and the ratio of the UAAL to covered payroll was 1.78%. As of June 30, 2011, 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 645 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, 2011 were \$325,483.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. 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 entered into a contract for \$899,870 for bridge replacement. As of June 30, 2011, costs of \$535,571 have been incurred on the contract. The \$364,299 balance on the contract will be paid as work on the project progresses.

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	General	Special Revenue, Nonmajor - Jail Commissary
Balances June, 30 2010, as previously reported	\$ 4,145,583	36,408
Change in fund type classification per implementation of GASB Statement No. 54	36,408	(36,408)
Balances July 1, 2010, as restated	<u>\$ 4,181,991</u>	<u>-</u>

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, 2011

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 22,291,808	-	22,291,808
Interest and penalty on property tax	156,638	-	156,638
Intergovernmental	14,681,536	-	14,681,536
Licenses and permits	37,276	-	37,276
Charges for service	1,796,355	-	1,796,355
Use of money and property	247,359	-	247,359
Miscellaneous	567,793	57,123	510,670
Total receipts	<u>39,778,765</u>	<u>57,123</u>	<u>39,721,642</u>
Disbursements:			
Public safety and legal services	9,224,747	-	9,224,747
Physical health and social services	2,396,799	-	2,396,799
Mental health	10,755,018	-	10,755,018
County environment and education	2,684,382	83,229	2,601,153
Roads and transportation	5,135,228	-	5,135,228
Governmental services to residents	1,107,299	-	1,107,299
Administration	4,328,943	-	4,328,943
Debt service	1,922,532	-	1,922,532
Capital projects	4,897,645	-	4,897,645
Total disbursements	<u>42,452,593</u>	<u>83,229</u>	<u>42,369,364</u>
Deficiency of receipts under disbursements	(2,673,828)	(26,106)	(2,647,722)
Other financing sources, net	41,368	-	41,368
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,632,460)	(26,106)	(2,606,354)
Balance beginning of year	13,350,609	128,299	13,222,310
Balance end of year	<u>\$ 10,718,149</u>	<u>102,193</u>	<u>10,615,956</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
22,284,731	22,284,731	7,077
59,800	59,800	96,838
10,237,082	14,589,334	92,202
33,500	38,500	(1,224)
1,641,860	1,642,860	153,495
254,122	273,831	(26,472)
244,945	427,845	82,825
34,756,040	39,316,901	404,741
9,405,414	9,458,514	233,767
2,152,121	2,539,942	143,143
8,721,375	11,025,008	269,990
2,454,829	2,849,456	248,303
5,090,500	5,424,000	288,772
1,186,707	1,186,707	79,408
4,593,041	4,661,517	332,574
1,923,683	1,923,683	1,151
4,595,000	5,473,800	576,155
40,122,670	44,542,627	2,173,263
(5,366,630)	(5,225,726)	2,578,004
5,000	10,200	31,168
(5,361,630)	(5,215,526)	2,609,172
11,461,593	13,040,019	182,291
6,099,963	7,824,493	2,791,463

Story County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 39,778,765	(472,282)	39,306,483
Expenditures	42,452,593	235,607	42,688,200
Net	(2,673,828)	(707,889)	(3,381,717)
Other financing sources, net	41,368	(10,285)	31,083
Beginning fund balances	13,350,609	(456,295)	12,894,314
Ending fund balances	\$ 10,718,149	(1,174,469)	9,543,680

See accompanying independent auditor's report.

Story County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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, three budget amendments increased budgeted disbursements by \$4,419,957. 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, 2011, 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
2011	Jul 1, 2010	-	280	280	0.00	15,693	1.78

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, 2011

	County Recorder's Records Management	Drainage Districts	Employee Wellness
Assets			
Cash and pooled investments	\$ 112,513	102,193	1,278
Receivables:			
Accounts	-	-	-
Accrued interest	44	-	-
Due from other governments	-	-	-
Total assets	\$ 112,557	102,193	1,278
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 44	-	-
Fund balances:			
Restricted for:			
Other purposes	112,513	102,193	1,278
Total liabilities and fund equity	\$ 112,557	102,193	1,278

See accompanying independent auditor's report.

Special Revenue					
Resource Enhancement and Protection	Special Law Enforcement	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Total
42,953	20,658	79,945	215,851	18,624	594,015
-	550	-	-	-	550
17	-	32	86	-	179
-	800	-	-	-	800
42,970	22,008	79,977	215,937	18,624	595,544
-	-	991	270	167	1,472
42,970	22,008	78,986	215,667	18,457	594,072
42,970	22,008	79,977	215,937	18,624	595,544

Story County

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

Year ended June 30, 2011

	County Recorder's Records Management	Drainage Districts	Employee Wellness
Revenues:			
Intergovernmental	\$ -	-	-
Charges for service	13,283	-	-
Use of money and property	638	-	-
Miscellaneous	-	57,123	-
Total revenues	13,921	57,123	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	83,229	-
Governmental services to residents	33,548	-	-
Administration	-	-	8
Total expenditures	33,548	83,229	8
Excess (deficiency) of revenues over (under) expenditures	(19,627)	(26,106)	(8)
Fund balances beginning of year	132,140	128,299	1,286
Fund balances end of year	\$ 112,513	102,193	1,278

See accompanying independent auditor's report.

Special Revenue					
Resource Enhancement and Protection	Special Law Enforcement	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Total
35,054	-	-	-	-	35,054
-	-	-	-	5,573	18,856
362	-	434	1,021	-	2,455
-	16,227	16,228	135,329	-	224,907
35,416	16,227	16,662	136,350	5,573	281,272
-	17,272	-	-	638	17,910
87,685	-	17,448	90,532	-	278,894
-	-	-	-	-	33,548
-	-	-	-	-	8
87,685	17,272	17,448	90,532	638	330,360
(52,269)	(1,045)	(786)	45,818	4,935	(49,088)
95,239	23,053	79,772	169,849	13,522	643,160
42,970	22,008	78,986	215,667	18,457	594,072

Story County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,852	246,879	319,343	334,847
Other County officials	178,440	-	-	-	-
Employee health insurance plan	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	353	1,710	216	65,779
Succeeding year	-	278,000	639,000	753,000	54,485,000
Accounts	125	-	-	4	-
Accrued interest	-	-	-	-	-
Assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 178,565	280,205	887,589	1,072,563	54,885,626
Liabilities					
Accounts payable	\$ -	-	1,162	5,160	-
Salaries and benefits payable	-	-	18,837	17,708	-
Due to other governments	58,490	280,205	836,453	1,007,147	54,885,626
Trusts payable	120,075	-	-	-	-
Compensated absences	-	-	31,137	42,548	-
Total liabilities	\$ 178,565	280,205	887,589	1,072,563	54,885,626

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
12,068	212,499	3,741	16,918	1,599,559	1,193,160	3,940,866
-	-	-	-	-	-	178,440
-	-	-	-	-	11,307	11,307
2,212	21,282	1,252	-	-	1,190	93,994
1,972,000	34,522,000	473,000	-	-	1,413,000	94,535,000
-	-	-	-	-	71,937	72,066
-	-	-	-	-	287	287
-	-	-	1,554,175	-	-	1,554,175
-	-	-	-	-	86,435	86,435
1,986,280	34,755,781	477,993	1,571,093	1,599,559	2,777,316	100,472,570
-	-	-	-	-	77,142	83,464
-	-	-	-	-	6,729	43,274
1,986,280	34,755,781	477,993	1,571,093	1,599,559	2,354,201	99,812,828
-	-	-	-	-	332,235	452,310
-	-	-	-	-	7,009	80,694
1,986,280	34,755,781	477,993	1,571,093	1,599,559	2,777,316	100,472,570

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

Year ended June 30, 2011

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	City Assessor	Schools
Balances beginning of year	\$ 243,447	280,423	853,018	1,113,717	51,538,561
Additions:					
Property and other county tax	-	277,808	641,328	751,323	54,499,000
E911 surcharge	-	-	-	-	-
State tax credits	-	5,295	20,658	10,830	993,990
Office fees and collections	1,198,630	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,010,926	-	-	-	-
Miscellaneous	-	-	2,065	4,132	4,111
Total additions	<u>2,209,556</u>	<u>283,103</u>	<u>664,051</u>	<u>766,285</u>	<u>55,497,101</u>
Deductions:					
Agency remittances:					
To other funds	715,890	-	-	-	-
To other governments	485,983	283,321	629,480	807,439	52,150,036
Trusts paid out	1,072,565	-	-	-	-
Total deductions	<u>2,274,438</u>	<u>283,321</u>	<u>629,480</u>	<u>807,439</u>	<u>52,150,036</u>
Balances end of year	<u>\$ 178,565</u>	<u>280,205</u>	<u>887,589</u>	<u>1,072,563</u>	<u>54,885,626</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
1,843,294	33,694,566	439,828	1,743,594	1,584,142	2,847,885	96,182,475
1,955,457	34,476,258	473,325	-	-	1,411,739	94,486,238
-	-	-	-	-	388,000	388,000
34,563	554,273	14,439	-	-	26,094	1,660,142
-	-	-	-	-	-	1,198,630
-	-	-	-	17,777,388	-	17,777,388
-	-	-	168,921	-	29,801	198,722
-	-	-	-	-	1,980,021	2,990,947
-	-	633	-	-	1,234,310	1,245,251
1,990,020	35,030,531	488,397	168,921	17,777,388	5,069,965	119,945,318
-	-	-	-	555,285	-	1,271,175
1,847,034	33,969,316	450,232	341,422	17,206,686	3,018,244	111,189,193
-	-	-	-	-	2,122,290	3,194,855
1,847,034	33,969,316	450,232	341,422	17,761,971	5,140,534	115,655,223
1,986,280	34,755,781	477,993	1,571,093	1,599,559	2,777,316	100,472,570

Story County

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

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 20,385,161	\$ 19,827,742	18,144,717	17,419,098
Local option sales tax	1,912,716	1,880,706	1,973,998	1,862,831
Interest and penalty on property tax	156,670	171,597	167,380	143,170
Intergovernmental	14,213,647	10,582,865	10,924,361	11,994,475
Licenses and permits	36,492	78,378	40,457	216,849
Charges for service	1,781,908	1,717,960	1,672,853	1,614,316
Use of money and property	231,474	356,214	568,872	1,012,820
Miscellaneous	588,415	387,799	839,484	378,606
Total	\$ 39,306,483	35,003,261	34,332,122	34,642,165
Expenditures:				
Operating:				
Public safety and legal services	\$ 9,229,314	8,711,395	8,878,577	8,486,198
Physical health and social services	2,120,685	2,375,638	1,951,645	1,828,267
Mental health	11,360,978	8,717,522	8,915,724	8,951,224
County environment and education	2,688,040	2,741,709	2,711,564	2,421,393
Roads and transportation	5,175,040	5,140,126	5,127,571	4,798,021
Governmental services to residents	1,106,071	1,067,829	1,295,172	1,064,921
Administration	4,374,058	4,105,549	4,198,036	4,173,517
Non-program	-	-	-	-
Debt service	1,922,532	2,211,738	1,308,990	1,204,688
Capital projects	4,711,482	2,238,276	2,900,504	506,700
0 Total	\$ 42,688,200	37,309,782	37,287,783	33,434,929

See accompanying independent auditor's report.

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
17,204,958	16,619,561	15,924,118	16,412,591	16,481,812	15,555,945
1,893,254	1,678,208	1,641,293	1,698,346	1,519,760	1,416,560
175,492	165,595	174,780	216,990	133,779	125,734
9,123,604	10,627,342	10,479,462	9,911,479	10,188,527	9,494,103
38,146	35,570	34,244	30,820	28,348	21,672
1,733,658	1,740,150	1,678,633	1,714,981	1,814,530	1,628,718
958,174	643,740	573,746	417,697	511,801	927,047
347,969	614,733	322,436	358,339	679,989	278,059
31,475,255	32,124,899	30,828,712	30,761,243	31,358,546	29,447,838
8,133,511	7,619,168	7,251,375	7,194,684	6,818,644	6,476,253
1,723,515	1,831,092	1,732,944	1,702,512	1,621,737	1,619,212
8,382,751	7,899,548	7,716,964	7,881,446	7,472,053	7,482,172
2,347,314	2,393,141	2,976,832	2,441,499	2,221,716	2,247,054
4,071,732	4,145,529	4,498,123	4,350,040	4,243,882	4,011,388
1,057,778	1,223,635	1,106,653	1,067,021	976,721	908,022
4,129,527	4,043,982	3,880,953	3,848,303	3,500,402	3,655,489
-	-	-	-	-	37,877
1,200,123	1,203,342	1,193,858	1,191,462	1,200,417	1,204,684
1,004,179	1,521,996	3,489,827	713,520	460,893	3,765,993
32,050,430	31,881,433	33,847,529	30,390,487	28,516,465	31,408,144

Story County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		431
U.S. Department of Justice:			
State Criminal Alien Assistance Program	16.606	2010-AP-BX-0629	3,947
Bulletproof Vest Partnership Program	16.607		800
U.S. Department of Health and Human Services:			
National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	MRC 11 2285	5,000
Total direct			<u>10,178</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>33,569</u>
U.S. Department of Commerce:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division: Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0042-09	<u>15,000</u>
U.S. Department of Defense:			
Treasurer of State:			
Payments to States in Lieu of Real Estate Taxes	12.112		<u>6,325</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-11-59	<u>24,000</u>
Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS-01	93,052
Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS/Interdiction-06	8,097
			<u>101,149</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09JAG/ARRA-3915B	<u>108,091</u>
Iowa Department of Public Safety:			
ARRA - Recovery Act - Internet Crimes Against Children Task Force Program (ICAC)	16.800		<u>941</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-C085(90)-8T-85	<u>359,475</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 10-04, Task 22	2,361
State and Community Highway Safety	20.600	PAP 11-04, Task 22	5,776
			<u>8,137</u>

Story County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

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	124,951
Public Health Emergency Preparedness	93.069	5881BT85	41,379
Public Health Emergency Preparedness	93.069	5881BT385	45,133
			<u>211,463</u>
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5880OB25	486
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Programs	93.566		25
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,213
Foster Care_Title IV-E	93.658		13,336
Adoption Assistance	93.659		3,233
Children's Health Insurance Program	93.767		155
Medical Assistance Program	93.778		32,255
Social Services Block Grant	93.667		11,489
Social Services Block Grant	93.667		527,607
			<u>539,096</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1930-DR-IA	352,477
Emergency Management Performance Grants	97.042	2011EMPG	35,252
Homeland Security Grant Program	97.067	2007-GR-T7-0032-001	7,393
Homeland Security Grant Program	97.067	2008-GE-T8-2008-001	115,566
Homeland Security Grant Program	97.067	2009-SS-T9-0034-001	43,610
			<u>166,569</u>
Total indirect			2,019,247
Total			<u>\$ 2,029,425</u>

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 in 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

State Capitol Building
Des Moines, Iowa 50319-0004

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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, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 3, 2012. 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

The management of Story County is responsible for establishing and maintaining effective 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 an 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 weaknesses 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 another deficiency we consider to be a significant deficiency.

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-11 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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a significant deficiency.

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.

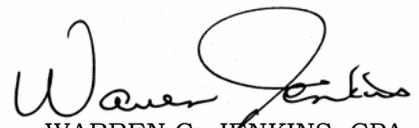
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all 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.

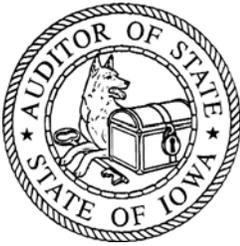

DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 3, 2012

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

Story County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on 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, 2011. 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, 2011.

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.

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

February 3, 2012

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency 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) No material weaknesses in internal control over the major programs were 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 no findings which are 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
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Story County did not qualify as a low-risk auditee.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Financial Reporting – During our audit, we identified material amounts of receivables and capital asset additions 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 and capital asset additions are identified and included in the County’s financial statements.

Response – The Auditor’s Office and the Treasurer’s Office will work together to identify the unattributed ACH deposits from the State of Iowa; a thorough review of all deposits is a priority for both offices. The capital assets will be monitored closely for recording.

Conclusion – Response accepted.

II-B-11 Disaster Recovery Plan – The County has not developed a disaster recovery plan.

Recommendation – The County should develop a disaster recovery plan.

Response – The County Emergency Management Director is working with the County Board of Supervisors, other elected officials and department heads on an updated plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Story County
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- IV-B-11 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-11 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Description	Amount
Angie Huisman, Planning & Zoning, owns Aunt Ange's	Baked treats at tax sale	\$38
Donnette Scheevel, Sheriff's Office	Cakes for retirement	100

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Aunt Ange's and Donnette Scheevel do not appear to represent conflicts of interest since the total transactions with each were less than \$1,500 during the fiscal year.

- IV-E-11 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-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 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-11 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).
- IV-I-11 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.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Response – The County Board of Supervisors is currently working with the County Auditor’s Office to complete this task via third-party contract.

Conclusion – Response accepted.

IV-J-11 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 Auditor is working with the County’s Human Resource Director to modify and update the County’s travel policy to include benefits derived from County travel.

Conclusion – Response accepted.

IV-K-11 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, 2011 for the County Extension Office did not exceed the amount budgeted.

Story County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Tammy A. Hollingsworth, Senior Auditor II
Alison P. Herold, Staff Auditor
Jenny R. Lawrence, Staff Auditor
Brett A. Hoffman, Assistant Auditor
Andi J. Kaufman, Assistant Auditor
Nicole L. Wilson, Assistant 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