

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

March 26, 2021

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$46,607,455 for the year ended June 30, 2020, a 6.0% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$41,429,560, a 7.6% increase over the prior year.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and expenditure of taxpayer funds. They are found on pages 92 through 97 of this report. The findings address a lack of segregation of duties and material amounts of payables, receivables and capital asset additions not properly recorded in the County's financial statements. Sand provided the County with recommendations to address the findings.

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

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

#

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

JUNE 30, 2020

Story County



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Rob Sand
Auditor of State

March 24, 2021

Officials of Story County
Nevada, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Story County for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,



Rob Sand
Auditor of State

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Story County

Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Lauris Olson	Board of Supervisors	Jan 2021
Lisa Heddens (Appointed)	Board of Supervisors	Nov 2020
Linda Murken	Board of Supervisors	Jan 2023
Lucy Martin	County Auditor	Jan 2021
Ted Rasmusson	County Treasurer	Jan 2023
Stacie Herridge	County Recorder	Jan 2023
Paul H. Fitzgerald	County Sheriff	Jan 2021
Jessica A. Reynolds	County Attorney	(Resigned Jan 2020)
Timothy C. Meals (Appointed)	County Attorney	Nov 2020
Wayne Schwickerath	County Assessor	Jan 2022
Gregory P. Lynch	City Assessor	Jan 2021



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Independent Auditor's Report

To the Officials of Story County:

Report on the Financial Statements

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, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 16 to the financial statements, Story County adopted a new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to the matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 60 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Story County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2021 on our consideration of Story County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Story County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

March 24, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Story County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020, along with comparative data for the year ended June 30, 2019. Readers are encouraged to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2020. The beginning net position for fiduciary (custodial) funds was restated by \$2,614,193 to retroactively report fiduciary funds in accordance with the GASBS.
- Story County's governmental activities' revenue increased approximately \$2,626,000 over fiscal year 2019. Property tax revenue increased approximately \$2,376,000 over fiscal year 2019, and charges for service increased approximately \$517,000 over fiscal year 2019. Capital grants, contributions and restricted interest decreased approximately \$330,000 from fiscal year 2019.
- Program expenses increased approximately \$2,920,000 over fiscal year 2019. Public safety and legal services increased approximately \$1,119,000, due primarily to increased payments for StoryComm for peace officer and emergency services communication equipment and systems. Mental health expenses increased approximately \$845,000 due to increased payments to the County's mental health region. County environment and education expenses also increased approximately \$635,000.
- The County's net position at June 30, 2020 increased approximately \$5,178,000 over the June 30, 2019 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Story County's net position at the end of fiscal year 2020 totaled approximately \$88.7 million. This compares to the fiscal year 2019 balance of approximately \$83.5 million. The analysis that follows focuses on the changes in net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)	June 30,	
	2020	2019
Current and other assets	\$ 62,654	54,276
Capital assets	79,443	75,668
Total assets	<u>142,097</u>	<u>129,944</u>
Deferred outflows of resources	3,727	4,042
Long-term liabilities	22,964	18,333
Other liabilities	2,158	1,540
Total liabilities	<u>25,122</u>	<u>19,873</u>
Deferred inflows of resources	32,045	30,634
Net position:		
Net investment in capital assets	74,518	71,224
Restricted	13,568	10,872
Unrestricted	571	1,383
Total net position	<u>\$ 88,657</u>	<u>83,479</u>

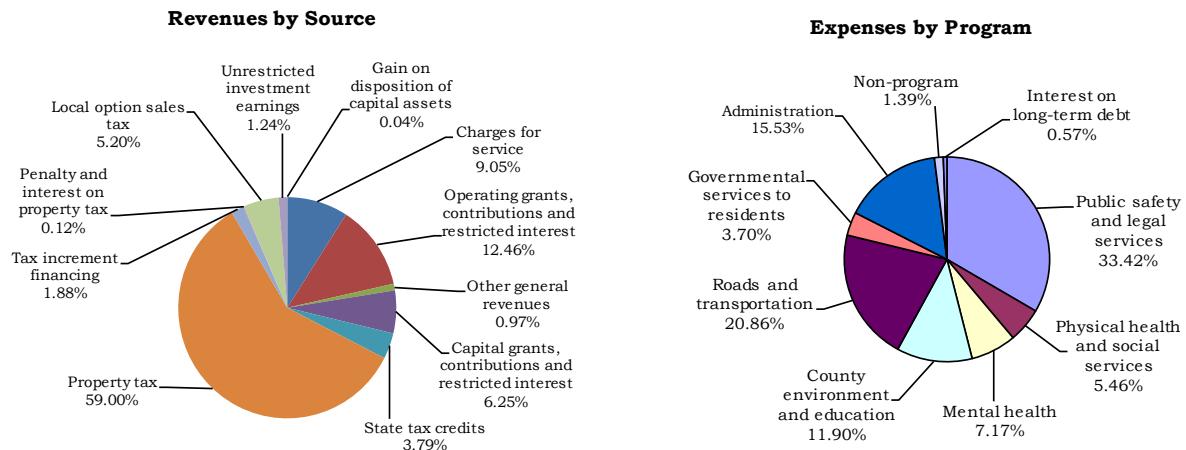
Net position of Story County's governmental activities increased approximately \$5,178,000 over the previous year.

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$1,383,000 at June 30, 2019 to approximately \$571,000 at the end of this year, a decrease of 58.7%. This decrease is primarily due to the increase in debt for the General Obligation Peace Officer and Emergency Services Communication Equipment and Systems Bonds for payments to StoryComm. This was offset partially by increased balances in the general fund and internal services funds and by a decrease in pension liability.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 4,218	3,701
Operating grants, contributions and restricted interest	5,809	5,706
Capital grants, contributions and restricted interest	2,912	3,242
General revenues:		
Property tax	27,496	25,120
Tax increment financing	876	861
Penalty and interest on property tax	56	120
State tax credits	1,765	1,722
Local option sales tax	2,424	2,287
Unrestricted investment earnings	578	568
Gain on disposition of capital assets	20	149
Other general revenues	453	505
Total revenues	46,607	43,981
Program expenses:		
Public safety and legal services	13,846	12,727
Physical health and social services	2,260	2,320
Mental health	2,972	2,127
County environment and education	4,932	4,297
Roads and transportation	8,641	8,855
Governmental services to residents	1,531	1,210
Administration	6,435	6,260
Non-program	576	575
Interest on long-term debt	236	138
Total expenses	41,429	38,509
Change in net position	5,178	5,472
Net position beginning of year	83,479	78,007
Net position end of year	\$ 88,657	83,479



Revenues for governmental activities increased approximately \$2,626,000 over fiscal year 2019. Property taxes increased approximately \$2,376,000, or 6.0%, over fiscal year 2019 due to increased taxable property valuations and increased countywide and rural levy rates.

Countywide taxable property valuation increased 7.6%, from \$4,543,923,725 in fiscal year 2019 to \$4,888,047,315 in fiscal year 2020. The levy rate for countywide property increased from \$5.06487 per \$1,000 of taxable valuation in fiscal year 2019 to approximately \$5.12714 per \$1,000 of taxable valuation in fiscal year 2020. The levy rate for rural property increased from \$3.17923 per \$1,000 of taxable valuation in fiscal year 2019 to approximately \$3.23923 per \$1,000 of taxable valuation in fiscal year 2020. This combination led to the increase in property tax revenue of approximately \$2,376,000.

Expenses in fiscal year 2020 increased approximately \$2,920,000, or 7.6%, over fiscal year 2019.

INDIVIDUAL MAJOR FUND ANALYSIS

As Story County completed the year, its governmental funds reported a combined fund balance of approximately \$28.3 million, an increase of approximately \$5,783,000 over the combined fund balance of approximately \$22.5 million at the end of fiscal year 2019. The difference is explained by individual fund.

The General Fund, the operating fund for Story County, ended fiscal year 2020 with a fund balance totaling \$14,726,916. This is an increase of approximately \$3,251,000 over the prior year, due primarily to the receipting \$3,000,000 in general obligation bond proceeds for StoryComm and \$262,001 for installment purchase agreement proceeds for conservation land purchases.

Property and other county tax increased approximately \$1,877,000 due to an increase in taxable property valuations; while intergovernmental revenues (for various grants and case management) decreased \$10,201. Other financing sources increased by approximately \$3,266,000, primarily from proceeds from the \$3,000,000 general obligation peace officer and emergency services communication equipment and systems bonds, as well as installment purchases issued for conservation land acquisition. Expenditures increased approximately \$1,922,000 or 7.8%, due primarily to increased payments to StoryComm for peace officer and emergency services communication equipment and systems, as well as increased expenses for ongoing conservation capital projects, particularly for the Heart of Iowa Nature Trail and Hickory Grove Lake restoration projects.

The Special Revenue, Mental Health Fund ended fiscal year 2020 with a fund balance of \$198,543, a 21.4% decrease. For the year, expenditures totaled approximately \$2,941,000, an increase of 40.5% over the prior year, primarily due to an increase in the amount distributed to the region fiscal agent during the year. Revenues remained consistent with the prior year, increasing less than one percent.

The Special Revenue, Rural Services Fund ended fiscal year 2020 with a \$1,057,539 fund balance compared to the prior year balance of \$939,194. Revenues in the fund increased \$628,939, or 10.5%, due to an increase in property tax and local option sales tax receipts. Expenditures decreased by \$1,907,070, or 30.6%, primarily due to expenses associated with the execution of a \$2,188,960 capital lease for the lease-purchase of 10 motor graders in fiscal year 2019. Transfers to the Special Revenue, Secondary Roads Fund increased \$50,000, or 2.4%, over the prior year.

The Special Revenue, Secondary Roads Fund ended fiscal year 2020 with a \$5,989,094 fund balance compared to the prior year balance of \$5,164,074. Revenues in the fund increased \$122,490, or 2.4%, over the prior year. Transfers in from the General Fund and the Special Revenue, Rural Services Fund increased \$70,000. Expenditures in the fund decreased \$608,980, or 7.9%, due to decreased capital projects expenses for ongoing projects.

The Debt Service Fund ended fiscal year 2020 with a \$642,359 fund balance compared to the prior year balance of \$44,245. The County retired its previous general obligation debt during fiscal year 2019 but maintained the same debt service levy rate in anticipation of the two general obligation bonds issued in fiscal year 2020. Payments on general obligation bonds are paid from the County's debt service fund.

The Capital Projects Fund June 30, 2020 fund balance was \$3,772,603 compared to the prior year balance of \$1,917,605. Proceeds from the County's \$3,000,000 general obligation road improvement bonds were deposited in the capital projects fund in May 2020, and as of June 30, 2020, only \$24,300 of the bond proceeds had been spent. The majority of expenses in the capital project funds, or approximately \$1,104,000, was for Phase 3 of the Tedesco Environmental Learning Corridor project.

BUDGETARY HIGHLIGHTS

Over the course of the year, Story County amended its budget two times. The first amendment was made in August 2019 and resulted in an increase in budgeted receipts of \$955,762 and an increase in other financing sources for general long-term debt proceeds of \$11,000,000 in anticipation of the County's StoryComm and road improvement general obligation bond issuances. Budgeted disbursements increased \$5,826,206 primarily for payments to StoryComm for peace officer and emergency services communication equipment and systems, as well as increased expenses for conservation and secondary roads capital projects.

The second budget amendment was made in May 2020. This amendment increased budgeted receipts approximately \$908,120 for revenue to bring the budget closer to actuals: this related primarily to local option sales tax, building permits, interest, and grant proceeds. The amendment decreased general long-term debt proceeds by \$5,000,000; the County initially proposed to enter into a General Obligation Loan Agreement in a principal amount not to exceed \$8,000,000 for road improvement projects, the County only issued \$3,000,000 General Obligation Road Improvement Bonds in fiscal year 2020. The amendment also increased budgeted disbursements \$2,787,546 related primarily to increased mental health expenses for payments to the County's regional fiscal agent, secondary roads equipment and rock, and salaries and benefits adjustments.

The County's receipts were \$715,695 less than the amended budget, and other financing sources were \$8,400 less than the amended budget. Total disbursements were \$8,782,297 less than the amended budget. This was due primarily to the timing of various capital projects that were not completed during the year as anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, Story County had approximately \$79.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$3,775,000, or 4.9%, over last year.

Story County had depreciation/amortization expense in fiscal year 2020 of \$4,453,490 and total accumulated depreciation/amortization of \$56,925,105 at June 30, 2020. 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, 2020, Story County had \$9,404,148 of outstanding general obligation bonds and urban renewal revenue bonds compared to \$4,269,670 of outstanding urban renewal revenue bonds at the end of fiscal year 2019. The County issued \$6,000,000 general obligation bonds in fiscal year 2020 for road improvements and for peace officer and emergency services communication equipment and systems. The County entered into a capital lease purchase agreement for \$2,188,960 during fiscal year 2019 to lease-purchase ten motor graders for the Secondary Roads Department. The balance on the lease-purchase agreement at June 30, 2020 is \$1,762,566. In addition, the County entered into two installment purchase agreements for \$262,001 during fiscal year 2020 to purchase land for conservation purposes. The balance on the installment purchase agreements at June 30, 2020 is \$237,000.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Story County's outstanding general obligation debt, including the capital lease purchase agreement, is significantly below its constitutional debt limit of approximately \$411 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 2021 budget, tax rates and fees for various 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 2020 stood at 6.1% versus 2.3% a year ago. This compares with the State's unemployment rate of 8.4% and the national rate of 11.1% for the same period ended June 30, 2020.

These indicators were taken into account when adopting the budget for fiscal year 2021. The County's fiscal year 2021 countywide taxable valuation increased \$193,835,106 and the rural taxable valuation increased \$95,292,292 over the respective fiscal year 2020 valuations. The fiscal year 2021 budget includes a 4.02% increase in receipts from the fiscal year 2020 budget, along with an increase in disbursements of 11.02%. The increase in receipts is due primarily to an increase in property taxes. The increase in disbursements is primarily due to mental health, public safety, administration, county environment and education expenses, roads and transportation expenses, and debt service. Re-estimated ending fund balances were anticipated to be 49.70% of disbursements at the end of fiscal year 2020 and approximately 38.38% of disbursements by the close of fiscal year 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Story County

Basic Financial Statements

Exhibit A

Story County

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 30,221,769
Cash held by health plan trustee	479,833
Receivables:	
Property tax:	
Delinquent	148,422
Succeeding year	28,097,000
Succeeding year tax increment financing	882,000
Interest and penalty on property tax	89,970
Accounts	42,221
Accrued interest	90,873
Drainage assessments	478,564
Due from other governments	1,628,492
Inventories	327,554
Prepaid expenses	167,631
Capital assets not being depreciated	13,508,666
Capital assets, net of accumulated depreciation/amortization	65,933,897
Total assets	<u>142,096,892</u>
Deferred Outflows of Resources	
Pension related deferred outflows	3,352,951
OPEB related deferred outflows	373,639
Total deferred outflows of resources	<u>3,726,590</u>
Liabilities	
Accounts payable	1,374,802
Accrued interest payable	21,530
Salaries and benefits payable	508,704
Due to other governments	252,976
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	620,917
Urban renewal revenue bonds	729,843
Capital lease purchase agreement	182,247
Installment purchase agreements	42,125
Compensated absences	912,814
OPEB liability	58,314
Portion due or payable after one year:	
General obligation bonds	5,223,608
Urban renewal revenue bonds	2,829,780
Capital lease purchase agreement	1,580,319
Installment purchase agreements	194,875
Drainage warrants	427,190
Net pension liability	8,711,623
OPEB liability	1,449,869
Total liabilities	<u>25,121,536</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	28,097,000
Unavailable tax increment financing revenue	882,000
Pension related deferred inflows	2,913,322
OPEB related inflows	152,975
Total deferred inflows of resources	<u>32,045,297</u>
Net Position	
Net investment in capital assets	74,518,238
Restricted for:	
Supplemental levy purposes	1,417,675
Mental health purposes	184,783
Community betterment	109,775
Rural services purposes	827,086
Secondary roads purposes	5,818,521
Conservation purposes	1,817,042
Debt service	956,959
Drainage warrants	219,568
StoryComm	1,791,219
Other purposes	424,619
Unrestricted	571,164
Total net position	<u>\$ 88,656,649</u>

See notes to financial statements.

Story County

Statement of Activities

Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 13,846,390	1,163,677	102,194	-	(12,580,519)
Physical health and social services	2,260,420	34,321	499,140	-	(1,726,959)
Mental health	2,972,257	-	-	-	(2,972,257)
County environment and education	4,931,645	626,267	214,182	1,436,110	(2,655,086)
Roads and transportation	8,640,525	209,103	4,977,838	1,434,962	(2,018,622)
Governmental services to residents	1,531,451	1,425,735	727	-	(104,989)
Administration	6,434,523	28,998	10,869	41,301	(6,353,355)
Non-program	576,221	730,279	-	-	154,058
Interest on long-term debt	236,128	-	4,405	-	(231,723)
Total	\$ 41,429,560	4,218,380	5,809,355	2,912,373	(28,489,452)
General Revenues:					
Property and other county tax levied for:					
General purposes					26,686,868
Debt service					809,237
Tax increment financing					875,628
Penalty and interest on property tax					55,535
State tax credits					1,765,421
Local option sales tax					2,424,139
Unrestricted investment earnings					578,409
Rent					156,292
Gain on disposition of capital assets					20,060
Miscellaneous					295,758
Total general revenues					33,667,347
Change in net position					5,177,895
Net position beginning of year					83,478,754
Net position end of year					\$ 88,656,649

See notes to financial statements.

Story County

Balance Sheet
Governmental Funds

June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments:				
County treasurer	\$ 15,493,824	208,684	982,725	5,038,827
Receivables:				
Property tax:				
Delinquent	115,298	10,968	17,980	-
Succeeding year	22,001,000	2,454,000	3,508,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	89,970	-	-	-
Accounts	34,995	-	471	2,890
Accrued interest	90,016	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	571,587	-	195,232	782,990
Inventories	-	-	-	327,554
Prepaid expenditures	166,431	-	300	900
Total assets	\$ 38,563,121	2,673,652	4,704,708	6,153,161
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 728,721	347	49,355	91,262
Salaries and benefits payable	360,970	9,794	65,986	71,954
Due to other governments	77,778	-	5,847	851
Total liabilities	1,167,469	10,141	121,188	164,067
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	22,001,000	2,454,000	3,508,000	-
Succeeding year tax increment financing	-	-	-	-
Other	667,736	10,968	17,981	-
Total deferred inflows of resources	22,668,736	2,464,968	3,525,981	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	327,554
Prepaid expenditures	166,431	-	300	900
Restricted for:				
Supplemental levy purposes	1,475,648	-	-	-
Mental health purposes	-	198,543	-	-
Community betterment	-	-	109,775	-
Rural services purposes	-	-	947,464	-
Secondary roads purposes	-	-	-	5,660,640
Conservation purposes	597,523	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Drainage purposes	-	-	-	-
Friends of Animals	-	-	-	-
StoryComm	1,791,219	-	-	-
Other purposes	-	-	-	-
Committed for:				
Conservation projects	825,522	-	-	-
Assigned for:				
Justice center renovation	380,000	-	-	-
Capital improvement projects	1,471,602	-	-	-
County attorney fine collection	314,433	-	-	-
Jail commissary	115,855	-	-	-
Analysis of Social Services Evaluation Team	251,898	-	-	-
Small community funding	224,529	-	-	-
Unassigned	7,112,256	-	-	-
Total fund balances	14,726,916	198,543	1,057,539	5,989,094
Total liabilities, deferred inflows of resources and fund balances	\$ 38,563,121	2,673,652	4,704,708	6,153,161

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
657,078	4,171,780	2,162,412	28,715,330
4,176	-	-	148,422
134,000	-	-	28,097,000
-	-	882,000	882,000
-	-	-	89,970
-	-	1,307	39,663
281	-	576	90,873
-	-	478,564	478,564
-	2,259	76,424	1,628,492
-	-	-	327,554
-	-	-	167,631
795,535	4,174,039	3,601,283	60,665,499
15,000	401,436	65,672	1,351,793
-	-	-	508,704
-	-	168,500	252,976
15,000	401,436	234,172	2,113,473
134,000	-	-	28,097,000
-	-	882,000	882,000
4,176	-	554,988	1,255,849
138,176	-	1,436,988	30,234,849
-	-	-	327,554
-	-	-	167,631
-	-	-	1,475,648
-	-	-	198,543
-	-	-	109,775
-	-	-	947,464
-	-	-	5,660,640
-	-	1,143,095	1,740,618
642,359	-	331,954	974,313
-	3,772,603	-	3,772,603
-	-	168,194	168,194
-	-	112,369	112,369
-	-	-	1,791,219
-	-	174,511	174,511
-	-	-	825,522
-	-	-	380,000
-	-	-	1,471,602
-	-	-	314,433
-	-	-	115,855
-	-	-	251,898
-	-	-	224,529
-	-	-	7,112,256
642,359	3,772,603	1,930,123	28,317,177
795,535	4,174,039	3,601,283	60,665,499

Story County

Story County

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

June 30, 2020

Total governmental fund balances (page 21) \$ 28,317,177***Amounts reported for governmental activities in the Statement of Net Position are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$136,367,668 and the accumulated depreciation/amortization is \$56,925,105.

79,442,563

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

1,255,849

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

1,965,821

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

Deferred outflows of resources	\$ 3,726,590
Deferred inflows of resources	<u>(3,066,297)</u>
	660,293

Long-term liabilities, including general obligation bonds payable, urban renewal revenue bonds payable, capital lease purchase agreement payable, installment purchase agreements payable, drainage warrants payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(22,985,054)**Net position of governmental activities (page 18)**\$ 88,656,649

See notes to financial statements.

Story County

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

Year ended June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 21,240,410	2,076,525	3,254,435	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	2,424,139	-
Interest and penalty on property tax	62,001	-	-	-
Intergovernmental	3,087,307	134,833	699,945	5,053,107
Licenses and permits	25,475	-	177,996	42,369
Charges for service	1,741,876	-	26,795	6,400
Use of money and property	766,010	-	-	-
Miscellaneous	374,595	29	5,152	97,943
Total revenues	27,297,674	2,211,387	6,588,462	5,199,819
Expenditures:				
Operating:				
Public safety and legal services	11,894,047	-	2,327,169	-
Physical health and social services	2,247,944	-	12,887	-
Mental health	-	2,940,578	-	-
County environment and education	2,443,150	-	1,727,117	-
Roads and transportation	-	-	250,987	6,471,679
Governmental services to residents	1,537,245	-	1,957	-
Administration	6,393,209	-	-	-
Nonprogram	23,697	-	-	-
Debt service	-	-	-	-
Capital projects	2,186,793	-	-	643,120
Total expenditures	26,726,085	2,940,578	4,320,117	7,114,799
Excess (deficiency) of revenues over (under) expenditures	571,589	(729,191)	2,268,345	(1,914,980)
Other financing sources (uses):				
Sale of capital assets	7,600	-	-	-
General obligation bond issued	3,000,000	-	-	-
Installment purchases issued	262,001	-	-	-
Drainage warrants issued	-	-	-	-
Transfers in	-	-	-	2,740,000
Transfers out	(590,000)	-	(2,150,000)	-
Total other financing sources (uses)	2,679,601	-	(2,150,000)	2,740,000
Change in fund balances	3,251,190	(729,191)	118,345	825,020
Fund balances beginning of year	11,475,726	927,734	939,194	5,164,074
Fund balances end of year	\$ 14,726,916	198,543	1,057,539	5,989,094

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
805,734	-	-	27,377,104
-	-	875,628	875,628
-	-	-	2,424,139
-	-	-	62,001
52,249	19,200	56,985	9,103,626
-	-	-	245,840
-	-	15,370	1,790,441
4,405	-	13,791	784,206
-	41,301	349,497	868,517
862,388	60,501	1,311,271	43,531,502
<hr/>			
-	-	19,326	14,240,542
-	-	-	2,260,831
-	-	-	2,940,578
-	-	649,446	4,819,713
-	-	-	6,722,666
-	-	14,125	1,553,327
-	-	-	6,393,209
-	-	-	23,697
264,274	-	875,404	1,139,678
-	1,205,503	139,799	4,175,215
264,274	1,205,503	1,698,100	44,269,456
598,114	(1,145,002)	(386,829)	(737,954)
<hr/>			
-	-	-	7,600
-	3,000,000	-	6,000,000
-	-	-	262,001
-	-	251,131	251,131
-	-	-	2,740,000
-	-	-	(2,740,000)
-	3,000,000	251,131	6,520,732
598,114	1,854,998	(135,698)	5,782,778
44,245	1,917,605	2,065,821	22,534,399
642,359	3,772,603	1,930,123	28,317,177

Exhibit F

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, 2020

Change in fund balances - Total governmental funds (page 25)	\$ 5,782,778
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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	\$ 6,107,811
Capital assets contributed by the Iowa Department of Transportation	1,434,962
Capital assets contributed by the Iowa Department of Natural Resources	734,696
Depreciation/amortization expense	<u>(4,453,490)</u> 3,823,979

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.

(49,205)

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

Property tax and tax increment financing	119,001
Other	<u>77,820</u> 196,821

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

Issued	(6,513,132)
Repaid	<u>1,116,129</u> (5,397,003)

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

1,614,948

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	(121,842)
Pension expense	(1,639,601)
OPEB expense	(58,489)
Interest on long-term debt	<u>(12,172)</u> (1,832,104)

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

1,037,681

Change in net position of governmental activities (page 19)

\$ 5,177,895

See notes to financial statements.

Story County

Statement of Net Position
Proprietary Fund

June 30, 2020

	Internal Service - Employee Group Health and Dental
Assets	
Current assets:	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,506,439
Cash held by health plan trustee	479,833
Receivables:	
Accounts	<u>2,558</u>
Total assets	<u>1,988,830</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>23,009</u>
Net Position	
Unrestricted	<u>1,965,821</u>
Total net position	<u>\$ 1,965,821</u>

See notes to financial statements.

Exhibit H

Story County

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

June 30, 2020

	<u>Internal Service - Employee Group Health and Dental</u>
Operating revenues:	
Reimbursements from operating funds and other governmental units	\$ 3,403,086
Reimbursements from employees and others	599,689
County contribution for self-insurance reserve	<u>200,000</u>
Total operating revenues	4,202,775
Operating expenses:	
Medical claims	\$ 285,188
Insurance premiums	2,849,099
Administrative costs	21,129
Short term disability payments	<u>9,678</u> <u>3,165,094</u>
Operating income and change in net position	1,037,681
Net position beginning of year	<u>928,140</u>
Net position end of year	<u>\$ 1,965,821</u>

See notes to financial statements.

Story County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2020

	Internal Service - Employee Group Health and Dental
Cash flows from operating activities:	
Cash received from operating funds and other governmental units	\$ 3,603,086
Cash received from employees and others	597,131
Cash paid to suppliers for services	<u>(2,952,576)</u>
Net cash provided by operating activities and increase in cash and cash equivalents	1,247,641
Cash and cash equivalents beginning of year	<u>738,631</u>
Cash and cash equivalents end of year	<u>\$ 1,986,272</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,037,681
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(2,558)
Prepaid expenses	224,661
Accounts payable	<u>(12,143)</u>
Net cash provided by operating activities	<u>\$ 1,247,641</u>

See notes to financial statements.

Exhibit J

Story County

Statement of Fiduciary Net Position
Custodial Funds

Year ended June 30, 2020

Assets

Cash and pooled investments:

County Treasurer	\$ 16,504,451
Other County officials	130,101

Receivables:

Property tax:

Delinquent	664,360
Succeeding year	133,650,000

Accounts	49,347
Accrued interest	1,118

Assessments	1,839,600
Due from other governments	203,876

Prepaid expenses	81,237
Total assets	<u>153,124,090</u>

Liabilities

Liabilities:

Accounts payable	679,037
Salaries and benefits payable	45,344

Due to other governments	6,133,647
Trusts payable	514,883

Stamped warrants payable	104,912
Compensated absences	112,946

Total liabilities	<u>7,590,769</u>
Deferred Inflows of Resources	

Unavailable property tax revenue	<u>133,650,000</u>
Total net position	<u>\$ 11,883,321</u>

See notes to financial statements.

Story County

Statement of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2020

Additions:

Property and other county tax	\$ 129,420,223
911 surcharge	215,451
State tax credits	8,492,679
Office fees and collections	1,622,496
Auto licenses, use tax and postage	24,192,440
Assessments	57,433
Trusts	3,063,803
Miscellaneous	<u>20,163,144</u>
Total additions	<u>187,227,669</u>

Deductions:

Agency remittances:	
To other funds	1,519,538
To other governments	172,977,404
Trusts paid out	<u>3,461,599</u>
Total deductions	<u>177,958,541</u>
Changes in net position	9,269,128
Net position beginning of year, as restated	<u>2,614,193</u>
Net position end of year	<u>\$ 11,883,321</u>

See notes to financial statements.

Story County

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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

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

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

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles - easements and right-of-ways	50,000
Intangibles - other	100,000
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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 Position.

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

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

The County's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2020, the County had the following investments:

Investment	Fair Value	Maturity
Federal Home Loan Bank (FHLB)	\$ 507,620	3/12/2021
Federal Home Loan Bank (FHLB)	350,371	2/5/2025
Federal Home Loan Mortgage Corporation (FHLMC)	360,529	2/28/2025
Federal Home Loan Mortgage Corporation (FHLMC)	500,155	4/29/2025
Federal Agricultural Mortgage Corporation (FAMC)	250,008	5/19/2025
	<u>\$ 1,968,683</u>	

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

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

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$13,904,096. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

Credit risk – The County's FHLB and FHLMC investments at June 30, 2020 are rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's. The FAMC investment and the investment in the Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk and custodial credit risk – The County places no limit on the amount that may be invested in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Bank (5.05%), Federal Home Loan Mortgage Corporation (5.06%) and the Federal Agriculture Mortgage Corporation (1.47%).

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 590,000
	Special Revenue:	
	Rural Services	2,150,000
Total		\$ 2,740,000

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, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 6,374,941	447,092	-	6,822,033
Intangibles, road network	117,327	-	-	117,327
Construction in progress, road network	759,855	2,065,074	(1,829,505)	995,424
Construction in progress, other	3,979,892	3,785,053	(2,191,063)	5,573,882
Total capital assets not being depreciated/amortized	<u>11,232,015</u>	<u>6,297,219</u>	<u>(4,020,568)</u>	<u>13,508,666</u>
Capital assets being depreciated/amortized:				
Buildings	27,121,408	448,501	-	27,569,909
Improvements other than buildings	5,198,892	2,362,222	(390,856)	7,170,258
Equipment and vehicles	15,580,141	1,755,946	(327,088)	17,008,999
Intangibles, other	159,652	-	-	159,652
Infrastructure, road network	65,207,187	1,829,505	-	67,036,692
Infrastructure, other	3,913,492	-	-	3,913,492
Total capital assets being depreciated/amortized	<u>117,180,772</u>	<u>6,396,174</u>	<u>(717,944)</u>	<u>122,859,002</u>
Less accumulated depreciation/amortization for:				
Buildings	10,140,347	544,432	-	10,684,779
Improvements other than buildings	525,783	163,521	-	689,304
Equipment and vehicles	7,930,193	1,506,916	(273,383)	9,163,726
Intangibles, other	159,652	-	-	159,652
Infrastructure, road network	32,832,899	2,145,409	-	34,978,308
Infrastructure, other	1,156,124	93,212	-	1,249,336
Total accumulated depreciation/amortization	<u>52,744,998</u>	<u>4,453,490</u>	<u>(273,383)</u>	<u>56,925,105</u>
Total capital assets being depreciated/amortized, net	<u>64,435,774</u>	<u>1,942,684</u>	<u>(444,561)</u>	<u>65,933,897</u>
Governmental activities capital assets, net	<u>\$ 75,667,789</u>	<u>8,239,903</u>	<u>(4,465,129)</u>	<u>79,442,563</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:				
Public safety and legal services			\$ 607,151	
Physical health and social services			11,400	
Mental health			43,460	
County environment and education			387,412	
Roads and transportation			2,952,348	
Governmental services to residents			11,061	
Administration			440,658	
Total depreciation/amortization expense - governmental activities			<u>\$ 4,453,490</u>	

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

Fund	Description	Amount
General	Services	\$ 77,778
Special Revenue:		
Rural Services	Services	5,847
Secondary Roads	Services	851
Tax Increment Financing	Services	168,500
		175,198
Total for governmental funds		\$ 252,976
Custodial:		
County Offices	Collections	\$ 75,583
Central Iowa Community Services		35,436
Agricultural Extension Education		6,037
City Assessor		5,424
Schools		1,202,812
Community Colleges		50,606
Corporations		731,978
Townships		11,859
City Special Assessments		1,730,183
Auto License and Use Tax		2,194,661
All other		89,068
Total for custodial funds		\$ 6,133,647

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Urban General Obligation Bonds	Capital Renewal Revenue Bonds	Capital Lease Purchase Agreement	Installment Purchase Agreements	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balances beginning of year	\$ -	4,269,670	1,937,972	-	226,259	790,972	9,604,955	1,502,748	18,332,576
Increases	6,000,000	-	-	262,001	251,131	1,015,952	-	5,435	7,534,519
Decreases	155,475	710,047	175,406	25,001	50,200	894,110	893,332	-	2,903,571
Balances end of year	\$ 5,844,525	3,559,623	1,762,566	237,000	427,190	912,814	8,711,623	1,508,183	22,963,524
Due within one year	\$ 620,917	729,843	182,247	42,125	-	912,814	-	58,314	2,546,260

General Obligation Bonds

On August 23, 2019, the County issued \$3,000,000 of General Obligation Peace Officer and Emergency Services Communication Equipment and Systems Bonds, Series 2019, with an interest rate of 3.95% per annum. The bonds were issued to provide funds for the purpose of paying the costs, to that extent, of peace officer communication equipment and other emergency services communications and systems. During the year ended June 30, 2020, the County paid principal of \$155,475 and interest of \$93,799 on the bonds.

On May 20, 2020, the County issued \$3,000,000 of General Obligation Road Improvement Bonds, Series 2020, with an interest rate of 1.60% per annum. The bonds were issued for the purpose of paying the costs, to that extent, of improvements to County bridges, roads and culverts. During the year ended June 30, 2020, the County was not scheduled to make any payments on the bonds.

A summary of the County's June 30, 2020 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Peace Officer and Emergency Services Communication Equipment and Systems <u>Issued August 23, 2019</u>			Road Improvements <u>Issued May 5, 2020</u>		
	Interest Rates		Principal	Interest	Interest Rates	
						Interest
2021	3.95%	\$ 160,917	112,051	1.60%	\$ 460,000	49,467
2022	3.95	166,549	105,712	1.60	350,000	40,640
2023	3.95	172,378	99,151	1.60	355,000	35,040
2024	3.95	178,411	92,361	1.60	365,000	29,360
2025	3.95	184,656	85,333	1.60	370,000	23,520
2026-2030	3.95	1,024,868	312,330	1.60	1,100,000	46,880
2031-2034	3.95	956,746	95,840			
Total		<u>\$ 2,844,525</u>	<u>902,778</u>		<u>\$ 3,000,000</u>	<u>224,907</u>

Year Ending June 30,	Total	
	Principal	Interest
2021	\$ 620,917	161,518
2022	516,549	146,352
2023	527,378	134,191
2024	543,411	121,721
2025	554,656	108,853
2026-2030	2,124,868	359,210
2031-2034	956,746	95,840
Total	<u>\$ 5,844,525</u>	<u>1,127,685</u>
		6,972,210

Urban Renewal Revenue Bonds

On December 1, 2012, the County issued \$3,185,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area, including improvements to Dakins Lake County Park and road improvements on Country Club Road and 590th Avenue. The bonds bear interest at 1.95% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. During the year ended June 30, 2020, the County paid principal of \$335,000 and interest of \$20,280 on the bonds. Total principal and interest remaining on the bonds is \$725,768, payable through June 2022.

On July 12, 2016, the County issued \$1,500,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area. The bonds bear interest at 2.15% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans

of the County's urban renewal area. The bonds are not a general obligation of the County. During the year ended June 30, 2020, the County paid principal of \$144,500 and interest of \$23,394 on the bonds. However, the debt is subject to the constitutional debt limitation of the County. Total principal and interest remaining on the bonds is \$1,016,029, payable through June 2026.

On October 10, 2017, the County issued \$1,500,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area. The bonds bear interest at 2.65% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. During the year ended June 30, 2020, the County paid principal of \$140,700 and interest of \$32,563 on the bonds. Total principal and interest remaining on the bonds is \$1,206,208, payable through June 2027.

On November 27, 2018, the County issued \$1,000,000 of urban renewal tax increment (TIF) revenue bonds to pay the costs of projects located within the urban renewal area. The bonds bear interest at 3.94% per annum and are payable solely from the TIF receipts generated by increased property values in the County's TIF district and credited to the Special Revenue, Tax Increment Financing Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for obligations associated with purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. During the year ended June 30, 2020, the County paid principal of \$89,847 and interest of \$36,012 on the bonds. Total principal and interest remaining on the bonds is \$973,924, payable through June 2028.

A summary of the County's June 30, 2020 urban renewal revenue bonded indebtedness is as follows:

Year Ending June 30,	Dakins Lake Park and Country Club and 590th Ave. Road Improvements				Urban Renewal Area Projects			
	Issued Dec 1, 2012				Issued Jul 12, 2016			
	Interest Rates	Principal	Interest		Interest Rates	Principal	Interest	
2021	1.95%	\$ 345,000	13,748		2.15%	\$ 147,800	20,287	
2022	1.95	360,000	7,020		2.15	151,500	17,110	
2023		-	-		2.15	155,300	13,852	
2024		-	-		2.15	159,300	10,514	
2025		-	-		2.15	163,300	7,088	
2026-2028		-	-		2.15	166,400	3,578	
Total		\$ 705,000	20,768			\$ 943,600	72,429	

Year Ending June 30,	Urban Renewal Area Projects				Urban Renewal Area Projects			
	Issued October 10, 2017				Issued November 27, 2018			
	Interest Rates	Principal	Interest		Interest Rates	Principal	Interest	
2021	2.65%	\$ 144,500	28,835		3.94%	\$ 92,543	32,423	
2022	2.65	147,800	25,005		3.94	95,320	28,777	
2023	2.65	151,500	21,089		3.94	98,179	25,021	
2024	2.65	155,300	17,074		3.94	101,124	21,212	
2025	2.65	159,300	12,958		3.94	104,158	17,169	
2026-2028	2.65	329,700	13,147		3.94	331,599	26,399	
Total		\$ 1,088,100	118,108			\$ 822,923	151,001	

Year Ending June 30,	Total	
	Principal	Interest
2021	\$ 729,843	95,293
2022	754,620	77,912
2023	404,979	59,962
2024	415,724	48,800
2025	426,758	37,215
2026-2028	827,699	43,124
Total	\$ 3,559,623	362,306
		3,921,929

During the year ended June 30, 2020, principal and interest paid and total TIF revenues were \$822,297 and \$875,628, respectively.

Capital Lease Agreements

On April 2, 2019, the County entered into a capital lease purchase agreement for ten motor graders with a total cost of \$3,128,860. The County received \$289,900 of trade-in allowance for ten used motor graders and applied \$650,000 as a down payment on the lease. The agreement bears interest at 3.90% per annum and is payable in annual installments of \$250,987 over five years, with a final payment of \$1,240,800 due by April 2, 2024. Payments under the capital lease purchase agreement totaled \$250,987, including interest of \$75,581 for the year ended June 30, 2020.

The following is a schedule of the future minimum lease payments and the present value of net minimum payments under the capital lease agreement in effect at June 30, 2020:

Year Ending June 30,	Amount
2021	\$ 250,987
2022	250,987
2023	250,987
2024	1,240,800
Total minimum payments	1,993,761
Less amount representing interest	(231,195)
Present value of net minimum lease payments	\$ 1,762,566

Installment Purchase Agreements

On October 29, 2019, the County entered into an interest free installment purchase agreement for \$137,001 to purchase land for the conservation purposes. The agreement is payable over 9 years, with a \$1 down payment and annual installments of \$17,125 due by November 1, 2027. During the year ended June 30, 2020, the county paid the \$1 down payment under the installment agreement.

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

A summary of the County's June 30, 2020 installment purchase agreements is as follows:

Year Ending June 30,	Installment Purchase			Total	
	Conservation Land Purchase	Conservation Land Purchase	Oct 29, 2019		
2021	\$ 17,125	25,000	17,125	42,125	
2022	17,125	25,000	17,125	42,125	
2023	17,125	25,000	17,125	42,125	
2024	17,125	25,000	17,125	42,125	
2025	17,125	-	17,125	17,125	
2026-2028	51,375	-	51,375	51,375	
Total minimum payments	\$ 137,000	100,000	137,000	237,000	

Drainage Warrants Payable

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

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

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

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 were \$1,614,948.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$8,711,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.150443%, which was a decrease of 0.001336% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,639,601. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,404	392,620
Changes of assumptions	1,366,213	348,749
Net difference between projected and actual earnings on IPERS' investments	-	1,554,347
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	302,386	617,606
County contributions subsequent to the measurement date	1,614,948	-
Total	\$ 3,352,951	2,913,322

\$1,614,948 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ (196,722)
2022	(503,947)
2023	(276,097)
2024	(206,681)
2025	<u>8,128</u>
Total	<u><u>\$ (1,175,319)</u></u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 18,996,211	8,711,623	88,160

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

(8) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement; with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>257</u>
Total	<u>265</u>

Total OPEB Liability – The County's total OPEB liability of \$1,508,183 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	2.60% per annum.
Rates of salary increase (effective June 30, 2019)	3.25 to 16.25% average, including inflation plus merit/productivity increases.
Discount rate (effective June 30, 2020)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the Pub-2010 Headcount-weighted mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	<u>\$ 1,502,748</u>
Changes for the year:	
Service cost	127,366
Interest	54,635
Differences between expected and actual experiences	(119,591)
Changes in assumptions	91,432
Benefit payments	<u>(148,407)</u>
Net changes	<u>5,435</u>
Total OPEB liability end of year	<u>\$ 1,508,183</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	1%	Discount	1%
	Decrease	Rate	Increase
	(1.66%)	(2.66%)	(3.66%)
Total OPEB liability	\$ 1,615,745	1,508,183	1,405,661

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

	Healthcare		
	1%	Cost Trend	1%
	Decrease	Rate	Increase
	(6.50%)	(7.50%)	(8.50%)
Total OPEB liability	\$ 1,317,717	1,508,183	1,737,251

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$58,489. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 237,642	(108,719)
Changes in assumptions	<u>135,997</u>	<u>(44,256)</u>
Total	<u>\$ 373,639</u>	<u>(152,975)</u>

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

Year Ending June 30,	Amount
2021	\$ 24,895
2022	24,895
2023	24,895
2024	24,895
2025	24,895
Thereafter	<u>96,189</u>
	<u><u>\$ 220,664</u></u>

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members including various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, 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 casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$268,494.

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 \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

(10) Employee Health Insurance Plan

The County entered into an administrative services agreement with EBS, Inc. to administer the employee partial self-funded health plan which provides comprehensive hospital and medical coverage for eligible employees and, if elected, their spouses and dependents. The agreement was effective July 1, 2018 and is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of payment to the Internal Service, Employee Insurance Fund maintained by the County Treasurer. Under the agreement, reimbursement of eligible deductible and coinsurance expenses to employees are processed by EBS, Inc. with payments from the Internal Service, Employee Insurance Fund. Effective July 1, 2020 the County will move to a fully self-funded Employee Health Insurance Plan setting the individual stop loss limitation at \$50,000, with Wellmark as the administrator.

(11) Employee Flex Benefit Plan

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

(12) Tax Abatements

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

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Ames	Urban renewal and economic development projects	\$ 245,301
City of Nevada	Urban renewal and economic development projects	33,740
City of Huxley	Urban renewal and economic development projects	87,701
City of Story City	Urban renewal and economic development projects	45,652
City of Slater	Urban renewal and economic development projects	3,929
City of Colo	Urban renewal and economic development projects	26,478
City of Cambridge	Urban renewal and economic development projects	66,303

(13) Early Childhood Iowa Area Board

Story County is the fiscal agent for BooST Together for Children (Early Childhood Iowa Area Board consisting of Story County and Boone County), an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2020 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 127,688	-	127,688
Quality improvement	-	57,927	57,927
Allocation for administration	6,720	16,716	23,436
School ready general use	-	482,909	482,909
	<u>134,408</u>	<u>557,552</u>	<u>691,960</u>
Interest on investments	370	2,130	2,500
	<u>134,778</u>	<u>559,682</u>	<u>694,460</u>
Expenditures:			
Program services:			
Early childhood	123,565	-	123,565
Quality improvement	-	51,623	51,623
School ready general use	-	443,815	443,815
	<u>123,565</u>	<u>495,438</u>	<u>619,003</u>
Total program services	6,519	21,844	28,363
	<u>130,084</u>	<u>517,282</u>	<u>647,366</u>
Administration			
	4,694	42,400	47,094
Change in fund balance			
	7,569	42,015	49,584
Fund balance beginning of year			
	<u>\$ 12,263</u>	<u>84,415</u>	<u>96,678</u>
Fund balance end of year			

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

Central Iowa Community Services (CICS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Boone County, Franklin County, Greene County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County and Warren County. The financial activity of Story County's Special Revenue, Mental Health Fund is included in the CICS Mental Health Region for the year ended June 30, 2020 as follows:

Revenues:	
Property and other county tax	\$ 2,076,525
Intergovernmental:	
State tax credits	134,833
Miscellaneous	29
Total revenues	<u>2,211,387</u>
Expenditures:	
Services to persons with:	
Mental illness	229,258
General administration:	
Direct administration	\$ 202,035
Distribution to regional fiscal agent	<u>2,509,285</u> 2,711,320
Total expenditures	<u>2,940,578</u>
Excess of revenues over expenditures	(729,191)
Fund balance beginning of year	<u>927,734</u>
Fund balance end of year	<u>\$ 198,543</u>

(15) Urban Renewal Economic Development Project Obligations

The County has established an Urban Renewal Area Plan to use incremental property tax revenues to finance public improvements intended to promote the quality of life for residents and promote economic growth. The County has approved economic development projects with other governmental entities within the County and certified obligations through amendments to its Urban Renewal Area Plan. During fiscal year 2020, the County paid \$168,500 to other governments for economic development projects. At June 30, 2020, the outstanding balance of economic development project obligations was \$564,275. These obligations have not been reflected in the County's financial statements because the underlying public improvement projects have not been substantially completed to fulfill requirements for reimbursement.

(16) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2020. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2019, as previously reported	\$ -
Change to implement GASBS No. 84	<u>2,614,193</u>
Net position July 1, 2019, as restated	<u>\$ 2,614,193</u>

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, 2020

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 30,691,369	-	30,691,369
Interest and penalty on property tax	62,001	-	62,001
Intergovernmental	8,650,075	-	8,650,075
Licenses and permits	245,745	-	245,745
Charges for service	1,797,387	-	1,797,387
Use of money and property	811,535	-	811,535
Miscellaneous	1,419,962	74,021	1,345,941
Total receipts	<u>43,678,074</u>	<u>74,021</u>	<u>43,604,053</u>
Disbursements:			
Public safety and legal services	14,197,943	-	14,197,943
Physical health and social services	2,246,140	-	2,246,140
Mental health	2,937,444	-	2,937,444
County environment and education	4,536,595	320,671	4,215,924
Roads and transportation	6,736,375	-	6,736,375
Governmental services to residents	1,529,878	-	1,529,878
Administration	6,240,768	-	6,240,768
Nonprogram	31,760	-	31,760
Debt service	1,124,678	53,107	1,071,571
Capital projects	4,173,138	-	4,173,138
Total disbursements	<u>43,754,719</u>	<u>373,778</u>	<u>43,380,941</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(76,645)</u>	<u>(299,757)</u>	<u>223,112</u>
Other financing sources, net	<u>6,258,731</u>	<u>251,131</u>	<u>6,007,600</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>6,182,086</u>	<u>(48,626)</u>	<u>6,230,712</u>
Balance beginning of year	<u>22,533,244</u>	<u>216,820</u>	<u>22,316,424</u>
Balance end of year	<u>\$ 28,715,330</u>	<u>168,194</u>	<u>28,547,136</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
30,623,686	30,847,568	(156,199)
75,000	75,000	(12,999)
8,669,030	9,179,769	(529,694)
69,420	229,420	16,325
1,841,405	1,836,455	(39,068)
511,405	784,140	27,395
665,920	1,367,396	(21,455)
<u>42,455,866</u>	<u>44,319,748</u>	<u>(715,695)</u>
13,138,790	15,109,490	911,547
2,668,123	2,881,742	635,602
1,927,134	2,948,734	11,290
4,562,290	5,161,395	945,471
6,382,925	7,379,925	643,550
1,551,138	1,605,763	75,885
6,642,224	6,979,479	738,711
50,000	50,000	18,240
1,672,400	1,672,400	600,829
4,954,463	8,374,311	4,201,173
<u>43,549,487</u>	<u>52,163,239</u>	<u>8,782,298</u>
(1,093,621)	(7,843,491)	8,066,603
6,000	6,016,000	(8,400)
(1,087,621)	(1,827,491)	8,058,203
<u>18,898,517</u>	<u>22,184,829</u>	<u>131,595</u>
<u>17,810,896</u>	<u>20,357,338</u>	<u>8,189,798</u>

Story County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 43,678,074	(146,572)	43,531,502
Expenditures	<u>43,754,719</u>	<u>514,737</u>	<u>44,269,456</u>
Net	(76,645)	(661,309)	(737,954)
Other financing sources, net	6,258,731	262,001	6,520,732
Beginning fund balances	<u>22,533,244</u>	<u>1,155</u>	<u>22,534,399</u>
Ending fund balances	\$ 28,715,330	(398,153)	28,317,177

See accompanying independent auditor's report.

Story County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$8,613,752. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted.

Story County

Schedule of County Proportionate Share of the Net Pension Liability

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.150443%	0.151779%	0.164576%	0.160859%
County's proportionate share of the net pension liability	\$ 8,712	9,605	10,963	10,123
County's covered payroll	\$ 16,582	15,798	15,605	14,622
County's proportionate share of the net pension liability as a percentage of its covered payroll	52.54%	60.80%	70.25%	69.23%
IPERS' net position as a percentage of the total pension liability	85.45	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
------	------

0.191537%	0.190907%
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9,463	7,571
-------	-------

17,396	17,542
--------	--------

54.40%	43.16%
--------	--------

85.19%	87.61%
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Story County

Schedule of County Contributions

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

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 1,614	1,591	1,442	1,427
Contributions in relation to the statutorily required contribution	(1,614)	(1,591)	(1,442)	(1,427)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 16,962	16,582	15,798	15,605
Contributions as a percentage of covered payroll	9.52%	9.59%	9.13%	9.14%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
1,343	1,600	1,608	1,567	1,479	1,281
(1,343)	(1,600)	(1,608)	(1,567)	(1,479)	(1,281)
-	-	-	-	-	-
14,622	17,396	17,542	17,423	17,439	17,076
9.18%	9.20%	9.17%	8.99%	8.48%	7.50%

Story County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Story County

**Schedule of Changes in the County's
Total OPEB Liability and Related Ratios
For the Last Four Years**

Required Supplementary Information

	2020	2019	2018	2017
Service cost	\$ 127,366	81,028	75,302	80,859
Interest cost	54,635	48,807	41,218	32,737
Difference between expected and actual experiences	(119,591)	185,483	118,091	-
Changes in assumptions	91,432	64,627	(23,346)	(43,293)
Benefit payments	(148,407)	(113,604)	(113,733)	(104,342)
Net change in total OPEB liability	5,435	266,341	97,532	(34,039)
Total OPEB liability beginning of year	1,502,748	1,236,407	1,138,875	1,172,914
Total OPEB liability end of year	\$ 1,508,183	1,502,748	1,236,407	1,138,875
Covered-employee payroll	\$ 15,881,003	15,602,603	14,593,861	14,032,559
Total OPEB liability as a percentage of covered-employee payroll	9.50%	9.63%	8.47%	8.12%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

Story County

Supplementary Information

Story County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

			Special
	County Recorder's Records Management	Drainage Districts	Employee Wellness
Assets			
Cash, cash equivalents and pooled investments	\$ 85,776	168,194	2,437
Receivables:			
Property tax:			
Succeeding year tax increment financing	-	-	-
Accounts	-	-	-
Accrued interest	36	-	-
Drainage assessments	-	478,564	-
Due from other governments	-	-	-
Total assets	\$ 85,812	646,758	2,437
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Due to other governments	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	-
Drainage assessments	-	478,564	-
Other	-	-	-
Total deferred inflows of resources	-	478,564	-
Fund balances:			
Restricted for:			
Conservation purposes	-	-	-
Debt service	-	-	-
Drainage purposes	-	168,194	-
Friends of Animals	-	-	-
Other purposes	85,812	-	2,437
Total fund balances	85,812	168,194	2,437
Total liabilities, deferred inflows of resources and fund balances	\$ 85,812	646,758	2,437

See accompanying independent auditor's report.

Revenue

Resource Enhancement and Protection	Special Law Enforcement	Tax Increment Financing	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Total
78,984	40,667	564,788	113,343	1,063,619	44,604	2,162,412
-	-	882,000	-	-	-	882,000
-	1,307	-	-	-	-	1,307
34	-	-	48	458	-	576
-	-	-	-	-	-	478,564
76,424	-	-	-	-	-	76,424
155,442	41,974	1,446,788	113,391	1,064,077	44,604	3,601,283
-	316	64,334	1,022	-	-	65,672
-	-	168,500	-	-	-	168,500
-	316	232,834	1,022	-	-	234,172
-	-	882,000	-	-	-	882,000
-	-	-	-	-	-	478,564
76,424	-	-	-	-	-	76,424
76,424	-	882,000	-	-	-	1,436,988
79,018	-	-	-	1,064,077	-	1,143,095
-	-	331,954	-	-	-	331,954
-	-	-	-	-	-	168,194
-	-	-	112,369	-	-	112,369
-	41,658	-	-	-	44,604	174,511
79,018	41,658	331,954	112,369	1,064,077	44,604	1,930,123
155,442	41,974	1,446,788	113,391	1,064,077	44,604	3,601,283

Story County

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

Year ended June 30, 2020

			Special
	County Recorder's Records Management	Drainage Districts	Employee Wellness
Revenues:			
Tax increment financing	\$ -	-	-
Intergovernmental	-	-	-
Charges for service	14,200	-	-
Use of money and property	727	-	-
Miscellaneous	-	74,021	2,437
Total revenues	14,927	74,021	2,437
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	320,671	-
Governmental services to residents	14,125	-	-
Debt service	-	53,107	-
Capital projects	-	-	-
Total expenditures	14,125	373,778	-
Excess (deficiency) of revenues over (under) expenditures	802	(299,757)	2,437
Other financing sources:			
Drainage warrants issued	-	251,131	-
Change in fund balances	802	(48,626)	2,437
Fund balances beginning of year	85,010	216,820	-
Fund balances end of year	\$ 85,812	168,194	2,437

See accompanying independent auditor's report.

Revenue

Resource Enhancement and Protection	Special Law Enforcement	Tax Increment Financing	Friends of Animals	Friends of Conservation	Sheriff Reserve Officers	Total
-	-	875,628	-	-	-	875,628
28,601	-	28,384	-	-	-	56,985
-	-	-	-	-	1,170	15,370
2,130	-	-	1,320	9,614	-	13,791
-	45,347	-	70,629	157,063	-	349,497
30,731	45,347	904,012	71,949	166,677	1,170	1,311,271
<hr/>						
-	19,326	-	-	-	-	19,326
-	-	232,835	17,570	78,370	-	649,446
-	-	-	-	-	-	14,125
-	-	822,297	-	-	-	875,404
76,424	-	-	42,375	21,000	-	139,799
76,424	19,326	1,055,132	59,945	99,370	-	1,698,100
(45,693)	26,021	(151,120)	12,004	67,307	1,170	(386,829)
-	-	-	-	-	-	251,131
(45,693)	26,021	(151,120)	12,004	67,307	1,170	(135,698)
124,711	15,637	483,074	100,365	996,770	43,434	2,065,821
79,018	41,658	331,954	112,369	1,064,077	44,604	1,930,123

Schedule 3

Story County
Combining Schedule of Net Position
June 30, 2020

	Employee Insurance	Dental Self-Insurance	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 1,439,448	66,991	1,506,439
Cash held by health plan trustee	434,296	45,537	479,833
Receivables:			
Accounts	2,558	-	2,558
Total assets	<u>1,876,302</u>	<u>112,528</u>	<u>1,988,830</u>
Liabilities			
Current liabilities:			
Accounts payable	18,236	4,773	23,009
Net Position			
Unrestricted	1,858,066	107,755	1,965,821
Total net position	<u>\$ 1,858,066</u>	<u>107,755</u>	<u>1,965,821</u>

See accompanying independent auditor's report.

Story County

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

June 30, 2020

	Employee Insurance	Dental Self-Insurance	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 3,401,712	1,374	3,403,086
Reimbursements from employees and others	463,379	136,310	599,689
County contribution for self-insurance reserve	200,000	-	200,000
Total operating revenues	4,065,091	137,684	4,202,775
Operating expenses:			
Medical claims	194,440	90,748	285,188
Insurance premiums	2,833,168	15,931	2,849,099
Administrative costs	21,129	-	21,129
Short term disability payments	9,678	-	9,678
Total operating expenses	3,058,415	106,679	3,165,094
Operating income	1,006,676	31,005	1,037,681
Net position beginning of year	851,390	76,750	928,140
Net position end of year	\$ 851,390	76,750	928,140

See accompanying independent auditor's report.

Story County

Story County
Combining Statement of Cash Flows
Year ended June 30, 2020

	Employee Insurance	Dental Self-Insurance	Total
Cash flows from operating activities:			
Cash received from operating funds and other governmental units	\$ 3,601,712	1,374	3,603,086
Cash received from employees and others	460,821	136,310	597,131
Cash paid to suppliers for services	<u>(2,845,871)</u>	<u>(106,705)</u>	<u>(2,952,576)</u>
Net cash provided by operating activities	<u>1,216,662</u>	<u>30,979</u>	<u>1,247,641</u>
Net increase in cash and cash equivalents	1,216,662	30,979	1,247,641
Cash and cash equivalents beginning of year	657,082	81,549	738,631
Cash and cash equivalents end of year	<u>\$ 1,873,744</u>	<u>112,528</u>	<u>1,986,272</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,006,676	31,005	1,037,681
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Accounts receivable	(2,558)	-	(2,558)
Prepaid expenses	224,661	-	224,661
Accounts payable	<u>(12,117)</u>	<u>(26)</u>	<u>(12,143)</u>
Net cash provided by operating activities	<u>\$ 1,216,662</u>	<u>30,979</u>	<u>1,247,641</u>

See accompanying independent auditor's report.

Story County
 Combining Schedule of Fiduciary Net Position
 Custodial Funds
 Year ended June 30, 2020

	County Offices	Central Iowa Community Services	Agricultural Extension Education	County Assessor	City Assessor	Schools
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	9,499,965	4,109	285,492	455,571	828,031
Other County officials	130,101	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	-	1,928	4,939	5,003	374,781
Succeeding year	-	-	389,000	832,000	1,046,000	75,627,000
Accounts	277	7,778	-	-	-	-
Accrued interest	-	345	-	-	-	-
Assessments	-	-	-	-	-	-
Due from other governments	70	76,447	-	-	-	-
Prepaid expense	-	-	-	24,204	20,690	-
Total assets	130,448	9,584,535	395,037	1,146,635	1,527,264	76,829,812
Liabilities:						
Accounts payable	-	529,005	-	15,720	23,643	-
Salaries and benefits payable	-	-	-	18,112	18,111	-
Due to other governments	75,583	35,436	6,037	-	5,424	1,202,812
Trusts payable	54,865	-	-	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Compensated absences	-	-	-	53,331	44,622	-
Total liabilities	130,448	564,441	6,037	87,163	91,800	1,202,812
Deferred Inflows of Resources						
Unavailable revenues	-	-	389,000	832,000	1,046,000	75,627,000
Net Position						
Restricted for individuals, organizations and other governments	\$ -	9,020,094	-	227,472	389,464	-

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
34,444	497,610	8,156	469	2,194,661	2,695,943	16,504,451
-	-	-	-	-	-	130,101
16,162	234,368	3,703	-	-	23,476	664,360
3,110,000	47,453,000	736,000	-	-	4,457,000	133,650,000
-	-	-	-	-	41,292	49,347
-	-	-	-	-	773	1,118
-	-	-	1,729,714	-	109,886	1,839,600
-	-	-	-	-	127,359	203,876
-	-	-	-	-	36,343	81,237
3,160,606	48,184,978	747,859	1,730,183	2,194,661	7,492,072	153,124,090
-	-	-	-	-	110,669	679,037
-	-	-	-	-	9,121	45,344
50,606	731,978	11,859	1,730,183	2,194,661	89,068	6,133,647
-	-	-	-	-	460,018	514,883
-	-	-	-	-	104,912	104,912
-	-	-	-	-	14,993	112,946
50,606	731,978	11,859	1,730,183	2,194,661	788,781	7,590,769
3,110,000	47,453,000	736,000			4,457,000	133,650,000
-	-	-	-	-	2,246,291	11,883,321

Story County

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Custodial Funds**

Year ended June 30, 2020

	County Offices	Central Iowa Community Services	Agricultural Extension Education	County Assessor	City Assessor	Schools
Additions:						
Property and other county tax	\$ -	-	366,606	813,898	1,044,448	73,164,640
911 surcharge	-	-	-	-	-	-
State tax credits	-	-	23,701	56,938	64,307	4,664,092
Office fees and collections	1,622,496	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,286,846	-	-	-	-	-
Miscellaneous	-	18,018,699	-	254	135	-
Total additions	2,909,342	18,018,699	390,307	871,090	1,108,890	77,828,732
Deductions:						
Agency remittances:						
To other funds	756,767	-	-	-	-	-
To other governments	866,431	8,998,605	390,307	922,021	1,105,915	77,828,732
Trusts paid out	1,286,144	-	-	-	-	-
Total deductions	2,909,342	8,998,605	390,307	922,021	1,105,915	77,828,732
Changes in net position	-	9,020,094	-	(50,931)	2,975	-
Net position beginning of year, as restated	-	-	-	278,403	386,489	-
Balances end of year	\$ -	9,020,094	-	227,472	389,464	-

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
3,073,960	45,786,322	705,876	-	-	4,464,473	129,420,223
-	-	-	-	-	215,451	215,451
198,721	3,155,861	40,465	-	-	288,594	8,492,679
-	-	-	-	-	-	1,622,496
-	-	-	-	24,192,440	-	24,192,440
-	-	-	40,464	-	16,969	57,433
-	-	-	-	-	1,776,957	3,063,803
-	-	962	-	-	2,143,094	20,163,144
3,272,681	48,942,183	747,303	40,464	24,192,440	8,905,538	187,227,669
-	-	-	-	762,771	-	1,519,538
3,272,681	48,942,183	747,303	40,464	23,429,669	6,433,093	172,977,404
-	-	-	-	-	2,175,455	3,461,599
3,272,681	48,942,183	747,303	40,464	24,192,440	8,608,548	177,958,541
-	-	-	-	-	296,990	9,269,128
-	-	-	-	-	1,949,301	2,614,193
-	-	-	-	-	2,246,291	11,883,321

Story County

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

Year ended June 30, 2020

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 27,377,104	25,122,663	23,694,457	22,804,363
Tax increment financing	875,628	860,702	921,259	982,361
Local option sales tax	2,424,139	2,287,087	2,198,341	2,206,814
Interest and penalty on property tax	62,001	125,230	115,792	105,109
Intergovernmental	9,103,626	9,476,410	8,075,981	8,600,246
Licenses and permits	245,840	65,332	81,188	85,488
Charges for service	1,790,441	1,725,272	1,839,909	1,824,028
Use of money and property	784,206	879,170	510,252	2,080,054
Miscellaneous	868,517	843,148	1,910,329	1,034,738
Total	\$ 43,531,502	41,385,014	39,347,508	39,723,201
Expenditures:				
Operating:				
Public safety and legal services	\$ 14,240,542	13,043,941	12,099,746	11,348,017
Physical health and social services	2,260,831	2,397,772	2,334,249	2,448,548
Mental health	2,940,578	2,092,934	2,031,539	2,034,835
County environment and education	4,819,713	4,418,670	4,801,702	4,302,414
Roads and transportation	6,722,666	9,148,189	6,889,882	5,822,801
Governmental services to residents	1,553,327	1,249,746	1,172,742	1,215,079
Administration	6,393,209	6,410,936	5,684,129	5,389,514
Nonprogram	23,697	55,282	84,132	293,385
Debt service	1,139,678	1,744,176	2,225,906	1,381,687
Capital projects	4,175,215	4,546,146	4,357,481	2,132,895
Total	\$ 44,269,456	45,107,792	41,681,508	36,369,175

See accompanying independent auditor's report.

	2016	2015	2014	2013	2012	2011
24,001,196	22,069,411	22,482,441	21,496,628	20,619,095	20,385,161	
802,605	612,399	365,330	362,423	-	-	
2,241,205	2,288,611	1,902,738	1,904,668	1,999,138	1,912,716	
123,483	102,467	129,030	147,639	147,590	156,670	
9,520,715	9,890,941	10,336,171	8,914,618	13,631,149	14,213,647	
55,514	53,983	74,279	57,750	61,189	36,492	
1,761,351	1,866,733	1,842,687	1,922,434	1,789,521	1,781,908	
755,325	281,396	196,536	203,785	186,344	231,474	
758,491	837,706	1,289,612	1,206,655	794,250	588,415	
40,019,885	38,003,647	38,618,824	36,216,600	39,228,276	39,306,483	
11,031,889	10,469,437	10,048,320	9,799,170	9,584,996	9,229,314	
2,315,177	2,320,342	2,307,098	2,139,504	2,056,066	2,120,685	
4,054,405	8,675,130	5,689,991	5,961,907	11,504,064	11,360,978	
3,580,630	3,574,712	3,158,021	2,742,873	2,940,513	2,688,040	
5,282,732	5,962,458	7,831,510	5,266,727	5,270,080	5,175,040	
1,626,578	1,097,132	1,058,190	1,253,493	1,099,246	1,106,071	
5,408,901	4,731,940	4,523,424	4,482,138	4,273,727	4,374,058	
34,318	-	-	-	-	-	
3,660,672	1,217,786	2,285,812	2,548,320	2,034,472	1,922,532	
1,490,987	2,340,217	2,405,660	1,124,660	1,916,305	4,711,482	
38,486,289	40,389,154	39,308,026	35,318,792	40,679,469	42,688,200	

Story County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior: Payments in Lieu of Taxes	15.226	FY20	\$ 504
U.S. Department of Justice: COVID 19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1144	28,891
State Criminal Alien Assistance Program	16.606	2019-AP-BS-1197	9,614
State Criminal Alien Assistance Program	16.606	2020-AP-BX-1072	3,049
			<u>12,663</u>
Bulletproof Vest Partnership Program	16.607	FY20	2,247
Equitable Sharing Program	16.922	IA0850000	7,337
Total Direct:			<u>51,642</u>
Indirect:			
Iowa Department of Human Services: Human Services Administrative Reimbursements: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY20	<u>51,241</u>
U.S. Department of Justice: Iowa Department of Justice: Violence Against Women Formula Grants	16.588	VW-19-22-CJ	5,491
Violence Against Women Formula Grants	16.588	VW-20-56-PR	<u>19,428</u>
			<u>24,919</u>
Governor's Office of Drug Control Policy: Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-JAG-298225	<u>36,350</u>
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	TAP-R-8612(601)--8T-85	215,994
Highway Planning and Construction	20.205	TAP-R-C085(154)--8T-85	<u>169,291</u>
			<u>385,285</u>
Iowa Department of Public Safety: State and Community Highway Safety	20.600	PAP-19-402-MOAL, Task 12	2,520
State and Community Highway Safety	20.600	PAP 20-402-MOPT, Task 38	<u>10,115</u>
			<u>12,635</u>
U.S. Department of Health and Human Services: Iowa Department of Public Health: Immunization Cooperative Agreements	93.268	5880I480	<u>11,625</u>
COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT485	<u>14,530</u>
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	5880CD36	<u>8,800</u>
Iowa Department of Human Services: Human Services Administrative Reimbursements: Guardianship Assistance	93.090	FY20	<u>9</u>
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	FY20	<u>32</u>
CCDF Cluster: Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY20	<u>12,170</u>
Foster Care - Title IV-E	93.658	FY20	<u>17,324</u>
Adoption Assistance	93.659	FY20	<u>7,030</u>
Social Services Block Grant	93.667	FY20	<u>14,909</u>
Children's Health Insurance Program	93.767	FY20	<u>1,760</u>
Medicaid Cluster: Medical Assistance Program	93.778	FY20	<u>77,506</u>

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect: (Continued)			
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4386-DR-IA	223,478
Total Indirect:			899,603
Total			\$ 951,245

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Story County under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Story County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Story County.

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

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

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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

To the Officials of Story County:

We have audited in accordance with 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Story County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Story County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Story County's internal control. Accordingly, we do not express an opinion on the effectiveness of Story County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies described in Part II to the accompanying Schedule of findings and Questioned Costs as item II-A-20 and II-B-20 to be material weaknesses.

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.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 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 the Findings

Story County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Story County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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



Marlys K. Gaston, CPA
Deputy Auditor of State

March 24, 2021



OFFICE OF AUDITOR OF STATE

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

To the Officials of Story County:

Report on Compliance for Each Major Federal Program

We have audited Story County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Story County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Story County's major federal program based on our audit of the types of compliance requirements referred to above. 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Story County's compliance.

Opinion on the Major Federal Program

In our opinion, Story County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The management of Story County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Story County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Marlys K. Gaston, CPA
Deputy Auditor of State

March 24, 2021

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Story County did not qualify as a low-risk auditee.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-20 Segregation of Duties

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

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

- Treasurer – Incoming mail is opened by an employee who is authorized to make entries to the accounting records.
- Auditor – Documentation of independent review and approval of payroll is not maintained.

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions, processes and reports.

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

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

Responses –

County Treasurer – We will examine our internal control processes and work to find a solution to segregate the duties of opening the mail and making entries in the accounting records or find an appropriate compensating control over this process.

County Auditor – Independent review of payroll has always been performed and is now being documented every two weeks.

Conclusion – Response accepted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

II-B-20 Financial Reporting

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

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

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

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

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

Response – Guidelines have been in place for many years but not formalized as written procedures. The Auditor's office and Treasurer's office staff will continue to diligently monitor information for reporting in the County's financial statements.

Conclusion – Response accepted

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amount budgeted by function.
- (2) 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.
- (3) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marianne Harrelson, Conservation Office, Husband owns R&M Automotive	Vehicle repairs	\$ 182
Vanessa Borwick Husband works at Shaffer Autobody	Vehicle repairs	1,370

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with R&M Automotive and Shaffer Autobody do not appear to represent conflicts of interest since the total transactions for each were less than \$1,500 during the fiscal year.

- (5) Restricted Donor Activity – No transactions were noted between the county, County officials, county employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) 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.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) 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.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Story County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

- (10) Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

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

Story County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Janet K. Mortvedt, CPA, Manager
Brandon J. Vogel, Senior Auditor II
Brett S. Gillen, CPA, Senior Auditor
Nathan A. DeWitt, Staff Auditor
Adrian T. Duer, Staff Auditor
Charles P. Duff, Staff Auditor
Vivian J. Hustad, Staff Auditor
Conner G. McMurphy, Assistant Auditor
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