



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

March 5, 2008

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$15,815,940 for the year ended June 30, 2007, which included \$1,002,656 in tax credits from the state. The County forwarded \$12,233,917 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,582,023 of the local tax revenue to finance County operations, a 5 percent increase over the prior year. Other revenues included charges for service of \$453,226, operating grants, contributions and restricted interest of \$3,882,820, capital grants, contributions and restricted interest of \$455,719, unrestricted investment earnings of \$109,677, local option sales tax of \$382,268, an insurance litigation settlement of \$330,880 and other general revenues of \$266,107.

Expenses for County operations totaled \$8,589,189, a 3 percent increase over the prior year. Expenses included \$3,541,593 for roads and transportation, \$1,530,653 for mental health and \$1,347,439 for public safety and legal services.

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

###

PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	25
Notes to Financial Statements		26-35
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		38-39
Budget to GAAP Reconciliation		40
Notes to Required Supplementary Information – Budgetary Reporting		41
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	44-45
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	46-47
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	48-49
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	50-51
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	52
Schedule of Expenditures of Federal Awards	6	54-55
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 <u>Government Auditing Standards</u>		57-58
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		61-62
Schedule of Findings and Questioned Costs		63-69
Staff		70

Page County
Officials
(Before January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James D. Richardson	Board of Supervisors	Jan 2007
Jon W. Herzberg	Board of Supervisors	Jan 2009
Elaine Armstrong	Board of Supervisors	Jan 2009
Judy Clark	County Auditor	Jan 2009
Kim Behrens	County Treasurer	Jan 2007
Brenda Esaias	County Recorder	Jan 2007
Mike Williams	County Sheriff	Jan 2009
Richard Davidson	County Attorney	Jan 2007
Peggy Smith	County Assessor	Jan 2010

(After January 2007)

Jon W. Herzberg	Board of Supervisors	Jan 2009
Elaine Armstrong	Board of Supervisors	Jan 2009
James D. Richardson	Board of Supervisors	Jan 2011
Judy Clark	County Auditor	Jan 2009
Kim Behrens	County Treasurer	Jan 2011
Brenda Esaias	County Recorder	Jan 2011
Mike Williams	County Sheriff	Jan 2009
Richard Davidson	County Attorney	Jan 2011
Peggy Smith	County Assessor	Jan 2010

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Officials of Page County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Page County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Page County at June 30, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2008 on our consideration of Page County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 38 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Page County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 14, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Page County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 5%, or approximately \$487,000, from fiscal 2006 to fiscal 2007. Property tax increased approximately \$166,000, operating grants and contributions increased approximately \$300,000 and capital grants and contributions decreased approximately \$1,357,000.
- Program expenses of the County's governmental activities were 3%, or approximately \$250,000, more in fiscal 2007 than in fiscal 2006.
- The County's net assets increased 6%, or approximately \$874,000, from June 30, 2006 to June 30, 2007.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Page 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 Page County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Page County acts solely as an agent or custodian for the benefit of those outside of County government (Agency 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.
- Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

The Fund Financial Statements

The County has two 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 those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, and 3) the Debt Service 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 government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Page County's combined net assets increased approximately \$874,000 over a year ago to \$16.1 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2007	2006
Current and other assets	\$ 9,705,439	8,204,255
Capital assets	11,639,320	11,276,278
Total assets	<u>21,344,759</u>	<u>19,480,533</u>
Long-term liabilities	1,300,074	294,514
Other liabilities	3,942,053	3,956,918
Total liabilities	<u>5,242,127</u>	<u>4,251,432</u>
Net assets:		
Invested in capital assets	11,639,320	11,276,278
Restricted	2,967,994	2,763,842
Unrestricted	<u>1,495,318</u>	<u>1,188,981</u>
Total net assets	<u>\$ 16,102,632</u>	<u>15,229,101</u>

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net asset component increased over the prior year by approximately \$363,000, or 3%. This increase is due primarily to the purchase of several new pieces of equipment and bridge projects.

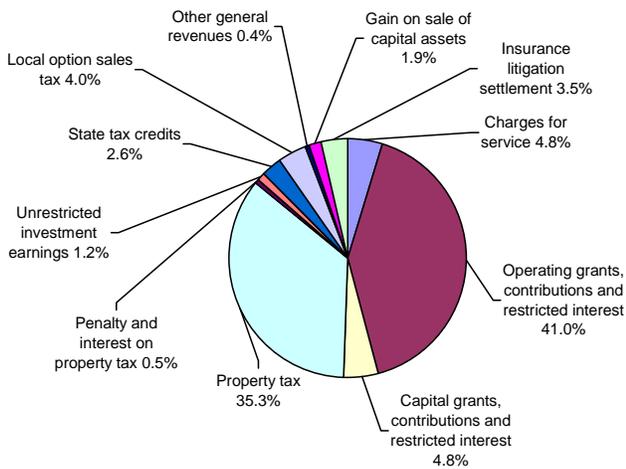
Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net asset component increased approximately \$204,000, or 7%, over the prior year. This increase is primarily due to an increase in the amount restricted for mental health purposes.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from approximately \$1,189,000 at June 30, 2006 to approximately \$1,495,000 at the end of this year, an increase of 26%. This increase is primarily related to an increase in funds available in the General Fund.

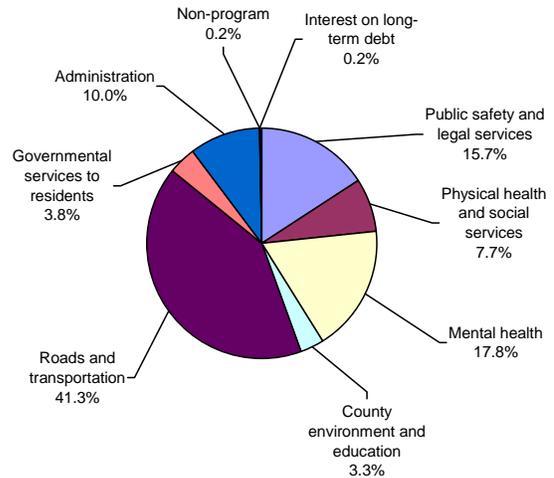
Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 453,226	535,739
Operating grants, contributions and restricted interest	3,882,820	3,582,375
Capital grants, contributions and restricted interest	455,719	1,812,533
General revenues:		
Property tax	3,338,762	3,172,900
Penalty and interest on property tax	49,371	46,207
State tax credits	243,261	236,281
Local option sales tax	382,268	380,748
Unrestricted investment earnings	109,677	86,532
Gain on sale of capital assets	179,750	58,751
Insurance litigation settlement	330,880	-
Other general revenues	36,986	38,147
Total revenues	9,462,720	9,950,213
Program expenses:		
Public safety and legal services	1,347,439	1,235,091
Physical health and social services	662,840	664,134
Mental health	1,530,653	1,575,106
County environment and education	280,427	258,585
Roads and transportation	3,541,593	3,373,133
Governmental services to residents	328,858	448,907
Administration	860,966	783,188
Non-program	19,890	1,271
Interest on long-term debt	16,523	-
Total expenses	8,589,189	8,339,415
Increase in net assets	873,531	1,610,798
Net assets beginning of year	15,229,101	13,618,303
Net assets end of year	\$ 16,102,632	15,229,101

Revenue by Source



Expenses by Functions



Page County's countywide property tax rate increased moderately by \$.68882 per \$1,000 of taxable valuation while the rural levy increased \$.21423 per \$1,000 of taxable valuation. The rural assessed property taxable valuation decreased approximately \$17,933,000. The countywide assessed property taxable valuation decreased approximately \$22,349,000.

The cost of all governmental activities this year was \$8.6 million compared to \$8.3 million last year, a 3% increase. As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for governmental activities was only \$3.8 million because some of the cost was paid by those directly benefited from the programs (\$453,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,339,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for services, decreased in 2007 from approximately \$5,931,000 to \$4,792,000, principally due to receiving more state contributions for secondary road projects in the prior year. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$3,339,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. In addition, the County received \$330,880 in an insurance litigation settlement from a class action lawsuit which is included in the County's general revenues.

INDIVIDUAL MAJOR FUND ANALYSIS

As Page County completed the year, its governmental funds reported a total fund balance of approximately \$5.6 million, an increase of approximately \$1.4 million over last year's total of \$4.2 million.

The General Fund, the operating fund for Page County, ended the current year with a balance of \$2,553,703, up from the prior year ending balance of \$1,236,422. The increase is primarily due to a loan receivable from the Page County Landfill Association for the County issuing \$995,000 of general obligation capital loan notes on its behalf. There was also an increase in miscellaneous revenue of approximately \$331,000 due to an insurance litigation settlement. The taxable property valuation decreased from \$461,965,245 in FY06 to \$439,616,712 in FY07. The General Fund levy rate increased in FY07 to \$4.10587 per \$1,000 of taxable valuation compared to the FY06 levy rate of \$3.90724 per \$1,000 of taxable valuation.

Page County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. FY07 ended with a \$343,666 fund balance, whereas FY06 ended with a fund balance of \$210,898. FY07 property tax revenues increased approximately \$189,000 over FY06 while non-property tax revenues increased approximately \$255,000 and expenditures decreased approximately \$69,000. The FY07 mental health levy rate of \$1.40122 per \$1,000 of taxable valuation increased \$.50122 over the FY06 levy rate. The decrease in expenditures over the prior year was primarily due to a decrease in the number of clients served and a decrease in the services provided to current clients due to changes in policy.

The Rural Services Fund ended with a \$177,981 balance compared to the prior year ending fund balance of \$200,218, a moderate decrease of \$22,237, or 11%. Revenues remained relatively consistent from FY06 to FY07. Expenditures, however, increased approximately \$85,000 over the prior year due to paying approximately \$70,000 of the Sheriff's department expenditures from the Rural Services Fund. The local option sales tax received and credited to the Rural Services Fund meets the requirements of the referendum for property tax relief.

The Secondary Roads Fund ended FY07 with a \$2,047,971 balance compared to the prior year ending fund balance of \$2,153,738, a \$105,767, or 5%, decrease. Revenues decreased approximately \$117,000 while other financing sources increased \$34,973 due to the sales of Secondary Roads capital assets of \$87,750, offset by a decrease in transfers from the Rural Services Fund. Expenditures decreased approximately \$104,000 from FY06, or 2.7%. Page County maintained approximately 923 miles of gravel, dirt and paved roads with the resources of this fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was in March 2007 and resulted in an increase in budgeted disbursements of \$1,282,899, primarily related to county environment and education due to the issuance of \$995,000 of general obligation capital loan notes. In addition, public health, environmental health and mental health each had additional receipts to cover disbursements and increases in disbursements in other functions were financed with existing balances.

Overall, the County's receipts were \$532,225 less than budgeted, a variance of 5.5%. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total disbursements were \$1,784,756 less than the amended budget. Actual disbursements for the mental health, roads and transportation and capital projects functions were \$187,702, \$801,107 and \$534,303, respectively, less than budgeted. This was primarily due to slower progress than anticipated on secondary roads projects along with cost-cutting measures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY07, Page County had approximately \$11.6 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is an increase of \$ 363,042, or 3%, over the prior year. This increase is primarily related to an increase in road infrastructure.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2007	2006
Land	\$ 635,347	592,603
Buildings and improvements	2,815,984	2,921,205
Equipment and vehicles	2,276,814	2,168,935
Infrastructure	5,911,175	5,343,581
Construction in progress	-	249,954
Total	\$ 11,639,320	11,276,278

Page County had depreciation expense of \$734,621 in FY07 and total accumulated depreciation of \$4,758,121 at June 30, 2007. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2007, Page County had \$995,000 in general obligation notes outstanding compared to none at June 30, 2006. During the year ended June 30, 2007, Page County issued general obligation capital loan notes on behalf of the Page County Landfill Association for \$995,000.

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. Page County's outstanding general obligation debt of \$995,000 is significantly below its constitutional debt limit of \$33 million. Additional information about the County's long-term debt is included in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Page County's elected and appointed officials and citizens considered many factors when setting the county budget, tax rates and fees that apply for the various county services. One of those factors is the economy. Unemployment in the County now stands at 4.6% versus 3.9% a year ago. This compares to the State's unemployment rate of 3.7% and the national rate of 4.6%.

These indicators were taken into account when adopting the budget for fiscal year 2008. Amounts available for appropriation in the operating budget are \$9.5 million, a decrease of 2% from the final 2007 budget. Budgeted disbursements are expected to decrease approximately \$1,205,000, or 10.3%. The primary reasons for the decrease include the \$995,000 general obligation capital loan note included in the prior year budget and fewer capital projects budgeted in 2008. The County has added no major new programs or initiatives to the 2008 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease by the close of 2008 by approximately \$959,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Page 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 Judy Clark at the Page County Auditor's Office, by mail at 112 E. Main, Clarinda, Iowa 51632, or by telephone at (712) 542-3219.

Page County

Basic Financial Statements

Page County
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,144,060
Receivables:	
Property tax:	
Delinquent	14,625
Succeeding year	3,369,000
Interest and penalty on property tax	9,940
Accounts	15,763
Accrued interest	21,541
Loan receivable	995,000
Due from other governments	561,211
Inventories	574,299
Capital assets (net of accumulated depreciation)	<u>11,639,320</u>
Total assets	<u>21,344,759</u>
Liabilities	
Accounts payable	343,902
Salaries and benefits payable	129,628
Due to other governments	83,000
Accrued interest payable	16,523
Deferred revenue:	
Succeeding year property tax	3,369,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital loan notes	55,000
Compensated absences	111,465
Portion due or payable after one year:	
Capital loan notes	940,000
Compensated absences	<u>193,609</u>
Total liabilities	<u>5,242,127</u>
Net Assets	
Invested in capital assets	11,639,320
Restricted for:	
Supplemental levy purposes	160,362
Mental health purposes	343,684
Secondary roads purposes	1,993,095
Other purposes	470,853
Unrestricted	<u>1,495,318</u>
Total net assets	<u>\$ 16,102,632</u>

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,347,439	90,275	26,333	-	(1,230,831)
Physical health and social services	662,840	42,871	270,013	-	(349,956)
Mental health	1,530,653	676	1,036,934	-	(493,043)
County environment and education	280,427	20,008	12,344	42,969	(205,106)
Roads and transportation	3,541,593	45,940	2,535,648	412,750	(547,255)
Governmental services to residents	328,858	225,495	115	-	(103,248)
Administration	860,966	27,961	-	-	(833,005)
Non-program	19,890	-	-	-	(19,890)
Interest on long-term debt	16,523	-	1,433	-	(15,090)
Total	\$ 8,589,189	453,226	3,882,820	455,719	(3,797,424)
General Revenues:					
Property and other county tax levied for general purposes					3,338,762
Penalty and interest on property tax					49,371
State tax credits					243,261
Local option sales tax					382,268
Unrestricted investment earnings					109,677
Gain on sale of capital assets					179,750
Insurance litigation settlement					330,880
Miscellaneous					36,986
Total general revenues					4,670,955
Change in net assets					873,531
Net assets beginning of year					15,229,101
Net assets end of year					\$ 16,102,632

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,564,626	475,372	170,131	1,490,860
Receivables:				
Property tax:				
Delinquent	9,932	2,989	1,704	-
Succeeding year	2,129,000	610,000	630,000	-
Interest and penalty on property tax	9,940	-	-	-
Accounts	2,272	-	2,075	11,416
Accrued interest	21,541	-	-	-
Loan receivable	995,000	-	-	-
Due from other governments	116,971	30,030	10,204	371,304
Inventories	-	-	-	574,299
Total assets	\$ 4,849,282	1,118,391	814,114	2,447,879
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 46,285	73,409	870	220,380
Salaries and benefits payable	71,668	7,625	3,030	47,305
Due to other governments	2,729	79,334	-	937
Deferred revenue:				
Succeeding year property tax	2,129,000	610,000	630,000	-
Other	45,897	4,357	2,233	131,286
Total liabilities	2,295,579	774,725	636,133	399,908
Fund balances:				
Reserved for:				
Long-term loan receivable	995,000	-	-	-
Supplemental levy purposes	172,367	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	1,386,336	-	-	-
Special revenue funds	-	343,666	177,981	2,047,971
Total fund balances	2,553,703	343,666	177,981	2,047,971
Total liabilities and fund balances	\$ 4,849,282	1,118,391	814,114	2,447,879

See notes to financial statements.

Nonmajor	Total
443,071	4,144,060
-	14,625
-	3,369,000
-	9,940
-	15,763
-	21,541
-	995,000
32,702	561,211
-	574,299
<u>475,773</u>	<u>9,705,439</u>
2,958	343,902
-	129,628
-	83,000
-	3,369,000
-	183,773
<u>2,958</u>	<u>4,109,303</u>
-	995,000
-	172,367
1,962	1,962
-	1,386,336
<u>470,853</u>	<u>3,040,471</u>
<u>472,815</u>	<u>5,596,136</u>
<u>475,773</u>	<u>9,705,439</u>

Page County

Page County

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

June 30, 2007

Total governmental fund balances (page 19) \$ 5,596,136

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$16,397,441 and the accumulated depreciation is \$4,758,121. 11,639,320

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 183,773

Long-term liabilities, including notes payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (1,316,597)

Net assets of governmental activities (page 16) \$ 16,102,632

See notes to financial statements.

Page County

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

Year ended June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,208,960	576,089	755,145	40,000
Interest and penalty on property tax	46,317	-	-	-
Intergovernmental	443,396	1,089,481	73,502	2,817,112
Licenses and permits	327	-	24,471	585
Charges for service	341,769	-	-	9,501
Use of money and property	134,061	-	-	-
Miscellaneous	349,863	676	1,196	36,179
Total revenues	<u>3,524,693</u>	<u>1,666,246</u>	<u>854,314</u>	<u>2,903,377</u>
Expenditures:				
Operating:				
Public safety and legal services	1,308,567	-	70,416	-
Physical health and social services	602,378	-	66,055	-
Mental health	-	1,533,478	-	-
County environment and education	204,164	-	24,494	-
Roads and transportation	-	-	-	3,067,585
Governmental services to residents	317,912	-	2,205	-
Administration	741,574	-	-	-
Non-program	16,932	-	-	-
Capital projects	-	-	-	742,690
Total expenditures	<u>3,191,527</u>	<u>1,533,478</u>	<u>163,170</u>	<u>3,810,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>333,166</u>	<u>132,768</u>	<u>691,144</u>	<u>(906,898)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	713,381
Operating transfers out	(8,000)	-	(713,381)	-
General obligation capital loan notes issued	995,000	-	-	-
General obligation capital loan note discount	(2,885)	-	-	-
Sale of capital assets	-	-	-	87,750
Total other financing sources (uses)	<u>984,115</u>	<u>-</u>	<u>(713,381)</u>	<u>801,131</u>
Net change in fund balances	1,317,281	132,768	(22,237)	(105,767)
Fund balances beginning of year	1,236,422	210,898	200,218	2,153,738
Fund balances end of year	<u>\$ 2,553,703</u>	<u>343,666</u>	<u>177,981</u>	<u>2,047,971</u>

See notes to financial statements.

Nonmajor	Total
142,044	3,722,238
-	46,317
10,929	4,434,420
-	25,383
3,128	354,398
785	134,846
44,402	432,316
201,288	9,149,918
-	1,378,983
-	668,433
-	1,533,478
38,098	266,756
-	3,067,585
5,173	325,290
22,544	764,118
2,958	19,890
63,040	805,730
131,813	8,830,263
69,475	319,655
8,000	721,381
-	(721,381)
-	995,000
-	(2,885)
-	87,750
8,000	1,079,865
77,475	1,399,520
395,340	4,196,616
472,815	5,596,136

Page County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2007

Net change in fund balances - Total governmental funds (page 23) \$ 1,399,520

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 expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,005,663	
Depreciation expense	<u>(734,621)</u>	271,042

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 92,000

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

Property tax	(1,208)	
Other	<u>134,260</u>	133,052

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. (995,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(10,560)	
Interest on long-term debt	<u>(16,523)</u>	<u>(27,083)</u>

Change in net assets of governmental activities (page 17) \$ 873,531

See notes to financial statements.

Page County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets	
Cash and pooled investments:	
County Treasurer	\$ 860,799
Other County officials	18,990
Receivables:	
Property tax:	
Delinquent	59,902
Succeeding year	11,451,000
Accounts	19,841
Due from other governments	7,763
Total assets	<u>12,418,295</u>
 Liabilities	
Accounts payable	21,902
Due to other governments	12,319,390
Trusts payable	68,461
Compensated absences	8,542
Total liabilities	<u>12,418,295</u>
 Net assets	 <u><u>\$ -</u></u>

See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Page 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, Page 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 Page 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.

Eleven 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 Page County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Page 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: Page County Assessor’s Conference Board, Page County Emergency Management Commission, Page County Joint E911 Service Board and Corner Counties Empowerment Area. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Page County Landfill and Juvenile Detention Center. The County also participates in the following jointly governed organizations: Alcohol Assistance Agency, 4th Judicial District Department of Correctional Services, Golden Hills Resource Conservation and Development, Southwest Iowa Planning Council and West Central Development Corporation.

B. Basis of Presentation

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

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

Invested in capital assets consists of capital assets, net of accumulated depreciation.

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, 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 and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the 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.

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

D. Assets, Liabilities and Fund Equity

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

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments consist of non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure, road network	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	40 - 50
Infrastructure, road network	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, 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, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the county environment and education function prior to the March 2007 amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 713,381
Conservation Land Acquisition	General	8,000
Total		<u>\$ 721,381</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 592,603	42,744	-	635,347
Construction in progress	249,954	515,938	(765,892)	-
Total capital assets not being depreciated	<u>842,557</u>	<u>558,682</u>	<u>(765,892)</u>	<u>635,347</u>
Capital assets being depreciated:				
Buildings and improvements	4,510,501	-	-	4,510,501
Equipment and vehicles	4,962,143	538,981	(563,824)	4,937,300
Infrastructure, road network	5,548,401	765,892	-	6,314,293
Total capital assets being depreciated	<u>15,021,045</u>	<u>1,304,873</u>	<u>(563,824)</u>	<u>15,762,094</u>
Less accumulated depreciation for:				
Buildings and improvements	1,589,296	105,221	-	1,694,517
Equipment and vehicles	2,793,208	431,102	(563,824)	2,660,486
Infrastructure, road network	204,820	198,298	-	403,118
Total accumulated depreciation	<u>4,587,324</u>	<u>734,621</u>	<u>(563,824)</u>	<u>4,758,121</u>
Total capital assets being depreciated, net	<u>10,433,721</u>	<u>570,252</u>	<u>-</u>	<u>11,003,973</u>
Governmental activities capital assets, net	<u>\$ 11,276,278</u>	<u>1,128,934</u>	<u>(765,892)</u>	<u>11,639,320</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 40,309
Mental health	5,556
County environment and education	14,549
Roads and transportation	571,759
Governmental services to residents	1,643
Administration	100,805
Total depreciation expense - governmental activities	<u>\$ 734,621</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 2,729
Special Revenue:		
Mental Health	Services	79,334
Secondary Roads	Services	937
		<u>80,271</u>
Total for governmental funds		<u>\$ 83,000</u>
Agency:		
County Assessor	Collections	\$ 382,664
Schools		6,741,507
Community Colleges		361,570
Corporations		4,038,388
Auto License and Use Tax		273,102
All other		522,159
Total for agency funds		<u>\$ 12,319,390</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	General		Total
	Obligation Capital Loan Notes	Compen-sated Absences	
Balance beginning of year	\$ -	294,514	294,514
Increases	995,000	233,260	1,228,260
Decreases	-	222,700	222,700
Balance end of year	<u>\$ 995,000</u>	<u>305,074</u>	<u>1,300,074</u>
Due within one year	<u>\$ 55,000</u>	<u>111,465</u>	<u>166,465</u>

In January 2007, the County issued general obligation capital loan notes on behalf of the Page County Landfill for a recycling project. Details of the County's June 30, 2007 general obligation capital loan note indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2008	3.80%	\$ 55,000	52,873	107,873
2009	3.80	65,000	37,565	102,565
2010	3.80	70,000	35,095	105,095
2011	3.80	70,000	32,435	102,435
2012	3.85	70,000	29,775	99,775
2013-2017	3.85-4.05	310,000	110,275	420,275
2018-2022	4.10-4.25	355,000	45,833	400,833
Total		<u>\$ 995,000</u>	<u>343,851</u>	<u>1,338,851</u>

The Page County Landfill has agreed to pay the County the principal and interest on the capital loan notes as they become due. The County reports a loan receivable equal to the principal outstanding on the general obligation capital loan notes in the General Fund.

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$187,409, \$168,439 and \$167,370, respectively, equal to the required contributions for each year.

(8) Risk Management

Page County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include 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 operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$93,728.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$250,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Page County

Required Supplementary Information

Page 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, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 3,723,412	-	3,723,412
Interest and penalty on property tax	46,272	-	46,272
Intergovernmental	4,477,938	-	4,477,938
Licenses and permits	26,942	-	26,942
Charges for service	345,949	-	345,949
Use of money and property	130,203	312	129,891
Miscellaneous	431,450	-	431,450
Total receipts	9,182,166	312	9,181,854
Disbursements:			
Public safety and legal services	1,370,524	-	1,370,524
Physical health and social services	654,989	-	654,989
Mental health	1,580,092	-	1,580,092
County environment and education	1,259,251	-	1,259,251
Roads and transportation	3,123,893	-	3,123,893
Governmental services to residents	324,491	-	324,491
Administration	764,329	-	764,329
Non-program	16,932	-	16,932
Debt service	-	-	-
Capital projects	805,697	-	805,697
Total disbursements	9,900,198	-	9,900,198
Excess (deficiency) of receipts over (under) disbursements	(718,032)	312	(718,344)
Other financing sources, net	1,079,865	-	1,079,865
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	361,833	312	361,521
Balance beginning of year	3,782,227	34,680	3,747,547
Balance end of year	\$ 4,144,060	34,992	4,109,068

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
3,635,691	3,635,691	87,721
31,200	31,200	15,072
5,095,152	5,322,244	(844,306)
33,349	33,349	(6,407)
322,397	322,397	23,552
79,265	79,265	50,626
289,500	289,933	141,517
9,486,554	9,714,079	(532,225)
1,461,093	1,435,877	65,353
639,041	716,136	61,147
1,604,842	1,767,794	187,702
260,345	1,263,643	4,392
3,925,000	3,925,000	801,107
373,364	380,166	55,675
795,870	818,542	54,213
2,500	37,796	20,864
-	-	-
1,340,000	1,340,000	534,303
10,402,055	11,684,954	1,784,756
(915,501)	(1,970,875)	1,252,531
-	990,683	89,182
(915,501)	(980,192)	1,341,713
2,840,588	3,748,438	(891)
1,925,087	2,768,246	1,340,822

Page County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,182,166	(32,248)	9,149,918
Expenditures	9,900,198	(1,069,935)	8,830,263
Net	(718,032)	1,037,687	319,655
Other financing sources, net	1,079,865	-	1,079,865
Beginning fund balances	3,782,227	414,389	4,196,616
Ending fund balances	\$ 4,144,060	1,452,076	5,596,136

See accompanying independent auditor's report.

Page County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 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 and the Debt Service 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, one budget amendment increased budgeted disbursements by \$1,282,899. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the county environment and education function prior to the March 2007 amendment.

Page County

Other Supplementary Information

Page County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2007

	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Special County Recorder's Electronic Transaction Fee
Assets				
Cash and pooled investments	\$ 29,578	336,740	8,593	26
Due from other governments	3,121	29,581	-	-
Total assets	\$ 32,699	366,321	8,593	26
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved	32,699	366,321	8,593	26
Total fund balances	32,699	366,321	8,593	26
Total liabilities and fund balances	\$ 32,699	366,321	8,593	26

See accompanying independent auditor's report.

Revenue						
Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Debt Service		Total
34,992	17,470	5,249	8,461	1,962		443,071
-	-	-	-	-		32,702
34,992	17,470	5,249	8,461	1,962		475,773
2,958	-	-	-	-		2,958
-	-	-	-	1,962		1,962
32,034	17,470	5,249	8,461	-		470,853
32,034	17,470	5,249	8,461	1,962		472,815
34,992	17,470	5,249	8,461	1,962		475,773

Page County

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

Year ended June 30, 2007

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
Revenues:			
Property and other county tax	\$ -	142,044	-
Intergovernmental	10,929	-	-
Charges for service	-	-	3,128
Use of money and property	358	-	105
Miscellaneous	-	-	-
Total revenues	11,287	142,044	3,233
Expenditures:			
Operating:			
County environment and education	18,335	19,763	-
Governmental services to residents	-	-	5,173
Administration	-	22,544	-
Non-program	-	-	-
Capital projects	-	-	-
Total expenditures	18,335	42,307	5,173
Excess (deficiency) of revenues over (under) expenditures	(7,048)	99,737	(1,940)
Other financing sources:			
Operating transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(7,048)	99,737	(1,940)
Fund balances beginning of year	39,747	266,584	10,533
Fund balances end of year	\$ 32,699	366,321	8,593

See accompanying independent auditor's report.

Revenue							
County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total	
-	-	-	-	-	-	-	142,044
-	-	-	-	-	-	-	10,929
-	-	-	-	-	-	-	3,128
10	312	-	-	-	-	-	785
-	-	42,969	-	-	1,433	-	44,402
10	312	42,969	-	-	1,433	-	201,288
-	-	-	-	-	-	-	38,098
-	-	-	-	-	-	-	5,173
-	-	-	-	-	-	-	22,544
-	2,958	-	-	-	-	-	2,958
-	-	63,040	-	-	-	-	63,040
-	2,958	63,040	-	-	-	-	131,813
10	(2,646)	(20,071)	-	-	1,433	-	69,475
-	-	8,000	-	-	-	-	8,000
10	(2,646)	(12,071)	-	-	1,433	-	77,475
16	34,680	29,541	5,249	8,461	529	-	395,340
26	32,034	17,470	5,249	8,461	1,962	-	472,815

Page County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	9,890	97,167	116,067	4,820
Other County officials	18,990	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	596	1,434	31,440	1,750
Succeeding year	-	122,000	293,000	6,594,000	355,000
Accounts	352	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 19,342	132,486	391,601	6,741,507	361,570
Liabilities					
Accounts payable	\$ -	-	395	-	-
Due to other governments	7,423	132,486	382,664	6,741,507	361,570
Trusts payable	11,919	-	-	-	-
Compensated absences	-	-	8,542	-	-
Total liabilities	\$ 19,342	132,486	391,601	6,741,507	361,570

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
48,058	2,498	273,102	309,197	860,799
-	-	-	-	18,990
24,330	345	-	7	59,902
3,966,000	120,000	-	1,000	11,451,000
-	-	-	19,489	19,841
-	-	-	7,763	7,763
<u>4,038,388</u>	<u>122,843</u>	<u>273,102</u>	<u>337,456</u>	<u>12,418,295</u>
-	-	-	21,507	21,902
4,038,388	122,843	273,102	259,407	12,319,390
-	-	-	56,542	68,461
-	-	-	-	8,542
<u>4,038,388</u>	<u>122,843</u>	<u>273,102</u>	<u>337,456</u>	<u>12,418,295</u>

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 14,032	131,706	419,323	6,527,946	272,766
Additions:					
Property and other county tax	-	122,557	293,452	6,615,929	356,563
E911 surcharge	-	-	-	-	-
State tax credits	-	8,766	20,799	462,002	19,176
Intergovernmental	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Office fees and collections	341,817	-	3,457	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	158,892	-	-	-	-
Miscellaneous	-	-	2,626	-	-
Total additions	500,709	131,323	320,334	7,077,931	375,739
Deductions:					
Agency remittances:					
To other funds	186,522	-	-	-	-
To other governments	159,194	130,543	348,056	6,864,370	286,935
Trusts paid out	149,683	-	-	-	-
Total deductions	495,399	130,543	348,056	6,864,370	286,935
Balances end of year	\$ 19,342	132,486	391,601	6,741,507	361,570

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Other	Total
3,815,639	118,103	245,555	330,694	11,875,764
3,963,668	121,713	-	640	11,474,522
-	-	-	130,214	130,214
239,594	8,939	-	119	759,395
-	-	-	502,740	502,740
-	-	31,595	-	31,595
-	-	-	-	345,274
-	-	-	2,883	2,883
-	-	3,075,336	-	3,075,336
-	-	-	7,138	7,138
-	-	-	196,374	355,266
-	-	-	34,313	36,939
4,203,262	130,652	3,106,931	874,421	16,721,302
-	-	148,828	-	335,350
3,980,513	125,912	2,930,556	653,826	15,479,905
-	-	-	213,833	363,516
3,980,513	125,912	3,079,384	867,659	16,178,771
4,038,388	122,843	273,102	337,456	12,418,295

Page County

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

For the Last Seven Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Property and other county tax	\$ 3,722,238	3,549,169	3,460,552	3,519,180
Interest and penalty on property tax	46,317	39,989	43,629	42,423
Intergovernmental	4,434,420	4,411,120	4,289,460	4,574,062
Licenses and permits	25,383	32,882	38,555	47,942
Charges for service	354,398	416,713	369,184	353,299
Use of money and property	134,846	112,284	75,678	67,893
Miscellaneous	432,316	93,121	54,581	128,361
Total	\$ 9,149,918	8,655,278	8,331,639	8,733,160
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,378,983	1,256,693	1,219,203	1,231,967
Physical health and social services	668,433	657,093	945,707	699,962
Mental health	1,533,478	1,602,544	1,087,495	1,407,163
County environment and education	266,756	242,668	232,319	202,131
Roads and transportation	3,067,585	3,271,749	3,313,627	3,156,284
Governmental services to residents	325,290	445,144	340,557	307,257
Administration	764,118	711,692	711,962	781,176
Non-program	19,890	1,271	2,470	927
Debt service	-	-	-	-
Capital projects	805,730	642,983	348,383	862,467
Total	\$ 8,830,263	8,831,837	8,201,723	8,649,334

See accompanying independent auditor's report.

2003	2002	2001
3,176,930	2,640,602	2,520,751
41,588	43,522	36,863
4,543,706	4,502,131	4,081,019
19,579	17,854	14,417
321,437	286,987	258,686
103,757	155,304	278,982
94,663	122,990	42,254
8,301,660	7,769,390	7,232,972

1,254,344	1,220,497	1,071,756
706,786	380,171	391,274
1,363,325	1,306,859	1,213,690
267,954	243,979	219,447
2,808,527	3,069,208	3,483,821
289,840	292,679	273,806
1,036,824	759,974	758,644
6,574	12,092	9,757
114,700	108,700	107,500
656,163	968,513	369,916
8,505,037	8,362,672	7,899,611

Schedule 6

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 9,372
Hungry Canyons Association:			
Soil and Water Conservation	10.902	05-14-F	100,460
Soil and Water Conservation	10.902	04-25-F	30,864
			131,324
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO73(82)--8J-73	227,560
Highway Planning and Construction	20.205	BROS-CO73(87)--8J-73	185,191
			412,751
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	06-157, Task 131	1,263
U.S. Environmental Protection Agency:			
Iowa Department of Public Health:			
Linn County Public Health:			
State Indoor Radon Grants	66.032	5889RC02	800
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Ringgold County Public Health:			
Immunization Grants	93.268	5886I419	766
Immunization Grants	93.268	5887I419	2,217
			2,983
Visiting Nurses Association of Pottawattamie County:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5887BT04-13	37,965

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		12,582
Refugee and Entrant Assistance - State Administered Programs	93.566		22
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,786
Foster Care - Title IV-E	93.658		6,924
Adoption Assistance	93.659		1,411
State Children's Insurance Program	93.767		85
Medical Assistance Program	93.778		16,466
Social Services Block Grant	93.667		8,270
Social Services Block Grant	93.667		87,349
			95,619
Iowa Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889	5887EM172	5,742
Taylor County Public Health Agency:			
Maternal and Child Health Services Block Grant to the States	93.994	5886MH25	2,174
Maternal and Child Health Services Block Grant to the States	93.994	5887MH25	7,040
			9,214
Total			\$ 747,309

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

See accompanying independent auditor's report.

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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 Page County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 14, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Page County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Page County's financial statements that is more than inconsequential will not be prevented or detected by Page County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Page County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-07 and II-B-07 are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 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.

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

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 14, 2008

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Page County:

Compliance

We have audited the compliance of Page County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. Page County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Page County's management. Our responsibility is to express an opinion on Page County's compliance based on our audit.

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

In our opinion, Page County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

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

A control deficiency in the County's internal control over compliance 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 noncompliance exists when the design or operation of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 14, 2008

Page County
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (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 unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
 - CFDA Number 20.205 – Highway, Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Page County did not qualify as a low-risk auditee.

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts - opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer, Sheriff and Recorder
(2) Disbursements - check writing, signing, posting, wire transfers, reconciling and final approval.	Treasurer and Recorder
(3) Bank reconciliations are not reviewed periodically for propriety by an independent person who does not sign checks, handle or record cash.	Treasurer and Recorder
(4) Investments - custody and accounting.	Treasurer

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, 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 to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses:

County Treasurer -

- (1) - (3) We segregate duties to the best of our ability with the limited staff we have available.
- (4) If a new investment is cashed out and transferred into a bank account or a new CD is purchased, these changes will be verified by the Page County Auditor.

County Sheriff - The office secretary, chief deputy and sheriff all assist in opening mail, collecting money, depositing money, posting and doing daily reconciliations.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Due to the small office staff doing the above jobs, we are unable to do each of the above noted items each day.

County Recorder – The recorder’s office has worked on measures to implement internal control of items (1), (2), and (3) listed above and will continue to segregate the duties, as much as possible with a small staff.

Conclusion – Responses accepted.

II-B-07 Financial Reporting – During the audit, we identified material amounts of receivables and capital asset additions and deletions not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and capital asset additions and deletions are identified and recorded in the County’s financial statements.

Responses –

County Auditor – We make our best effort to include all accrued expenses and revenues along with the related capital asset activity.

Secondary Roads – Secondary Roads will break down expenditures and receivables into the appropriate fiscal year of actual occurrence. In addition, capital assets and deletions will be recorded properly.

Conservation – We identify capital asset purchases on claims for transfer to proper asset reporting forms. I will review transactions and correct any problems on my end for the next reporting period. I will ensure new purchases are properly coded to the correct fiscal year.

Conclusion – Responses accepted.

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-C-07 Information Technology – During our review of internal control, the existing control activities in the County’s computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following deficiencies in the County’s computer based systems were noted:

The County does not have written policies for an alternative power source if power is interrupted.

Also, the County does not have a written disaster recovery plan addressing information technology issues.

Recommendation – The County should develop written policies for an alternative power source to improve the County’s control over computer based systems. Also, a written disaster recovery plan should be developed covering information technology issues.

Response – After the last ice storm, our emergency management director is working on a generator. We will do our best to develop a written disaster recovery plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the county environment and education function prior to the March 2007 amendment.

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

Response – The Page County Board of Supervisors approved bonding for the Page County Landfill for new equipment at the Landfill. We were unaware of the total amount of the note until after all the paperwork was completed. Because of the borrowed money coming in so quickly and going out quickly, we were unable to amend the budget before disbursements were exceeded. We are certainly aware an amendment should be completed before exceeding disbursements and will continue to follow the correct procedure in the future.

Conclusion – Response accepted.

IV-B-07 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted

IV-D-07 Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Rick Dailey, Secondary Roads employee	Mowing/weeds	\$ 90
Randy Smith, Secondary Roads employee	Mowing	75
Pat Shanahan, employee of Stock Auction Company, brother of David Shanahan, County Engineer	Sale of secondary roads equipment	83,100

In accordance with Chapter 331.342(10) of the Code of Iowa, the above transactions for mowing or weeds do not appear to represent a conflict of interest since the total transactions with each individual were less than \$1,500 during the fiscal year. The transactions for the sale of secondary roads equipment may represent a conflict of interest since the transactions exceeded \$1,500 during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Responses –

Secondary Roads – My usage of stock auction was not a conflict of interest as Stock Auction was 2.5% less on commission charge than Ritchie Bros. I will provide any future sales commission rates prior to using an auction firm. Also, the auction firm appealed to landowners who had a specific interest in the equipment which further benefited the County.

Board of Supervisors – The Board will talk with the County Attorney.

Conclusion – Responses accepted.

IV-E-07 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 insure the coverage is adequate for current operations.

IV-F-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

The publication of claims did not include the reason for the claim as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should publish the reason for the claims as required.

Response – We have had a County Attorney’s opinion stating we did not need to include the reason for a claim and have been following that opinion. This creates a tremendous expense for Page County where we are mandated to publish in three newspapers.

Conclusion – Response acknowledged. The County should publish the reason for the claims in accordance with Chapter 349.18, as amended by Senate File 2194, effective July 1, 2006.

IV-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-07 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 subsection (b)(2) and (b)(3).

IV-I-07 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

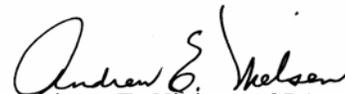
Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

Page County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Melissa M. Welhausen, CPA, Senior Auditor
Daniel L. Durbin, CPA, Staff Auditor
Brett M. Zeller, Assistant Auditor
Lori M. Dinville, Assistant Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State