



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____

February 11, 2011

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 \$17,640,221 for the year ended June 30, 2010, which included \$868,006 in tax credits from the state. The County forwarded \$13,779,938 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,860,283 of the local tax revenue to finance County operations, a 5 percent increase over the prior year. Other revenues included charges for service of \$603,649, operating grants, contributions and restricted interest of \$6,379,260, capital grants, contributions and restricted interest of \$95,848, unrestricted investment earnings of \$51,103, local option sales tax of \$335,968, gain on disposition of capital assets of \$124,248 and other general revenues of \$102,426.

Expenses for County operations totaled \$11,345,931, a 21 percent increase over the prior year. Expenses included \$5,492,842 for roads and transportation, \$1,853,607 for mental health and \$1,560,597 for public safety and legal services. The significant increase in expenses is due primarily to emergency watershed protection projects.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1010-0073-B00F.pdf>.

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

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Page County

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------------------|----------------------|---------------------|
| James D. Richardson | Board of Supervisors | Jan 2011 |
| Elaine Armstrong | Board of Supervisors | Jan 2013 |
| Jon W. Herzberg | Board of Supervisors | Jan 2013 |
| Judy Clark | County Auditor | Jan 2013 |
| Kim Behrens | County Treasurer | Jan 2011 |
| Brenda Esaias | County Recorder | Jan 2011 |
| Lyle Palmer | County Sheriff | Jan 2013 |
| Richard Davidson | County Attorney | (Resigned) |
| Jeremy Peterson (Appointed) | County Attorney | Jan 2011 |
| Peggy Smith | County Assessor | Jan 2016 |

Page County



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

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2011 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, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 40 through 44 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 six years ended June 30, 2009 (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

January 12, 2011

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, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 25%, or approximately \$2,336,000, from fiscal year 2009 to fiscal year 2010. Property tax and operating grants, contributions and restricted interest increased approximately \$197,000 and \$2,146,000, respectively. These increases were offset with decreases in capital grants, contributions and restricted interest of approximately \$108,000 and unrestricted investment earnings of approximately \$18,000.
- Program expenses of the County's governmental activities were 21%, or approximately \$1,943,000, more in fiscal year 2010 than in fiscal year 2009. Roads and transportation function expenses increased approximately \$1,742,000.
- The County's net assets increased 1.3%, or approximately \$207,000, from June 30, 2009 to June 30, 2010.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING THE COUNTY AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

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

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

The Statement of Activities presents information showing how the County's net assets changed during the 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 and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. 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 the E911 Service Commission, 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 \$207,000 from a year ago to approximately \$16.089 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

| Net Assets of Governmental Activities | | |
|---|----------------------|-------------------|
| | June 30, | |
| | 2010 | 2009 |
| Current and other assets | \$ 10,477,935 | 10,750,586 |
| Capital assets | 11,270,571 | 11,351,265 |
| Total assets | <u>21,748,506</u> | <u>22,101,851</u> |
| Long-term liabilities | 1,242,740 | 1,278,908 |
| Other liabilities | 4,417,245 | 4,941,276 |
| Total liabilities | <u>5,659,985</u> | <u>6,220,184</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 11,238,138 | 11,288,100 |
| Restricted | 3,431,503 | 3,264,687 |
| Unrestricted | <u>1,418,880</u> | <u>1,328,880</u> |
| Total net assets | <u>\$ 16,088,521</u> | <u>15,881,667</u> |

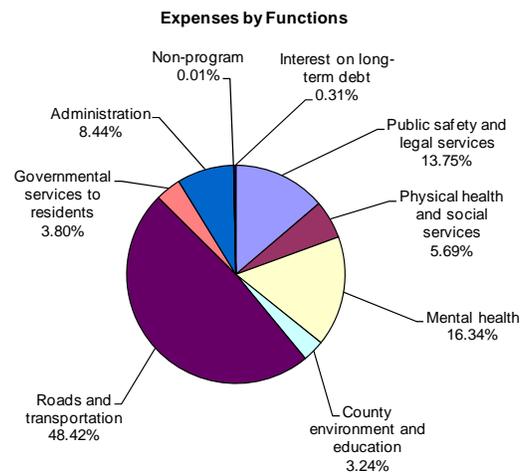
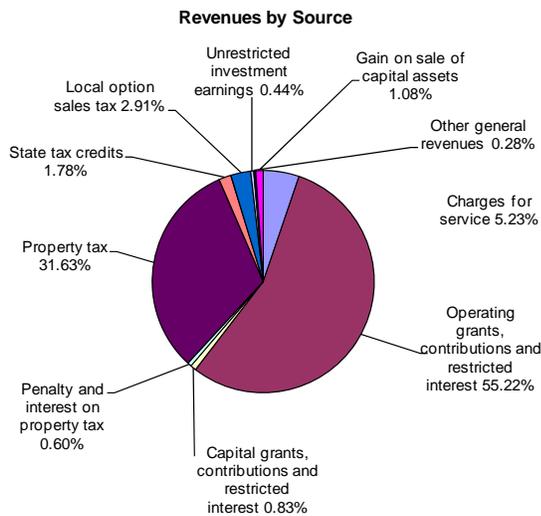
The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net asset component decreased approximately \$50,000 from the prior year, or less than 1%.

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 \$167,000, or 5%, over the prior year. This increase is primarily due to an increase in net assets 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 \$1,329,000 at June 30, 2009 to approximately \$1,419,000 at the end of this year, an increase of 7%.

Changes in Net Assets of Governmental Activities

| | Year ended June 30, | |
|---|----------------------|-------------------|
| | 2010 | 2009 |
| Revenues: | | |
| Program revenues: | | |
| Charges for service | \$ 603,649 | 528,510 |
| Operating grants, contributions and restricted interest | 6,379,260 | 4,232,944 |
| Capital grants, contributions and restricted interest | 95,848 | 203,726 |
| General revenues: | | |
| Property tax | 3,654,610 | 3,457,367 |
| Penalty and interest on property tax | 69,590 | 55,928 |
| State tax credits | 205,673 | 214,909 |
| Local option sales tax | 335,968 | 364,509 |
| Unrestricted investment earnings | 51,103 | 69,395 |
| Gain on sale of capital assets | 124,248 | 55,769 |
| Other general revenues | 32,836 | 33,701 |
| Total revenues | 11,552,785 | 9,216,758 |
| Program expenses: | | |
| Public safety and legal services | 1,560,597 | 1,508,724 |
| Physical health and social services | 645,804 | 654,821 |
| Mental health | 1,853,607 | 1,705,818 |
| County environment and education | 367,897 | 366,917 |
| Roads and transportation | 5,492,842 | 3,750,626 |
| Governmental services to residents | 431,666 | 413,038 |
| Administration | 957,035 | 963,213 |
| Non-program | 1,210 | 1,601 |
| Interest on long-term debt | 35,273 | 37,760 |
| Total expenses | 11,345,931 | 9,402,518 |
| Increase in net assets | 206,854 | (185,760) |
| Net assets beginning of year | 15,881,667 | 16,067,427 |
| Net assets end of year | \$ 16,088,521 | 15,881,667 |



Page County's countywide and rural property tax rates increased \$.09975 per \$1,000 of taxable valuation. The rural assessed property taxable valuation increased approximately \$11,689,000. The countywide assessed property taxable valuation increased approximately \$18,685,000.

The cost of all governmental activities this year was approximately \$11.3 million compared to approximately \$9.4 million last year, a 21% increase. As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for governmental activities was only \$4.3 million because some of the cost was paid by those directly benefited from the programs (\$604,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$6,475,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for services, increased in fiscal year 2010 from approximately \$4,966,000 to approximately \$7,079,000. Operating grants, contributions and restricted interest increased approximately \$2,146,000, due primarily to emergency watershed protection grant revenues. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$4,474,000 in property tax (some of which could only be used for certain programs) and with other revenues, such as interest and local option sales tax.

INDIVIDUAL MAJOR FUND ANALYSIS

As Page County completed the year, its governmental funds reported a total fund balance of approximately \$5.7 million, a decrease of approximately \$57,000 over the prior year balance.

The General Fund, the operating fund for Page County, ended the current year with a balance of \$2,437,483, an increase from the prior year ending balance of \$2,316,900. Expenditures decreased \$6,105, or less than one percent, from the prior year. The taxable property valuation increased from \$492,987,649 in fiscal year 2009 to \$511,672,770 in fiscal year 2010. The General Fund levy rate decreased to \$3.50000 per \$1,000 of taxable valuation in fiscal year 2010 from the fiscal year 2009 levy rate of \$3.81698 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. Fiscal year 2010 ended with a \$356,818 balance, an increase of \$244,500 over the prior year ending balance of \$112,318. Property tax revenue increased \$61,146 while other revenues increased \$251,473. Expenditures for fiscal year 2010 increased \$142,574, or 8%, over fiscal year 2009 due to increased client services. The fiscal year 2010 mental health levy rate of \$1.26386 per \$1,000 of taxable valuation increased \$.07975 per \$1,000 of taxable valuation over the fiscal year 2009 levy rate.

The Rural Services Fund ended fiscal year 2010 with an \$82,260 balance compared to the fiscal year 2009 ending balance of \$101,824, a decrease of \$19,564, or 19%. Revenues decreased \$4,259 while expenditures decreased \$2,254 from the prior year. 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 fiscal year 2010 with a \$2,347,589 balance compared to the prior year ending balance of \$2,714,318, a decrease of \$366,729, or 13.5%. Revenues increased \$1,560,282 over fiscal year 2009 while expenditures increased \$1,995,335, or 57%. The increase in revenues and expenditures was primarily due to emergency watershed protection project revenues and expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was in March 2010 and resulted in an increase in budgeted disbursements of \$3,387,392. Budgeted disbursements increased for the public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental

services to residents, administration and capital projects functions. Significant budget increases were made to the roads and transportation function (\$546,700) and the capital projects function (\$2,622,910) for anticipated work on FEMA and emergency watershed protection (EWP) projects. Intergovernmental budgeted receipts increased \$2,551,341 due to increases in FEMA and EWP receipts.

Overall, the County's receipts were \$1,096,456 less than budgeted, a variance of 9.1%. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total disbursements were \$1,985,773 less than the amended budget. This was primarily due to slower progress being made on secondary roads projects than anticipated. Actual disbursements for the roads and transportation and capital projects functions were \$364,004 and \$1,104,568, respectively, less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, Page County had approximately \$11.271 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a decrease of \$80,694 from the prior year.

| Capital Assets of Governmental Activities at Year End | | |
|---|----------------------|-------------------|
| | June 30, | |
| | 2010 | 2009 |
| Land | \$ 787,608 | 799,562 |
| Buildings and improvements | 2,601,653 | 2,709,613 |
| Equipment and vehicles | 1,869,824 | 1,807,662 |
| Infrastructure | 6,011,486 | 6,034,428 |
| Total | <u>\$ 11,270,571</u> | <u>11,351,265</u> |

Page County's depreciation expense totaled \$791,571 in fiscal year 2010 and total accumulated depreciation was \$6,615,403 at June 30, 2010. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2010, Page County had \$805,000 in general obligation notes outstanding compared to \$875,000 at June 30, 2009. The County had a \$32,433 bank loan outstanding at June 30, 2010 compared to a \$63,165 bank loan outstanding at June 30, 2009.

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 debt of \$837,433 is significantly below its constitutional debt limit of approximately \$39.4 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 7.4% versus 8.0% a year ago. This compares to the State's unemployment rate of 6.8% and the national rate of 9.6%.

These indicators were taken into account when adopting the budget for fiscal year 2011. Amounts available for appropriation in the operating budget are approximately \$13.6 million, a decrease of 21.6% from the final fiscal year 2010 budget. Budgeted disbursements are expected to decrease approximately \$3,624,304, or 26.4%. The primary reasons for the decrease include Emergency Watershed Protection project receipts and disbursements included in the fiscal year 2010 budget and fewer capital projects budgeted in fiscal year 2011. The County has added no major new programs or initiatives to the fiscal year 2011 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$413,000 by the close of fiscal year 2011.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of 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, 2010

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Cash and pooled investments | \$ 4,524,395 |
| Receivables: | |
| Property tax: | |
| Delinquent | 19,939 |
| Succeeding year | 3,804,000 |
| Interest and penalty on property tax | 30,207 |
| Accounts | 13,175 |
| Accrued interest | 5,802 |
| Loan | 805,000 |
| Due from other governments | 772,615 |
| Inventories | 502,802 |
| Capital assets (net of accumulated depreciation) | 11,270,571 |
| Total assets | 21,748,506 |
| Liabilities | |
| Accounts payable | 213,398 |
| Salaries and benefits payable | 166,996 |
| Accrued interest payable | 2,703 |
| Due to other governments | 135,171 |
| Deferred revenue: | |
| Succeeding year property tax | 3,804,000 |
| Other | 94,977 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Capital loan notes | 70,000 |
| Bank loan | 32,433 |
| Compensated absences | 110,997 |
| Portion due or payable after one year: | |
| Capital loan notes | 735,000 |
| Compensated absences | 220,413 |
| Net OPEB liability | 73,897 |
| Total liabilities | 5,659,985 |
| Net Assets | |
| Invested in capital assets, net of related debt | 11,238,138 |
| Restricted for: | |
| Supplemental levy purposes | 166,821 |
| Mental health purposes | 347,894 |
| Secondary roads purposes | 2,429,625 |
| Other purposes | 487,163 |
| Unrestricted | 1,418,880 |
| Total net assets | \$ 16,088,521 |

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2010

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets |
|---|----------------------|---------------------------|--|--|--|
| | Expenses | Charges for Service | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest | |
| Functions/Programs: | | | | | |
| Governmental activities: | | | | | |
| Public safety and legal services | \$ 1,560,597 | 106,752 | 29,747 | - | (1,424,098) |
| Physical health and social services | 645,804 | 43,611 | 319,545 | - | (282,648) |
| Mental health | 1,853,607 | - | 1,438,605 | - | (415,002) |
| County environment and education | 367,897 | 82,741 | 23,305 | - | (261,851) |
| Roads and transportation | 5,492,842 | 86,604 | 4,519,003 | 95,848 | (791,387) |
| Governmental services to residents | 431,666 | 225,977 | 50 | - | (205,639) |
| Administration | 957,035 | 57,964 | 13,510 | - | (885,561) |
| Non-program | 1,210 | - | - | - | (1,210) |
| Interest on long-term debt | 35,273 | - | 35,495 | - | 222 |
| Total | \$ 11,345,931 | 603,649 | 6,379,260 | 95,848 | (4,267,174) |
| General Revenues: | | | | | |
| Property and other county tax levied for general purposes | | | | | 3,654,610 |
| Penalty and interest on property tax | | | | | 69,590 |
| State tax credits | | | | | 205,673 |
| Local option sales tax | | | | | 335,968 |
| Unrestricted investment earnings | | | | | 51,103 |
| Gain on disposition of capital assets | | | | | 124,248 |
| Miscellaneous | | | | | 32,836 |
| Total general revenues | | | | | 4,474,028 |
| Change in net assets | | | | | 206,854 |
| Net assets beginning of year | | | | | 15,881,667 |
| Net assets end of year | | | | | \$ 16,088,521 |

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2010

| | Special Revenue | | | |
|--|---------------------|------------------|-------------------|--------------------|
| | General | Mental Health | Rural Services | Secondary Roads |
| Assets | | | | |
| Cash and pooled investments | \$ 1,713,465 | 526,844 | 79,823 | 1,714,800 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | 14,944 | 3,735 | 1,260 | - |
| Succeeding year | 2,459,000 | 615,000 | 730,000 | - |
| Interest and penalty on property tax | 30,207 | - | - | - |
| Accounts | 9,322 | 100 | 181 | 3,572 |
| Accrued interest | 5,802 | - | - | - |
| Loan | 805,000 | - | - | - |
| Due from other governments | 112,227 | 33,607 | 14,141 | 612,640 |
| Inventories | - | - | - | 502,802 |
| Total assets | \$ 5,149,967 | 1,179,286 | 825,405 | 2,833,814 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 33,361 | 72,253 | 3,258 | 102,226 |
| Salaries and benefits payable | 96,416 | 10,537 | 4,368 | 55,675 |
| Due to other governments | 8,713 | 121,092 | - | 5,366 |
| Deferred revenue: | | | | |
| Succeeding year property tax | 2,459,000 | 615,000 | 730,000 | - |
| Other | 114,994 | 3,586 | 5,519 | 322,958 |
| Total liabilities | 2,712,484 | 822,468 | 743,145 | 486,225 |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Long-term loan receivable | 805,000 | - | - | - |
| Supplemental levy purposes | 179,265 | - | - | - |
| Unreserved, reported in: | | | | |
| General fund | 1,453,218 | - | - | - |
| Special revenue funds | - | 356,818 | 82,260 | 2,347,589 |
| Total fund balances | 2,437,483 | 356,818 | 82,260 | 2,347,589 |
| Total liabilities and fund balances | \$ 5,149,967 | 1,179,286 | 825,405 | 2,833,814 |

See notes to financial statements.

| Nonmajor | Total |
|----------------|-------------------|
| 489,463 | 4,524,395 |
| - | 19,939 |
| - | 3,804,000 |
| - | 30,207 |
| - | 13,175 |
| - | 5,802 |
| - | 805,000 |
| - | 772,615 |
| - | 502,802 |
| <u>489,463</u> | <u>10,477,935</u> |
| 2,300 | 213,398 |
| - | 166,996 |
| - | 135,171 |
| - | 3,804,000 |
| - | 447,057 |
| <u>2,300</u> | <u>4,766,622</u> |
| - | 805,000 |
| - | 179,265 |
| - | 1,453,218 |
| 487,163 | 3,273,830 |
| <u>487,163</u> | <u>5,711,313</u> |
| <u>489,463</u> | <u>10,477,935</u> |

Page County

Page County

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

June 30, 2010

| | |
|--|-----------------------------|
| Total governmental fund balances (page 19) | \$ 5,711,313 |
| <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i> | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$17,885,974 and the accumulated depreciation is \$6,615,403. | 11,270,571 |
| Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. | 352,080 |
| Long-term liabilities, including capital loan notes payable, bank loan payable, compensated absences payable, other post employment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | <u>(1,245,443)</u> |
| Net assets of governmental activities (page 16) | <u><u>\$ 16,088,521</u></u> |

See notes to financial statements.

Page County

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

Year ended June 30, 2010

| | Special Revenue | | | |
|---|---------------------|------------------|------------------|--------------------|
| | General | Mental Health | Rural Services | Secondary Roads |
| Revenues: | | | | |
| Property and other county tax | \$ 2,339,690 | 611,746 | 699,903 | - |
| Local option sales tax | 137,906 | - | 108,000 | - |
| Interest and penalty on property tax | 60,909 | - | - | - |
| Intergovernmental | 514,558 | 1,471,906 | 50,821 | 4,325,768 |
| Licenses and permits | 424 | - | 26,511 | 1,988 |
| Charges for service | 329,888 | - | - | 32,195 |
| Use of money and property | 84,687 | - | - | - |
| Miscellaneous | 118,350 | 829 | 1,697 | 50,759 |
| Total revenues | <u>3,586,412</u> | <u>2,084,481</u> | <u>886,932</u> | <u>4,410,710</u> |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | 1,471,786 | - | 91,336 | - |
| Physical health and social services | 582,967 | - | 59,988 | - |
| Mental health | - | 1,839,981 | - | - |
| County environment and education | 246,453 | - | 37,236 | - |
| Roads and transportation | - | - | - | 3,510,329 |
| Governmental services to residents | 414,868 | - | 2,560 | - |
| Administration | 776,635 | - | - | - |
| Non-program | 1,210 | - | - | - |
| Debt service | 105,495 | - | - | - |
| Capital projects | - | - | - | 1,982,486 |
| Total expenditures | <u>3,599,414</u> | <u>1,839,981</u> | <u>191,120</u> | <u>5,492,815</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(13,002)</u> | <u>244,500</u> | <u>695,812</u> | <u>(1,082,105)</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 125,460 | - | - | - |
| Operating transfers in | 12,125 | - | - | 715,376 |
| Operating transfers out | (4,000) | - | (715,376) | - |
| Total other financing sources (uses) | <u>133,585</u> | <u>-</u> | <u>(715,376)</u> | <u>715,376</u> |
| Net change in fund balances | 120,583 | 244,500 | (19,564) | (366,729) |
| Fund balances beginning of year | <u>2,316,900</u> | <u>112,318</u> | <u>101,824</u> | <u>2,714,318</u> |
| Fund balances end of year | <u>\$ 2,437,483</u> | <u>356,818</u> | <u>82,260</u> | <u>2,347,589</u> |

See notes to financial statements.

| Nonmajor | Total |
|----------------|-------------------|
| - | 3,651,339 |
| 90,062 | 335,968 |
| - | 60,909 |
| 17,172 | 6,380,225 |
| - | 28,923 |
| 2,468 | 364,551 |
| 844 | 85,531 |
| 41,669 | 213,304 |
| <u>152,215</u> | <u>11,120,750</u> |

| | |
|----------------|-------------------|
| - | 1,563,122 |
| - | 642,955 |
| - | 1,839,981 |
| 56,163 | 339,852 |
| - | 3,510,329 |
| 5,206 | 422,634 |
| 69,390 | 846,025 |
| - | 1,210 |
| - | 105,495 |
| 48,750 | 2,031,236 |
| <u>179,509</u> | <u>11,302,839</u> |

| | |
|-----------------|------------------|
| <u>(27,294)</u> | <u>(182,089)</u> |
|-----------------|------------------|

| | |
|----------------|----------------|
| - | 125,460 |
| 4,000 | 731,501 |
| (12,125) | (731,501) |
| <u>(8,125)</u> | <u>125,460</u> |

| | |
|----------|----------|
| (35,419) | (56,629) |
|----------|----------|

| | |
|----------------|------------------|
| <u>522,582</u> | <u>5,767,942</u> |
|----------------|------------------|

| | |
|----------------|------------------|
| <u>487,163</u> | <u>5,711,313</u> |
|----------------|------------------|

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, 2010

Net change in fund balances - Total governmental funds (page 23) \$ (56,629)

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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

| | | |
|---------------------------------|------------|----------|
| Expenditures for capital assets | \$ 712,089 | |
| Depreciation expense | (791,571) | (79,482) |
| | | |

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (1,212)

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

| | | |
|--------------|---------|---------|
| Property tax | 3,271 | |
| Other | 304,516 | 307,787 |
| | | |

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 100,732

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 | 9,333 | |
| OPEB | (73,897) | |
| Interest on long-term debt | 222 | (64,342) |
| | | |

Change in net assets of governmental activities (page 17) \$ 206,854

See notes to financial statements.

Page County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2010

Assets

| | |
|------------------------------|-------------------|
| Cash and pooled investments: | |
| County Treasurer | \$ 937,117 |
| Other County officials | 23,051 |
| Receivables: | |
| Property tax: | |
| Delinquent | 95,586 |
| Succeeding year | 13,091,000 |
| Accounts | 20,450 |
| Due from other governments | 9,645 |
| Total assets | 14,176,849 |

Liabilities

| | |
|-------------------------------|-------------------|
| Accounts payable | 1,092 |
| Salaries and benefits payable | 8,384 |
| Due to other governments | 14,074,703 |
| Trusts payable | 81,900 |
| Compensated absences | 10,770 |
| Total liabilities | 14,176,849 |

| | |
|-------------------|-------------|
| Net assets | \$ - |
|-------------------|-------------|

See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2010

(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, Decategorization 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 the following categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt 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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the 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 |
| Intangibles | 50,000 |
| 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 |
| Intangibles | 3 - 20 |
| 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused 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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had 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, 2010 is as follows:

| Transfer to | Transfer from | Amount |
|--|---|-------------------|
| General | Special Revenue: Conservation Land Acquisition | \$ 12,125 |
| Special Revenue: Secondary Roads Conservation Land Acquisition | Special Revenue: Rural Services General | 715,376 4,000 |
| Total | | <u>\$ 731,501</u> |

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|---|---------------------------------|-----------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 799,562 | - | (11,954) | 787,608 |
| Construction in progress | - | 197,871 | (197,871) | - |
| Total capital assets not being depreciated | <u>799,562</u> | <u>197,871</u> | <u>(209,825)</u> | <u>787,608</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 4,620,050 | - | - | 4,620,050 |
| Equipment and vehicles | 5,000,395 | 549,318 | (131,143) | 5,418,570 |
| Infrastructure, road network | 6,861,875 | 197,871 | - | 7,059,746 |
| Total capital assets being depreciated | <u>16,482,320</u> | <u>747,189</u> | <u>(131,143)</u> | <u>17,098,366</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,910,437 | 107,960 | - | 2,018,397 |
| Equipment and vehicles | 3,192,733 | 462,798 | (106,785) | 3,548,746 |
| Infrastructure, road network | 827,447 | 220,813 | - | 1,048,260 |
| Total accumulated depreciation | <u>5,930,617</u> | <u>791,571</u> | <u>(106,785)</u> | <u>6,615,403</u> |
| Total capital assets being depreciated, net | <u>10,551,703</u> | <u>(44,382)</u> | <u>(24,358)</u> | <u>10,482,963</u> |
| Governmental activities capital assets, net | <u>\$ 11,351,265</u> | <u>153,489</u> | <u>(234,183)</u> | <u>11,270,571</u> |

Depreciation expense was charged to the following functions:

| | |
|--|-------------------|
| Governmental activities: | |
| Public safety and legal services | \$ 50,825 |
| Physical health and social services | 1,570 |
| Mental health | 7,347 |
| County environment and education | 19,276 |
| Roads and transportation | 615,661 |
| Governmental services to residents | 1,643 |
| Administration | 95,249 |
| Total depreciation expense - governmental activities | <u>\$ 791,571</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 | \$ 8,713 |
| Special Revenue: | | |
| Mental Health | Services | 121,092 |
| Secondary Roads | Services | 5,366 |
| | | <u>126,458</u> |
| Total for governmental funds | | <u>\$ 135,171</u> |
| Agency: | | |
| County Assessor | Collections | \$ 364,320 |
| Schools | | 8,020,753 |
| Community Colleges | | 428,677 |
| Corporations | | 4,451,937 |
| Auto License and Use Tax | | 283,797 |
| All other | | <u>525,219</u> |
| Total for agency funds | | <u>\$ 14,074,703</u> |

(6) Long-Term Liabilities

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

| | General Obligation Capital Loan Notes | Bank Loan | Compen- sated Absences | Net OPEB Liability | Total |
|---------------------------|--|---------------|------------------------------|--------------------------|------------------|
| Balance beginning of year | \$ 875,000 | 63,165 | 340,743 | - | 1,278,908 |
| Increases | - | - | 211,605 | 73,897 | 211,605 |
| Decreases | 70,000 | 30,732 | 220,938 | - | 321,670 |
| Balance end of year | <u>805,000</u> | <u>32,433</u> | <u>331,410</u> | <u>73,897</u> | <u>1,168,843</u> |
| Due within one year | <u>\$ 70,000</u> | <u>32,433</u> | <u>110,997</u> | <u>-</u> | <u>213,430</u> |

General Obligation Capital Loan Notes Payable

Details of the County's June 30, 2010 general obligation capital loan note indebtedness are as follows:

| Year Ending June 30, | Interest Rates | Principal | Interest | Total |
|----------------------------|-------------------|-------------------|----------------|------------------|
| 2011 | 3.80% | \$ 70,000 | 32,435 | 102,435 |
| 2012 | 3.85 | 70,000 | 29,775 | 99,775 |
| 2013 | 3.85 | 75,000 | 27,080 | 102,080 |
| 2014 | 3.90 | 55,000 | 24,192 | 79,192 |
| 2015 | 3.95 | 60,000 | 22,048 | 82,048 |
| 2016-2020 | 4.00-4.20 | 325,000 | 73,263 | 398,263 |
| 2021-2022 | 4.00-4.25 | 150,000 | 9,525 | 159,525 |
| Total | | <u>\$ 805,000</u> | <u>218,318</u> | <u>1,023,318</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 in the General Fund equal to the principal outstanding on the general obligation capital loan notes.

Bank Loan

In July 2007, the County entered into a loan agreement with the First National Bank of Shenandoah to borrow \$120,000 for the purchase of land by the County Conservation Board. The agreement requires four annual payments on July 3, 2009 through July 3, 2011 of \$34,251, including interest of 5.50% per annum. The Cy and Carolyn Rapp Charitable Trust are acting as guarantor on the loan. The County made the payment due July 3, 2010 prior to June 30, 2010. The payment totaled \$34,251 and included principal of \$30,732 and interest of \$3,519.

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of 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, 2010, 2009 and 2008 were \$214,960, \$204,938 and \$194,561, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions, during the year ended June 30, 2010.

Plan Description. The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 70 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

| | |
|--|------------------|
| Annual required contribution | \$ 88,518 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost | <u>88,518</u> |
| Contributions made | <u>(14,621)</u> |
| Increase in net OPEB obligation | 73,897 |
| Net OPEB obligation beginning of year | - |
| Net OPEB obligation end of year | <u>\$ 73,897</u> |

For the year ended June 30, 2010, the County contributed \$14,621 to the medical plan and there were no contributions from plan members eligible for benefits.

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

| Year Ended June 30, | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------------------------|---------------------|--|---------------------------|
| 2010 | \$ 88,518 | 16.5% | \$ 73,897 |

Funded Status and Funding Progress. As of June 30, 2010, the actuarial accrued liability was \$651,389, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$651,389. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,610,000 and the ratio of the UAAL to covered payroll was 24.96%. As of June 30, 2010, there were no trust fund assets.

The projection of future benefit payments for ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 valuation date, a simplified version of the unit credit actuarial cost method was used. The assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, projected to 2010 using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$896 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 634 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 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010 were \$94,398.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with 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.

(10) Pending Litigation

The County is defendant in a lawsuit seeking approximately \$1,750,000 in damages. The probability and amount of loss, if any, is indeterminable.

(11) Subsequent Event

In September 2010, the County issued \$520,000 of general obligation capital loan notes to pay the costs of acquiring peace officer or emergency services communication equipment.

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Required Supplementary Information

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Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2010

| | Actual | Less Funds not Required to be Budgeted | Net |
|---|---------------------|---|-------------------|
| Receipts: | | | |
| Property and other county tax | \$ 4,000,786 | - | 4,000,786 |
| Interest and penalty on property tax | 60,760 | - | 60,760 |
| Intergovernmental | 5,979,184 | - | 5,979,184 |
| Licenses and permits | 28,490 | - | 28,490 |
| Charges for service | 368,810 | - | 368,810 |
| Use of money and property | 87,742 | 372 | 87,370 |
| Miscellaneous | 395,852 | 7,430 | 388,422 |
| Total receipts | <u>10,921,624</u> | <u>7,802</u> | <u>10,913,822</u> |
| Disbursements: | | | |
| Public safety and legal services | 1,552,150 | - | 1,552,150 |
| Physical health and social services | 649,203 | - | 649,203 |
| Mental health | 1,857,147 | - | 1,857,147 |
| County environment and education | 337,457 | - | 337,457 |
| Roads and transportation | 3,943,696 | - | 3,943,696 |
| Governmental services to residents | 421,310 | - | 421,310 |
| Administration | 841,603 | - | 841,603 |
| Non-program | 1,210 | - | 1,210 |
| Debt service | 105,495 | - | 105,495 |
| Capital projects | 2,027,593 | - | 2,027,593 |
| Total disbursements | <u>11,736,864</u> | <u>-</u> | <u>11,736,864</u> |
| Excess (deficiency) of receipts over (under) disbursements | (815,240) | 7,802 | (823,042) |
| Other financing sources, net | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (815,240) | 7,802 | (823,042) |
| Balance beginning of year | <u>5,339,635</u> | <u>37,565</u> | <u>5,302,070</u> |
| Balance end of year | <u>\$ 4,524,395</u> | <u>45,367</u> | <u>4,479,028</u> |

See accompanying independent auditor's report.

| Budgeted Amounts | | Final to |
|------------------|-------------|-------------|
| Original | Final | Net |
| | | Variance |
| 4,033,416 | 4,027,323 | (26,537) |
| 31,200 | 31,200 | 29,560 |
| 4,724,702 | 7,276,043 | (1,296,859) |
| 45,782 | 47,757 | (19,267) |
| 314,950 | 320,650 | 48,160 |
| 117,329 | 117,329 | (29,959) |
| 169,346 | 189,976 | 198,446 |
| 9,436,725 | 12,010,278 | (1,096,456) |
| 1,622,453 | 1,628,453 | 76,303 |
| 727,124 | 815,233 | 166,030 |
| 1,893,204 | 1,893,204 | 36,057 |
| 319,749 | 417,822 | 80,365 |
| 3,761,000 | 4,307,700 | 364,004 |
| 435,803 | 436,403 | 15,093 |
| 956,066 | 981,066 | 139,463 |
| 5,000 | 5,000 | 3,790 |
| 105,595 | 105,595 | 100 |
| 509,251 | 3,132,161 | 1,104,568 |
| 10,335,245 | 13,722,637 | 1,985,773 |
| (898,520) | (1,712,359) | 889,317 |
| 5,000 | - | - |
| (893,520) | (1,712,359) | 889,317 |
| 3,361,549 | 5,309,913 | (7,843) |
| 2,468,029 | 3,597,554 | 881,474 |

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Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2010

| | Governmental Funds | | |
|------------------------------|--------------------|------------------|------------------|
| | Cash | Accrual | Modified |
| | Basis | Adjust- ments | Accrual Basis |
| Revenues | \$ 10,921,624 | 199,126 | 11,120,750 |
| Expenditures | 11,736,864 | (434,025) | 11,302,839 |
| Net | (815,240) | 633,151 | (182,089) |
| Other financing sources, net | - | 125,460 | 125,460 |
| Beginning fund balances | 5,339,635 | 428,307 | 5,767,942 |
| Ending fund balances | \$ 4,524,395 | 1,186,918 | 5,711,313 |

See accompanying independent auditor's report.

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Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. 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 \$3,387,392. 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, 2010, disbursements did not exceed the amount budgeted for any function.

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

Required Supplementary Information

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2010 | July 1, 2009 | - | \$ 651 | 651 | 0.00% | \$ 2,610 | 24.96% |

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

Other Supplementary Information

Page County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2010

| | 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 | \$ 31,804 | 377,584 | 1,265 | 41 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,300 | - | - | - |
| Fund balances: | | | | |
| Unreserved | 29,504 | 377,584 | 1,265 | 41 |
| Total liabilities and fund balances | \$ 31,804 | 377,584 | 1,265 | 41 |

See accompanying independent auditor's report.

| Revenue | | | | |
|-----------------------|-------------------------------------|-------------------------------------|-------------------------------|---------|
| Drainage Districts | Conservation Land Acquisition | Sheriff Special Investigation | Special Law Enforcement | Total |
| 45,367 | 20,196 | 5,249 | 7,957 | 489,463 |
| - | - | - | - | 2,300 |
| 45,367 | 20,196 | 5,249 | 7,957 | 487,163 |
| 45,367 | 20,196 | 5,249 | 7,957 | 489,463 |

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

Year ended June 30, 2010

| | Resource Enhancement and Protection | Local Option Sales Tax | County Recorder's Records Management | Special County Recorder's Electronic Transaction Fee |
|--|---|------------------------------|--|---|
| Revenues: | | | | |
| Property and other county tax | \$ - | 90,062 | - | - |
| Intergovernmental | 17,172 | - | - | - |
| Charges for service | - | - | 2,468 | - |
| Use of money and property | 410 | - | 50 | - |
| Miscellaneous | - | - | - | - |
| Total revenues | 17,582 | 90,062 | 2,518 | - |
| Expenditures: | | | | |
| Operating: | | | | |
| County environment and education | 32,300 | 23,863 | - | - |
| Governmental services to residents | - | - | 5,206 | - |
| Administration | - | 69,390 | - | - |
| Capital projects | - | - | - | - |
| Total expenditures | 32,300 | 93,253 | 5,206 | - |
| Excess (deficiency) of revenues over (under) expenditures | (14,718) | (3,191) | (2,688) | - |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (14,718) | (3,191) | (2,688) | - |
| Fund balances beginning of year | 44,222 | 380,775 | 3,953 | 41 |
| Fund balances end of year | \$ 29,504 | 377,584 | 1,265 | 41 |

See accompanying independent auditor's report.

| Revenue | | | | | |
|-----------------------|-------------------------------------|-------------------------------------|-------------------------------|---|----------|
| Drainage Districts | Conservation Land Acquisition | Sheriff Special Investigation | Special Law Enforcement | | Total |
| - | - | - | - | - | 90,062 |
| - | - | - | - | - | 17,172 |
| - | - | - | - | - | 2,468 |
| 384 | - | - | - | - | 844 |
| 7,418 | 34,251 | - | - | - | 41,669 |
| 7,802 | 34,251 | - | - | - | 152,215 |
| - | - | - | - | - | 56,163 |
| - | - | - | - | - | 5,206 |
| - | - | - | - | - | 69,390 |
| - | 48,750 | - | - | - | 48,750 |
| - | 48,750 | - | - | - | 179,509 |
| 7,802 | (14,499) | - | - | - | (27,294) |
| - | 4,000 | - | - | - | 4,000 |
| - | (12,125) | - | - | - | (12,125) |
| - | (8,125) | - | - | - | (8,125) |
| 7,802 | (22,624) | - | - | - | (35,419) |
| 37,565 | 42,820 | 5,249 | 7,957 | - | 522,582 |
| 45,367 | 20,196 | 5,249 | 7,957 | - | 487,163 |

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 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2010

| | County Offices | Agricultural Extension Education | County Assessor | Schools | Community Colleges |
|-------------------------------|-------------------|--|--------------------|------------------|-----------------------|
| Assets | | | | | |
| Cash and pooled investments: | | | | | |
| County Treasurer | \$ - | 10,201 | 109,509 | 146,945 | 9,137 |
| Other County officials | 23,051 | - | - | - | - |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | - | 793 | 1,643 | 47,808 | 2,540 |
| Succeeding year | - | 130,000 | 271,000 | 7,826,000 | 417,000 |
| Accounts | 2,788 | - | - | - | - |
| Due from other governments | - | - | - | - | - |
| Total assets | \$ 25,839 | 140,994 | 382,152 | 8,020,753 | 428,677 |
| Liabilities | | | | | |
| Accounts payable | \$ - | - | 276 | - | - |
| Salaries and benefits payable | - | - | 6,786 | - | - |
| Due to other governments | 11,562 | 140,994 | 364,320 | 8,020,753 | 428,677 |
| Trusts payable | 14,277 | - | - | - | - |
| Compensated absences | - | - | 10,770 | - | - |
| Total liabilities | \$ 25,839 | 140,994 | 382,152 | 8,020,753 | 428,677 |

See accompanying independent auditor's report.

| Corporations | Townships | Auto License and Use Tax | Other | Total |
|------------------|----------------|--------------------------|----------------|-------------------|
| 103,347 | 2,315 | 283,797 | 271,866 | 937,117 |
| - | - | - | - | 23,051 |
| 42,590 | 201 | - | 11 | 95,586 |
| 4,306,000 | 139,000 | - | 2,000 | 13,091,000 |
| - | - | - | 17,662 | 20,450 |
| - | - | - | 9,645 | 9,645 |
| <u>4,451,937</u> | <u>141,516</u> | <u>283,797</u> | <u>301,184</u> | <u>14,176,849</u> |
| - | - | - | 816 | 1,092 |
| - | - | - | 1,598 | 8,384 |
| 4,451,937 | 141,516 | 283,797 | 231,147 | 14,074,703 |
| - | - | - | 67,623 | 81,900 |
| - | - | - | - | 10,770 |
| <u>4,451,937</u> | <u>141,516</u> | <u>283,797</u> | <u>301,184</u> | <u>14,176,849</u> |

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Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2010

| | County Offices | Agricultural Extension Education | County Assessor | Schools | Community Colleges |
|------------------------------------|-------------------|--|--------------------|-----------|-----------------------|
| Assets and Liabilities | | | | | |
| Balances beginning of year | \$ 18,318 | 133,568 | 448,448 | 7,261,780 | 454,366 |
| Additions: | | | | | |
| Property and other county tax | - | 130,111 | 271,614 | 7,850,333 | 418,182 |
| E911 surcharge | - | - | - | - | - |
| State tax credits | - | 6,862 | 18,229 | 396,743 | 24,779 |
| Drivers license fees | - | - | - | - | - |
| Office fees and collections | 310,671 | - | 3,468 | - | - |
| Electronic transaction fees | - | - | - | - | - |
| Auto licenses, use tax and postage | - | - | - | - | - |
| Assessments | - | - | - | - | - |
| Trusts | 154,082 | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total additions | 464,753 | 136,973 | 293,311 | 8,247,076 | 442,961 |
| Deductions: | | | | | |
| Agency remittances: | | | | | |
| To other funds | 168,783 | - | - | - | - |
| To other governments | 136,675 | 129,547 | 359,607 | 7,488,103 | 468,650 |
| Trusts paid out | 151,774 | - | - | - | - |
| Total deductions | 457,232 | 129,547 | 359,607 | 7,488,103 | 468,650 |
| Balances end of year | \$ 25,839 | 140,994 | 382,152 | 8,020,753 | 428,677 |

See accompanying independent auditor's report.

| Corpora- tions | Townships | Auto License and Use Tax | Other | Total |
|-------------------|-----------|-----------------------------------|---------|------------|
| 4,387,041 | 134,741 | 264,308 | 393,156 | 13,495,726 |
| 4,304,431 | 140,423 | - | 2,451 | 13,117,545 |
| - | - | - | 60,366 | 60,366 |
| 207,846 | 7,854 | - | 80 | 662,393 |
| - | - | 87,070 | - | 87,070 |
| - | - | - | - | 314,139 |
| - | - | - | 7,326 | 7,326 |
| - | - | 3,328,729 | - | 3,328,729 |
| - | - | - | 942 | 942 |
| - | - | - | 227,519 | 381,601 |
| - | - | - | 544,618 | 544,618 |
| 4,512,277 | 148,277 | 3,415,799 | 843,302 | 18,504,729 |
| - | - | 109,032 | - | 277,815 |
| 4,447,381 | 141,502 | 3,287,278 | 655,287 | 17,114,030 |
| - | - | - | 279,987 | 431,761 |
| 4,447,381 | 141,502 | 3,396,310 | 935,274 | 17,823,606 |
| 4,451,937 | 141,516 | 283,797 | 301,184 | 14,176,849 |

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

For the Last Ten Years

| | 2010 | 2009 | 2008 | 2007 |
|--------------------------------------|----------------------|------------------|------------------|------------------|
| Revenues: | | | | |
| Property and other county tax | \$ 3,651,339 | 3,456,016 | 3,380,785 | 3,339,970 |
| Local option sales tax | 335,968 | 364,509 | 363,632 | 382,268 |
| Interest and penalty on property tax | 60,909 | 47,930 | 41,503 | 46,317 |
| Intergovernmental | 6,380,225 | 4,574,776 | 4,814,938 | 4,434,420 |
| Licenses and permits | 28,923 | 26,546 | 20,867 | 25,383 |
| Charges for service | 364,551 | 371,561 | 347,495 | 354,398 |
| Use of money and property | 85,531 | 106,551 | 135,709 | 134,846 |
| Miscellaneous | 213,304 | 215,161 | 166,259 | 432,316 |
| Total | \$ 11,120,750 | 9,163,050 | 9,271,188 | 9,149,918 |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | \$ 1,563,122 | 1,504,575 | 1,458,940 | 1,378,983 |
| Physical health and social services | 642,955 | 657,057 | 710,624 | 668,433 |
| Mental health | 1,839,981 | 1,697,407 | 1,836,621 | 1,533,478 |
| County environment and education | 339,852 | 344,506 | 289,100 | 266,756 |
| Roads and transportation | 3,510,329 | 3,348,105 | 3,193,037 | 3,067,585 |
| Governmental services to residents | 422,634 | 411,560 | 372,113 | 325,290 |
| Administration | 846,025 | 864,974 | 891,553 | 764,118 |
| Non-program | 1,210 | 1,601 | 3,351 | 19,890 |
| Debt service | 105,495 | 102,965 | 107,873 | - |
| Capital projects | 2,031,236 | 217,877 | 368,593 | 805,730 |
| Total | \$ 11,302,839 | 9,150,627 | 9,231,805 | 8,830,263 |

See accompanying independent auditor's report.

| Modified Accrual Basis | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| 3,168,421 | 3,129,358 | 3,278,820 | 2,886,169 | 2,330,647 | 2,195,587 |
| 380,748 | 331,194 | 240,360 | 290,761 | 309,955 | 325,164 |
| 39,989 | 43,629 | 42,423 | 41,588 | 43,522 | 36,863 |
| 4,411,120 | 4,289,460 | 4,574,062 | 4,543,706 | 4,502,131 | 4,081,019 |
| 32,882 | 38,555 | 47,942 | 19,579 | 17,854 | 14,417 |
| 416,713 | 369,184 | 353,299 | 321,437 | 286,987 | 258,686 |
| 112,284 | 75,678 | 67,893 | 103,757 | 155,304 | 278,982 |
| 93,121 | 54,581 | 128,361 | 94,663 | 122,990 | 42,254 |
| 8,655,278 | 8,331,639 | 8,733,160 | 8,301,660 | 7,769,390 | 7,232,972 |
| 1,256,693 | 1,219,203 | 1,231,967 | 1,254,344 | 1,220,497 | 1,071,756 |
| 657,093 | 945,707 | 699,962 | 706,786 | 380,171 | 391,274 |
| 1,602,544 | 1,087,495 | 1,407,163 | 1,363,325 | 1,306,859 | 1,213,690 |
| 242,668 | 232,319 | 202,131 | 267,954 | 243,979 | 219,447 |
| 3,271,749 | 3,313,627 | 3,156,284 | 2,808,527 | 3,069,208 | 3,483,821 |
| 445,144 | 340,557 | 307,257 | 289,840 | 292,679 | 273,806 |
| 711,692 | 711,962 | 781,176 | 1,036,824 | 759,974 | 758,644 |
| 1,271 | 2,470 | 927 | 6,574 | 12,092 | 9,757 |
| - | - | - | 114,700 | 108,700 | 107,500 |
| 642,983 | 348,383 | 862,467 | 656,163 | 968,513 | 369,916 |
| 8,831,837 | 8,201,723 | 8,649,334 | 8,505,037 | 8,362,672 | 7,899,611 |

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

| Grantor/Program | CFDA Number | Agency or Pass-through Number | Program Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| Direct: | | | |
| U.S. Department of Agriculture: | | | |
| Natural Resources Conservation Service: | | | |
| Emergency Watershed Protection Program | 10.923 | 69-6114-9-76 | \$ 11,748 |
| Emergency Watershed Protection Program | 10.923 | 69-6114-10-10 | 51,657 |
| Emergency Watershed Protection Program | 10.923 | 69-6114-9-22 | 292,223 |
| Emergency Watershed Protection Program | 10.923 | 69-6114-9-23 | 182,841 |
| Emergency Watershed Protection Program | 10.923 | 69-6114-9-24 | 339,202 |
| Emergency Watershed Protection Program | 10.923 | 69-6114-9-25 | 248,541 |
| Emergency Watershed Protection Program | 10.923 | 69-6114-9-47 | 269,675 |
| Emergency Watershed Protection Program | 10.923 | 69-6114-9-51 | 41,562 |
| Total direct | | | 1,437,449 |
| Indirect: | | | |
| U.S. Department of Agriculture: | | | |
| Iowa Department of Human Services: | | | |
| Human Services Administrative Reimbursements: | | | |
| State Administrative Matching Grants for the | | | |
| Supplemental Nutrition Assistance Program | 10.561 | | 9,715 |
| U.S. Department of Transportation: | | | |
| Iowa Department of Public Safety: | | | |
| Safety Belt Performance Grant | 20.609 | 10-406, Task 132 | 4,500 |
| U.S. Department of Education: | | | |
| Iowa Department of Transportation: | | | |
| ARRA - State Fiscal Stabilization Fund (SFSF) - | | | |
| Government Services, Recovery Act | 84.397 | S397A090016A | 26,205 |
| U.S. Department of Health and Human Services: | | | |
| Visiting Nurses Association of Pottawattamie County: | | | |
| Public Health Emergency Preparedness | 93.069 | 5880BT73 | 22,829 |
| Ringgold County Public Health: | | | |
| Immunization Grants | 93.268 | 5889I461 | 2,271 |
| Immunization Grants | 93.268 | 5880I461 | 6,506 |
| | | | 8,777 |
| ARRA - Immunization | 93.712 | 5880I461 | 5,311 |
| Iowa Department of Human Services: | | | |
| Human Services Administrative Reimbursements: | | | |
| Temporary Assistance for Needy Families | 93.558 | | 5,168 |
| Refugee and Entrant Assistance - State | | | |
| Administered Programs | 93.566 | | 27 |
| Child Care Mandatory and Matching Funds | | | |
| of the Child Care and Development Fund | 93.596 | | 2,548 |
| Foster Care - Title IV-E | 93.658 | | 5,252 |
| Adoption Assistance | 93.659 | | 1,305 |

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

| Grantor/Program | CFDA Number | Agency or Pass-through Number | Program Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| Adoption Assistance | 93.659 | | 1,305 |
| Indirect (continued): | | | |
| U.S. Department of Health and Human Services: | | | |
| Iowa Department of Human Services: | | | |
| Human Services Administrative Reimbursements: | | | |
| Children's Health Insurance Program | 93.767 | | 60 |
| Medical Assistance Program | 93.778 | | 11,042 |
| Social Services Block Grant | 93.667 | | 5,221 |
| Social Services Block Grant | 93.667 | | 77,290 |
| | | | 82,511 |
| Iowa Department of Public Health: | | | |
| National Bioterrorism Hospital Preparedness Program | 93.889 | 5888EM133 | 7,500 |
| Taylor County Public Health Agency: | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 5888MH25 | 6,571 |
| U.S. Department of Homeland Security: | | | |
| Iowa Department of Public Defense: | | | |
| Iowa Homeland Security and Emergency Management Division: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | FEMA-1763-DR-IA | 451,133 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | FEMA-1877-DR-IA | 103,247 |
| | | | 554,380 |
| Emergency Management Performance Grants | 97.042 | | 13,356 |
| Total indirect | | | 767,057 |
| Total | | | \$ 2,204,506 |

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

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Auditor of State

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

To the Officials of 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, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 12, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompany Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

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

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 immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

January 12, 2011

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

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA
Auditor of State

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

To the Officials of Page County:

Compliance

We have audited Page County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Page County's major federal program for the year ended June 30, 2010. 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 could have a direct and material effect on its major federal program for the year ended June 30, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of 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

January 12, 2011

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

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) 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 CFDA Number 10.923 - Emergency Watershed Protection Program.
- (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, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 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. | Sheriff and Recorder |
| (2) Disbursements - check writing, signing, posting, reconciling and final approval. | Recorder |
| (3) Bank reconciliations are not reviewed periodically for propriety by an independent person who does not sign checks, handle or record cash. | Recorder |

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

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.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

II-B-10 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:

- (1) The County does not have written policies for an alternate power source if power is interrupted.
- (2) The County does not have a written disaster recovery plan addressing information technology issues.

Recommendation – The County should develop written policies for an alternate 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 – Our emergency management director continues to work on securing a generator for the courthouse. We have also been looking at disaster recovery plans from other counties and will get this done.

Conclusion – Response accepted.

II-C-10 Timesheets – The County Engineer does not submit a timesheet to the Board of Supervisors.

Recommendation – The Board of Supervisors should receive and approve a timesheet for the County Engineer. The timesheet should support all hours worked and leave taken.

Response – The Board will sign off each pay period on all hours worked and leave taken. The hours worked will also designate whether the hours were worked at Montgomery or Page County.

Conclusion – Response accepted.

II-D-10 Procurement Policy – The County does not have a written policy regarding bidding procedures to be followed for vehicle and other equipment purchases.

Recommendation – The County should adopt a policy outlining County bidding procedures to ensure good business practices are followed by all departments.

Response – We have been working on adopting a bidding policy for all departments to follow. It is necessary to avoid the appearance of favoritism and would be a good business practice.

Conclusion – Response accepted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

II-E-10 Cell Phones – Conservation employees are provided cell phones to use for County business. The County has not established a formal policy for the use of cell phones. During the year ended June 30, 2010, the Conservation Director’s cell phone bills included overage charges totaling \$151 due to personal use.

Recommendation – The County should seek reimbursement for the overage charges. In addition, the County should adopt a formal written policy regulating the use of County cell phones.

Response – The County will be reimbursed for all charges deemed inappropriate. We will look into adopting a formal cell phone policy.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

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

IV-B-10 Questionable Road Work Expenditures – Page County and Montgomery County share the same County Engineer. In May 2010, the County Engineer's staff for Page County and Montgomery County performed a joint road work project on property located in both Page County and Montgomery County. The road work project involved improvements made, in part, on private property and included improvements to grade the road and remove trees inside and outside of the right-of-way at an approximate cost to Page County of \$10,000.

In October 2010, subsequent to the May 2010 road work project, the owners of the private property submitted a rock petition to the Page County Board of Supervisors for approval. The Board discussed the road work project and related rock petition at length at its October 12, 2010 meeting. Page County's Rock Petition Policy varies from Montgomery County's policy, complicating the calculation and determination of the amount to be paid by the owners of the private property. The Board identified an amount to be paid to Page County consistent with its policy and approved the rock petition.

There was no specific Board of Supervisors approval for the road work project or 28E agreement between the two counties to identify the work to be performed and/or to determine the cost allocations. There was no apparent coordination or agreement between Page County and Montgomery County in regard to the related rock petition regarding the quantity of rock to be provided by each County or to address the variance in the number of tons per mile included in each County's policy.

Pursuant to Article III, Section 31 of the Constitution of the State of Iowa, public funds and property can only be used for the public benefit. The County did not document the public purpose and public benefit consistent with the Constitutional criteria and an Attorney General's opinion dated April 25, 1979.

We reviewed, but were unable to determine, the propriety of the road work project which resulted, in part, in improvements to private property. As such, we defer to the County Attorney for his further review and determination of action, if any, on this matter.

In the future, the public purpose, including the public benefit, should be documented in the minutes prior to improvements to private property. The Board should review its policies and procedures regarding joint projects with other governmental entities for consistency and to ensure 28E agreements, including terms and conditions, are addressed and agreed upon by all parties in advance.

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

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-D-10 Business Transactions – The following transactions between the County and County officials or employees were noted:

| Name, Title and Business Connection | Transaction Description | Amount |
|---|-------------------------|--------|
| Charlie Spencer, Chairman of the Conservation Board, owner of Spencer's | Office supplies | \$ 593 |

In accordance with Chapter 331.341(10) of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the total was less than \$1,500 during the fiscal year.

IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, 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 – The Board continues to publish only Vendor and Amount, realizing that any concerned citizen may call or come in to the Auditor's Office to see the actual claim (law permitting). We publish in three (3) newspapers and our costs are high. We feel that we are responsible for saving taxpayer dollars and the information presented is adequate. We still refer to our County Attorney opinion regarding this issue. Claims are also listed on our website for taxpayers to see.

Conclusion – Response acknowledged. As discussed, the County Attorney's opinion was based on Code of Iowa language which has subsequently been amended. Chapter 349.18 of the Code of Iowa was amended in 2006 and now expressly requires the reason for the claim to be published. Accordingly, the County should publish the reason for the claims in accordance with Chapter 349.18 of the Code of Iowa.

IV-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-10 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).

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

Disbursements during the year June 30, 2010 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. Wellhausen, CPA, Senior Auditor
Lori M. Dinville, Staff Auditor
Marta M. Sobeiskoda, Staff Auditor
Jessica P. V. Green, Staff Auditor
Elizabeth A. Harriss, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State