



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

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

March 16, 2004

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

The County had local tax revenue of \$14,358,340 for the year ended June 30, 2003, which included \$1,015,098 in tax credits from the state. The County forwarded \$11,251,027 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,107,313 of the local tax revenue to finance County operations, a twenty-three percent increase from the prior year. Other revenues included \$4,322,562 from other governments, including indirect federal funding, \$290,761 in local option sales tax and \$77,719 in interest on investments.

Expenditures for County operations totaled \$8,505,037, a two percent increase from the prior year. Expenditures included \$2,808,527 for roads and transportation, \$1,363,325 for mental health and \$1,254,344 for public safety and legal services.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

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Page County

Officials

<u>Name</u>	<u>Title</u>	Term Expires
(Before January 2003)		
James Richardson	Board of Supervisors	Jan 2003
Robert Anderson	Board of Supervisors	Jan 2005
Elaine Armstrong	Board of Supervisors	Jan 2005
Judy Clark	County Auditor	Jan 2005
Connie Burton	County Treasurer	Jan 2003
Brenda Esaias	County Recorder	Jan 2003
Mike Williams	County Sheriff	Jan 2005
Verd Bailey	County Attorney	Resigned
Richard Davidson (Appointed)	County Attorney	Nov 2002
Donald Eugene Ripley	County Assessor	Jan 2004
(After January 2003)		
Robert Anderson	Board of Supervisors	Jan 2005
Elaine Armstrong	Board of Supervisors	Jan 2005
James Richardson	Board of Supervisors	Jan 2007
Judy Clark	County Auditor	Jan 2005
Connie Burton	County Treasurer	Jan 2007
Brenda Esaias	County Recorder	Jan 2007
Mike Williams	County Sheriff	Jan 2005
Richard Davidson	County Attorney	Jan 2007
Donald Eugene Ripley	County Assessor	Jan 2004

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Independent Auditor's Report

To the Officials of Page County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Page County, Iowa, as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Page County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The County did not determine the amount of materials and supplies inventories, pertaining primarily to the Special Revenue Funds, at July 1, 2002, although required by U.S. generally accepted accounting principles. As a result, the fund balances of the Special Revenue Funds are understated at the beginning of the year, and the increase in the reserve for inventories in the Special Revenue Funds is overstated by the same amount for the year ended June 30, 2003. These amounts are not reasonably determinable.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Page County at June 30, 2003, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Page County for the year ended June 30, 2003.

As discussed in note 10, Page County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated October 21, 2003 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 grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the two years ended June 30, 2002 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the materials and supplies inventories, pertaining primarily to the Special Revenue Funds. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the year ended June 30, 2000 (which is not presented herein) and expressed a qualified opinion on those financial statements for the effects of the omission of the general fixed assets account group and the omission of the materials and supplies inventories, pertaining primarily to the Special Revenue Funds. The supplemental information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information, has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, except for the effects of the omission of the materials and supplies inventories, pertaining primarily to the Special Revenue Funds, at July 1, 2002, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 21, 2003

Financial Statements

Page County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 619,661	3,068,899	10,948
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	4,810	2,128	-
Succeeding year	1,880,000	1,095,000	-
Interest and penalty on property tax	1,506	-	-
Accounts	3,763	18,898	-
Accrued interest	3,426	-	-
Due from other funds (note 3)	28,220	393	-
Due from other governments	92,658	334,281	-
Prepaid expenditures	3,808	-	-
Inventories	-	343,859	-
Property and equipment (note 4)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	\$ 2,637,852	4,863,458	10,948

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
684,931	-	-	4,384,439
29,590	-	-	29,590
27,542	-	-	34,480
9,900,000	-	-	12,875,000
-	-	-	1,506
21,748	-	-	44,409
-	-	-	3,426
-	-	-	28,613
-	-	-	426,939
-	-	-	3,808
-	-	-	343,859
-	9,552,311	-	9,552,311
-	-	161,971	161,971
<u>10,663,811</u>	<u>9,552,311</u>	<u>161,971</u>	<u>27,890,351</u>

Page County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts payable	\$ 60,289	120,446	-
Salaries and benefits payable	32,634	33,435	-
Due to other funds (note 3)	-	-	-
Due to other governments (note 5)	4,936	84,897	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	1,880,000	1,095,000	-
Other	10,584	66,827	-
Compensated absences	16,750	24,443	-
Total liabilities	2,005,193	1,425,048	-
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved for:			
Prepaid expenditures	3,808	-	-
Inventories	-	343,859	-
Debt service	-	-	10,948
Unreserved	628,851	3,094,551	-
Total fund equity and other credits	632,659	3,438,410	10,948
Total liabilities, fund equity and other credits	\$ 2,637,852	4,863,458	10,948

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
13,254	-	-	193,989
2,859	-	-	68,928
28,613	-	-	28,613
10,575,138	-	-	10,664,971
26,251	-	-	26,251
-	-	-	2,975,000
-	-	-	77,411
5,358	-	161,971	208,522
10,651,473	-	161,971	14,243,685
-	9,552,311	-	9,552,311
-	-	-	3,808
-	-	-	343,859
-	-	-	10,948
12,338	-	-	3,735,740
12,338	9,552,311	-	13,646,666
10,663,811	9,552,311	161,971	27,890,351

Page County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2003

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 1,634,188	1,436,071
Interest and penalty on property tax	41,588	-
Intergovernmental	565,641	3,969,852
Licenses and permits	280	19,299
Charges for service	295,741	25,696
Use of money and property	102,413	836
Miscellaneous	54,181	40,357
Total revenues	<u>2,694,032</u>	<u>5,492,111</u>
Expenditures:		
Operating:		
Public safety and legal services	1,254,144	200
Physical health and social services	646,997	59,789
Mental health	-	1,363,325
County environment and education	199,203	53,251
Roads and transportation	-	2,808,527
Governmental services to residents	283,242	6,598
Administration	950,529	86,295
Non-program	6,574	-
Debt service	-	-
Capital projects	-	656,163
Total expenditures	<u>3,340,689</u>	<u>5,034,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(646,657)</u>	<u>457,963</u>
Other financing sources (uses):		
Operating transfers in	-	827,581
Operating transfers out	(8,000)	(827,581)
Total other financing sources (uses)	<u>(8,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(654,657)	457,963
Fund balances beginning of year	1,300,504	2,652,608
Increase (decrease) in reserve for:		
Prepaid expenditures	(13,188)	(16,020)
Inventories	-	343,859
Fund balances end of year	<u>\$ 632,659</u>	<u>3,438,410</u>

See notes to financial statements.

<u>Types</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
Debt Service	Expendable Trust	
106,671	-	3,176,930
-	-	41,588
8,213	-	4,543,706
-	-	19,579
-	-	321,437
508	-	103,757
60	65	94,663
<u>115,452</u>	<u>65</u>	<u>8,301,660</u>
-	-	1,254,344
-	-	706,786
-	-	1,363,325
-	15,500	267,954
-	-	2,808,527
-	-	289,840
-	-	1,036,824
-	-	6,574
114,700	-	114,700
-	-	656,163
<u>114,700</u>	<u>15,500</u>	<u>8,505,037</u>
<u>752</u>	<u>(15,435)</u>	<u>(203,377)</u>
-	8,000	835,581
-	-	(835,581)
-	<u>8,000</u>	-
752	(7,435)	(203,377)
10,196	19,773	3,983,081
-	-	(29,208)
-	-	343,859
<u>10,948</u>	<u>12,338</u>	<u>4,094,355</u>

Exhibit C

Page County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Fund

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted	Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
Receipts:						
Property and other County tax	\$ 3,171,516	-	3,171,516	3,197,480	(25,964)	99%
Interest and penalty on property tax	41,317	-	41,317	25,300	16,017	163%
Intergovernmental	4,491,015	-	4,491,015	4,763,602	(272,587)	94%
Licenses and permits	19,554	-	19,554	24,937	(5,383)	78%
Charges for service	316,473	-	316,473	263,899	52,574	120%
Use of money and property	107,911	169	107,742	189,350	(81,608)	57%
Miscellaneous	91,042	7,250	83,792	42,277	41,515	198%
Total receipts	<u>8,238,828</u>	<u>7,419</u>	<u>8,231,409</u>	<u>8,506,845</u>	<u>(275,436)</u>	<u>97%</u>
Disbursements:						
Public safety and legal services	1,238,028	-	1,238,028	1,255,155	17,127	99%
Physical health and social services	682,011	-	682,011	652,031	(29,980)	105%
Mental health	1,366,442	-	1,366,442	1,532,559	166,117	89%
County environment and education	250,970	-	250,970	277,822	26,852	90%
Roads and transportation	2,789,694	-	2,789,694	3,821,000	1,031,306	73%
Governmental services to residents	297,050	-	297,050	317,616	20,566	94%
Administration	1,040,098	-	1,040,098	1,165,658	125,560	89%
Non-program	6,574	-	6,574	30,500	23,926	22%
Debt service	114,700	-	114,700	114,900	200	100%
Capital projects	680,629	-	680,629	1,110,000	429,371	61%
Total disbursements	<u>8,466,196</u>	<u>-</u>	<u>8,466,196</u>	<u>10,277,241</u>	<u>1,811,045</u>	<u>82%</u>
Excess (deficiency) of receipts over (under) disbursements	(227,368)	7,419	(234,787)	(1,770,396)		
Other financing sources, net	<u>160,820</u>	<u>-</u>	<u>160,820</u>	<u>160,820</u>		
Excess (deficiency) of receipts and other financing sources over (under) disbursements	(66,548)	7,419	(73,967)	(1,609,576)		
Balance beginning of year	<u>3,778,394</u>	<u>13,770</u>	<u>3,764,624</u>	<u>3,759,182</u>		
Balance end of year	<u>\$ 3,711,846</u>	<u>21,189</u>	<u>3,690,657</u>	<u>2,149,606</u>		

See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2003

(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.

A. Reporting Entity

For financial reporting purposes, Page County has included all funds, organizations, account groups, 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 that 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 and Page County Joint E911 Service Board. 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 participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Page County Landfill, Juvenile Detention Center and Jobs Training Partnership Act Quality Jobs Program. The County also participates in the following other jointly governed organizations: Alcohol Assistance Agency, 4th Judicial District Department of Correctional Services, Golden Hills Resource Conservation and Development, Southwest Iowa Planning Council, and West Central Development Corporation.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other revenues that are 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 that are not paid from other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund – The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Fiduciary Funds

Trust Funds – The Trust Funds are used to account for assets held by the County in a trustee capacity. These include an Expendable Trust Fund which is accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets - This account group is established to account for the general fixed assets of the County.

General Long-Term Debt - This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and the Expendable Trust Fund are accounted for on a spending or "financial flow" measurement focus. This means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and the Expendable Trust Fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and 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. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

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.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

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 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, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

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 and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded.

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. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve, which indicates they are not available to liquidate current obligations.

General Fixed Assets – General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or “infrastructure” general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repair are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2003, no interest costs were capitalized since the County’s policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

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 represent 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time and vacation hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of compensatory time and vacation payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County’s commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003.

F. Budgets and Budgetary Accounting

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 major classes of expenditures known as functions, not by fund or fund type. These 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, Special Revenue Funds, Debt Service Fund and the Expendable Trust Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by function, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 2,637,668	56,364	2,694,032	5,485,643	6,468	5,492,111
Expenditures	3,306,680	34,009	3,340,689	5,029,316	4,832	5,034,148
Net	(669,012)	22,355	(646,657)	456,327	1,636	457,963
Other financing sources (uses)	152,820	(160,820)	(8,000)	-	-	-
Beginning fund balances	1,135,853	164,651	1,300,504	2,612,572	40,036	2,652,608
Increase (decrease) in:						
Prepaid expenditures	-	(13,188)	(13,188)	-	(16,020)	(16,020)
Inventories	-	-	-	-	343,859	343,859
Ending fund balances	\$ 619,661	12,998	632,659	3,068,899	369,511	3,438,410

	Governmental Fund Types			Expendable Trust Fund		
	Debt Service					
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 115,452	-	115,452	65	-	65
Expenditures	114,700	-	114,700	15,500	-	15,500
Net	752	-	752	(15,435)	-	(15,435)
Other financing sources (uses)	-	-	-	8,000	-	8,000
Beginning fund balances	10,196	-	10,196	19,773	-	19,773
Increase (decrease) in:						
Prepaid expenditures	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Ending fund balances	<u>\$ 10,948</u>	<u>-</u>	<u>10,948</u>	<u>12,338</u>	<u>-</u>	<u>12,338</u>

	Total		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
	Revenues	\$ 8,238,828	62,832
Expenditures	8,466,196	38,841	8,505,037
Net	(227,368)	23,991	(203,377)
Other financing sources (uses)	160,820	(160,820)	-
Beginning fund balances	3,778,394	204,687	3,983,081
Increase (decrease) in:			
Prepaid expenditures	-	(29,208)	(29,208)
Inventories	-	343,859	343,859
Ending fund balances	<u>\$ 3,711,846</u>	<u>382,509</u>	<u>4,094,355</u>

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 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.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2003 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Trust and Agency:	
	County Recorder	\$ 10,459
	County Sheriff	7,790
	Auto Licence and Use Tax	<u>9,971</u>
		28,220
Special Revenue:		
County's Recorder's Records Management	Trust and Agency: County Recorder	<u>393</u>
Total		<u><u>\$ 28,613</u></u>

(4) Property and Equipment

A summary of property and equipment comprising general fixed assets at June 30, 2003 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 644,300	-	6,755	637,545
Buildings	4,104,414	-	-	4,104,414
Equipment	<u>4,675,569</u>	<u>424,551</u>	<u>289,768</u>	<u>4,810,352</u>
Total	<u><u>\$ 9,424,283</u></u>	<u><u>424,551</u></u>	<u><u>296,523</u></u>	<u><u>9,552,311</u></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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 4,936</u>
Special Revenue:		
Secondary Roads	Services	80
Mental Health		<u>84,817</u>
		<u>84,897</u>
Trust and Agency:		
Agricultural Extension	Collections	
Education		127,290
County Assessor		200,400
Schools		6,405,100
Community Colleges		315,233
Corporations		3,018,050
Townships		106,516
Auto License and Use Tax		255,469
Emergency Management Services		12,277
E911		83,308
All other		<u>51,495</u>
		<u>10,575,138</u>
Total		<u>\$ 10,664,971</u>

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	<u>General Obligation Bonds</u>	<u>Compen- sated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 110,000	154,541	264,541
Additions	-	7,430	7,430
Reductions	<u>110,000</u>	-	<u>110,000</u>
Balance end of year	<u>\$ -</u>	<u>161,971</u>	<u>161,971</u>

(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.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$165,350, \$152,230, and \$146,444, respectively, equal to the required contributions for each year.

(8) Risk Management

Page County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2003 were \$42,290.

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 \$250,000 per claim. Claims exceeding \$250,000 are

reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that 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 that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, 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 claims 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 \$1,000,000 and \$100,000, 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.

(9) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by function or amounts appropriated by department. During the year ended June 30, 2003, disbursements exceeded the amount budgeted in the physical health and social services function.

(10) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of the County's financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the County's financial activities.

Page County

Supplemental Information

Schedule 1

Page County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2003

Revenues:

Property and other County tax:

Property tax	\$ 1,467,031	
Local option sales tax	80,599	
Utility tax replacement excise tax	85,483	
Other	<u>1,075</u>	\$ 1,634,188

Interest and penalty on property tax		41,588
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Intergovernmental:

State shared revenues:

Franchise tax	<u>32,099</u>	
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State tax replacements:

State tax credits	119,592	
State allocation	<u>96,074</u>	
	<u>215,666</u>	

State and federal pass-through revenues:

Human services administrative reimbursement	45,502	
Other	<u>112,445</u>	
	<u>157,947</u>	

Contributions from other governmental units:

Prisoner care	12,975	
Other	<u>12,926</u>	
	<u>25,901</u>	

State grants and entitlements:

Home care aide grant	61,116	
Other	<u>70,163</u>	
	<u>131,279</u>	

Federal grants and entitlements:

Medicare and medicaid	<u>2,749</u>	565,641
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Licenses and permits		280
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Charges for service:

Office fees and collections	137,209	
Auto license, use tax, postage and driver's license and mailing	112,024	
Camping fees	10,824	
Other	<u>35,684</u>	295,741

Use of money and property:

Interest on investments	76,375	
Other	<u>26,038</u>	102,413

Miscellaneous

Total revenues		<u>54,181</u>
		<u>2,694,032</u>

Page County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2003

Expenditures:	
Operating:	
Public safety and legal services	1,254,144
Physical health and social services	646,997
County environment and education	199,203
Governmental services to residents	283,242
Administration	950,529
Non-program	<u>6,574</u>
Total expenditures	<u>3,340,689</u>
Deficiency of revenues under expenditures	(646,657)
Other financing uses:	
Operating transfers out:	
Expendable Trust:	
Conservation Land Acquisition	<u>(8,000)</u>
Deficiency of revenues under expenditures and other financing uses	(654,657)
Fund balance beginning of year	1,300,504
Decrease in reserve for prepaid expenditures	<u>(13,188)</u>
Fund balance end of year	<u>\$ 632,659</u>

See accompanying independent auditor's report.

Schedule 2

Page County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Public safety and legal services:

Law enforcement:

Uniformed patrol services	\$ 418,212	
Law enforcement communication	30,000	
Adult correctional services	339,286	
Administration	<u>115,043</u>	
	<u>902,541</u>	

Legal services:

Criminal prosecution	308,881	
Medical examinations	<u>12,029</u>	
	<u>320,910</u>	

Emergency services:

Ambulance services	4,996	
Emergency management	<u>20,500</u>	
	<u>25,496</u>	

Assistance to district court system:

Research and other assistance	<u>2,177</u>	
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Court proceedings:

Juries and witnesses	826	
Service of civil papers	<u>27</u>	
	<u>853</u>	

Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	<u>2,167</u>	\$ 1,254,144
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Physical health and social services:

Physical health services:

Personal and family health services	156,082	
Communicable disease prevention and control	32,198	
Health administration	<u>128,810</u>	
	<u>317,090</u>	

Services to the poor:

Administration	77,131	
General welfare services	<u>90,487</u>	
	<u>167,618</u>	

Page County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Physical health and social services (continued):		
Services to military veterans:		
Administration	5,083	
General services to veterans	<u>10,178</u>	
	<u>15,261</u>	
Children's and family services:		
Youth guidance	47,221	
Family protective services	<u>4,339</u>	
	<u>51,560</u>	
Services to other adults:		
Services to the elderly	9,500	
Other social services	<u>3,000</u>	
	<u>12,500</u>	
Chemical dependency:		
Treatment services	80,328	
Preventive services	<u>2,640</u>	
	<u>82,968</u>	646,997
County environment and education:		
Conservation and recreation services:		
Administration	119,293	
Maintenance and operations	29,521	
Recreation and environmental education	<u>14,889</u>	
	<u>163,703</u>	
County development:		
Economic development	500	
Educational services:		
Fair and 4-H clubs	<u>35,000</u>	199,203
Governmental services to residents:		
Representation services:		
Elections administration	55,897	
Local elections	<u>4,038</u>	
	<u>59,935</u>	
State administrative services:		
Motor vehicle registrations and licensing	119,135	
Recording of public documents	<u>104,172</u>	
	<u>223,307</u>	283,242

Schedule 2

Page County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Administration:

Policy and administration:

General County management	116,528	
Administration management services	141,206	
Treasury management services	139,611	
Other policy and administration	<u>29,301</u>	
	<u>426,646</u>	

Central services:

General services	378,609	
Data processing services	<u>111,185</u>	
	<u>489,794</u>	

Risk management services:

Safety of the workplace	24,254	
Fidelity of public officials	<u>9,835</u>	
	<u>34,089</u>	950,529

Non-program:

County farm operations		<u>6,574</u>
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Total		<u>\$ 3,340,689</u>
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See accompanying independent auditor's report.

Page County

Page County
Special Revenue Funds
Combining Balance Sheet
June 30, 2003

	Rural Services	Secondary Roads
Assets		
Cash and pooled investments	\$ 93,560	2,007,196
Receivables:		
Property tax:		
Delinquent	1,030	-
Succeeding year	666,000	-
Accounts	569	2,190
Due from other funds	-	-
Due from other governments	6,479	300,923
Inventories	-	343,859
	\$ 767,638	2,654,168
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ 184	70,776
Salaries and benefits payable	675	28,592
Due to other governments	-	80
Deferred revenue:		
Succeeding year property tax	666,000	-
Other	1,007	64,785
Compensated absences	555	22,809
Total liabilities	668,421	187,042
Fund equity:		
Fund balances:		
Reserved for inventories	-	343,859
Unreserved	99,217	2,123,267
Total fund equity	99,217	2,467,126
	\$ 767,638	2,654,168

See accompanying independent auditor's report.

Mental Health	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Drainage Districts	Special Law Enforcement	Sheriff Special Investigation	Total
786,107	41,810	88,765	14,737	21,189	10,286	5,249	3,068,899
1,098	-	-	-	-	-	-	2,128
429,000	-	-	-	-	-	-	1,095,000
16,139	-	-	-	-	-	-	18,898
-	-	-	393	-	-	-	393
84	-	26,795	-	-	-	-	334,281
-	-	-	-	-	-	-	343,859
<u>1,232,428</u>	<u>41,810</u>	<u>115,560</u>	<u>15,130</u>	<u>21,189</u>	<u>10,286</u>	<u>5,249</u>	<u>4,863,458</u>
49,287	199	-	-	-	-	-	120,446
4,168	-	-	-	-	-	-	33,435
84,817	-	-	-	-	-	-	84,897
429,000	-	-	-	-	-	-	1,095,000
1,035	-	-	-	-	-	-	66,827
1,079	-	-	-	-	-	-	24,443
<u>569,386</u>	<u>199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,048</u>
-	-	-	-	-	-	-	343,859
<u>663,042</u>	<u>41,611</u>	<u>115,560</u>	<u>15,130</u>	<u>21,189</u>	<u>10,286</u>	<u>5,249</u>	<u>3,094,551</u>
<u>663,042</u>	<u>41,611</u>	<u>115,560</u>	<u>15,130</u>	<u>21,189</u>	<u>10,286</u>	<u>5,249</u>	<u>3,438,410</u>
<u>1,232,428</u>	<u>41,810</u>	<u>115,560</u>	<u>15,130</u>	<u>21,189</u>	<u>10,286</u>	<u>5,249</u>	<u>4,863,458</u>

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health
Revenues:			
Property and other County tax:			
Property tax	\$ 581,343	-	571,683
Local option sales tax	83,966	40,000	-
Utility tax replacement excise tax	39,150	-	33,315
Other	-	-	418
	<u>704,459</u>	<u>40,000</u>	<u>605,416</u>
Intergovernmental:			
State shared revenues:			
Road use tax	-	2,450,363	-
State tax replacements:			
State tax credits	46,731	-	46,608
Mental health property tax relief	-	-	482,548
	<u>46,731</u>	<u>-</u>	<u>529,156</u>
State and federal pass-through revenues:			
Social services block grant	-	-	92,643
Highway planning and construction	-	332,985	-
Other	12,049	142,021	211,544
	<u>12,049</u>	<u>475,006</u>	<u>304,187</u>
State grants and entitlements:			
Mental health/mental retardation allocation	-	-	15,654
Mental health allowed growth factor adjustment allocation	-	-	12,080
Other	-	-	128
	<u>-</u>	<u>-</u>	<u>27,862</u>
Direct federal grants and entitlements			
	-	123,675	-
	<u>58,780</u>	<u>3,049,044</u>	<u>861,205</u>
Licenses and permits	<u>18,219</u>	<u>1,080</u>	<u>-</u>
Charges for service	<u>-</u>	<u>21,836</u>	<u>-</u>
Use of money and property:			
Interest on investments	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous:			
Interest on drainage assessments	-	-	-
Other	354	30,697	2,056
	<u>354</u>	<u>30,697</u>	<u>2,056</u>
Total revenues	<u>781,812</u>	<u>3,142,657</u>	<u>1,468,677</u>

Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Drainage Districts	Special Law Enforcement	Sheriff Special Investigation	Total
-	-	-	-	-	-	1,153,026
-	86,196	-	-	-	-	210,162
-	-	-	-	-	-	72,465
-	-	-	-	-	-	418
-	86,196	-	-	-	-	1,436,071
-	-	-	-	-	-	2,450,363
-	-	-	-	-	-	93,339
-	-	-	-	-	-	482,548
-	-	-	-	-	-	575,887
-	-	-	-	-	-	92,643
-	-	-	-	-	-	332,985
224	-	-	-	599	-	366,437
224	-	-	-	599	-	792,065
-	-	-	-	-	-	15,654
-	-	-	-	-	-	12,080
-	-	-	-	-	-	128
-	-	-	-	-	-	27,862
-	-	-	-	-	-	123,675
224	-	-	-	599	-	3,969,852
-	-	-	-	-	-	19,299
-	-	3,860	-	-	-	25,696
498	-	169	169	-	-	836
-	-	-	7,250	-	-	7,250
-	-	-	-	-	-	33,107
-	-	-	7,250	-	-	40,357
722	86,196	4,029	7,419	599	-	5,492,111

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	<u>Rural</u> <u>Services</u>	<u>Secondary</u> <u>Roads</u>	<u>Mental</u> <u>Health</u>
Expenditures:			
Operating:			
Public safety and legal services:			
Legal services:			
Criminal prosecution	-	-	-
Physical health and social services:			
Sanitation	59,789	-	-
Mental health:			
Persons with mental health problems - mental illness:			
Information and education	-	-	26,929
General administration	-	-	237,480
Treatment services	-	-	27,031
Institutional, hospital, and commitment services	-	-	24,768
	-	-	316,208
Persons with chronic mental illness:			
Information and education	-	-	7,500
Coordination services	-	-	2,260
Personal and environmental support	-	-	43,867
Treatment services	-	-	38,077
Vocational and day services	-	-	1,818
Licensed or certified living arrangements	-	-	45,381
Institutional, hospital, and commitment services	-	-	63,466
	-	-	202,369
Persons with mental retardation:			
Information and education	-	-	4
Coordination services	-	-	18,564
Personal and environmental support	-	-	101,169
Treatment services	-	-	250
Vocational day services	-	-	271,182
Licensed or certified living arrangements	-	-	264,281
Institutional, hospital, and commitment services	-	-	133,328
	-	-	788,778

Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Drainage Districts	Special Law Enforcement	Sheriff Special Investigation	Total
-	-	-	-	200	-	200
-	-	-	-	-	-	59,789
-	-	-	-	-	-	26,929
-	-	-	-	-	-	237,480
-	-	-	-	-	-	27,031
-	-	-	-	-	-	24,768
-	-	-	-	-	-	316,208
-	-	-	-	-	-	7,500
-	-	-	-	-	-	2,260
-	-	-	-	-	-	43,867
-	-	-	-	-	-	38,077
-	-	-	-	-	-	1,818
-	-	-	-	-	-	45,381
-	-	-	-	-	-	63,466
-	-	-	-	-	-	202,369
-	-	-	-	-	-	4
-	-	-	-	-	-	18,564
-	-	-	-	-	-	101,169
-	-	-	-	-	-	250
-	-	-	-	-	-	271,182
-	-	-	-	-	-	264,281
-	-	-	-	-	-	133,328
-	-	-	-	-	-	788,778

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Mental health:			
Persons with other developmental disabilities:			
Coordination services	-	-	2,208
Vocational and day services	-	-	28,400
Licensed or certified living arrangements	-	-	25,362
	-	-	55,970
	-	-	1,363,325
County environment and education:			
Conservation and recreation services:			
Maintenance and operations	-	-	-
Environment quality:			
Weed eradication	8,799	-	-
County development:			
Land use and building controls	160	-	-
Economic development	30,000	-	-
	30,160	-	-
	38,959	-	-
Roads and transportation:			
Secondary roads administration and engineering:			
Administration	-	337,005	-
Engineering	-	359,683	-
	-	696,688	-
Roadway maintenance:			
Bridges and culverts	-	235,159	-
Roads	-	916,453	-
Snow and ice control	-	44,209	-
Traffic controls	-	44,098	-
Road clearing	-	152,115	-
	-	1,392,034	-

Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Drainage Districts	Special Law Enforcement	Sheriff Special Investigation	Total
-	-	-	-	-	-	2,208
-	-	-	-	-	-	28,400
-	-	-	-	-	-	25,362
-	-	-	-	-	-	55,970
-	-	-	-	-	-	1,363,325
14,292	-	-	-	-	-	14,292
-	-	-	-	-	-	8,799
-	-	-	-	-	-	160
-	-	-	-	-	-	30,000
-	-	-	-	-	-	30,160
14,292	-	-	-	-	-	53,251
-	-	-	-	-	-	337,005
-	-	-	-	-	-	359,683
-	-	-	-	-	-	696,688
-	-	-	-	-	-	235,159
-	-	-	-	-	-	916,453
-	-	-	-	-	-	44,209
-	-	-	-	-	-	44,098
-	-	-	-	-	-	152,115
-	-	-	-	-	-	1,392,034

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Roads and transportation:			
General roadway:			
Equipment	-	199,584	-
Equipment operation	-	490,433	-
Tools, materials, and supplies	-	17,934	-
Real estate and buildings	-	11,854	-
	-	719,805	-
	-	2,808,527	-
Governmental services to residents:			
Representation services:			
Township officials	1,598	-	-
State administrative services:			
Recording of public documents	-	-	-
	1,598	-	-
Administration:			
General services	-	-	-
Capital projects:			
Roadway construction	-	656,163	-
Total expenditures	100,346	3,464,690	1,363,325
Excess (deficiency) of revenues over (under) expenditures	681,466	(322,033)	105,352
Other financing sources (uses):			
Operating transfers in (out):			
Special Revenue:			
Rural Services	-	802,581	-
Secondary Roads	(802,581)	-	-
Local Option Sales Tax	95,000	25,000	-
Total other financing sources (uses)	(707,581)	827,581	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(26,115)	505,548	105,352
Fund balances beginning of year	125,437	1,633,634	557,690
Increase (decrease) in reserve for:			
Prepaid expenditures	(105)	(15,915)	-
Inventories	-	343,859	-
Fund balances end of year	\$ 99,217	2,467,126	663,042

See accompanying independent auditor's report.

Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Drainage Districts	Special Law Enforcement	Sheriff Special Investigation	Total
-	-	-	-	-	-	199,584
-	-	-	-	-	-	490,433
-	-	-	-	-	-	17,934
-	-	-	-	-	-	11,854
-	-	-	-	-	-	719,805
-	-	-	-	-	-	2,808,527
-	-	-	-	-	-	1,598
-	-	5,000	-	-	-	5,000
-	-	5,000	-	-	-	6,598
-	86,295	-	-	-	-	86,295
-	-	-	-	-	-	656,163
14,292	86,295	5,000	-	200	-	5,034,148
(13,570)	(99)	(971)	7,419	399	-	457,963
-	(95,000)	-	-	-	-	707,581
-	(25,000)	-	-	-	-	(827,581)
-	-	-	-	-	-	120,000
-	(120,000)	-	-	-	-	-
(13,570)	(120,099)	(971)	7,419	399	-	457,963
55,181	235,659	16,101	13,770	9,887	5,249	2,652,608
-	-	-	-	-	-	(16,020)
-	-	-	-	-	-	343,859
41,611	115,560	15,130	21,189	10,286	5,249	3,438,410

Page County

Page County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2003

Revenues:

Property and other County tax:

Property tax	\$ 100,725	
Utility tax replacement excise tax	5,871	
Other	<u>75</u>	\$ 106,671

Intergovernmental:

State tax replacements:

State tax credits		8,213
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Use of money and property:

Interest on investments		508
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Miscellaneous

Total revenues		<u>60</u> 115,452
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Expenditures:

Debt service:

Bonds redeemed	110,000	
Interest	4,400	
Bond registrar fees	<u>300</u>	<u>114,700</u>

Excess of revenues over expenditures

752

Fund balance beginning of year

10,196

Fund balance end of year

\$ 10,948

See accompanying independent auditor's report.

Page County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2003

	<u>Expendable Trust</u>		
	Conservation Land Acquisition	<u>County Offices</u>	
		County Recorder	County Sheriff
Assets			
Cash and pooled investments:			
County Treasurer	\$ 12,338	-	-
Other County officials		17,902	11,688
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	249	-
Total assets	\$ 12,338	18,151	11,688
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	-	-
Salaries and benefits payable	-	-	-
Due to other funds	-	10,852	7,790
Due to other governments	-	7,182	2
Trusts payable	-	117	3,896
Compensated absences	-	-	-
Total liabilities	-	18,151	11,688
Fund equity:			
Unreserved fund balance	12,338	-	-
Total liabilities and fund equity	\$ 12,338	18,151	11,688

Agency Funds						
Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax
9,989	68,976	119,267	10,458	43,875	2,418	265,440
-	-	-	-	-	-	-
301	355	15,833	775	10,175	98	-
117,000	139,000	6,270,000	304,000	2,964,000	104,000	-
-	-	-	-	-	-	-
127,290	208,331	6,405,100	315,233	3,018,050	106,516	265,440
-	82	-	-	-	-	-
-	2,491	-	-	-	-	-
-	-	-	-	-	-	9,971
127,290	200,400	6,405,100	315,233	3,018,050	106,516	255,469
-	-	-	-	-	-	-
-	5,358	-	-	-	-	-
127,290	208,331	6,405,100	315,233	3,018,050	106,516	265,440
-	-	-	-	-	-	-
127,290	208,331	6,405,100	315,233	3,018,050	106,516	265,440

Page County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2003

	Agency Funds		
	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Special Assessments
Assets			
Cash and pooled investments:			
County Treasurer	1,038	12,645	194
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	5	-	-
Succeeding year	2,000	-	-
Accounts	-	-	-
Total assets	3,043	12,645	194
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	-	-	-
Salaries and benefits payable	-	368	-
Due to other funds	-	-	-
Due to other governments	3,043	12,277	194
Trusts payable	-	-	-
Compensated absences	-	-	-
Total liabilities	3,043	12,645	194
Fund equity:			
Unreserved fund balance	-	-	-
Total liabilities and fund equity	3,043	12,645	194

See accompanying independent auditor's report.

<u>Tax Sale Redemption</u>	<u>E911</u>	<u>Advance Tax</u>	<u>Total</u>
22,238	74,981	41,074	684,931
-	-	-	29,590
-	-	-	27,542
-	-	-	9,900,000
-	21,499	-	21,748
<u>22,238</u>	<u>96,480</u>	<u>41,074</u>	<u>10,663,811</u>
-	13,172	-	13,254
-	-	-	2,859
-	-	-	28,613
-	83,308	41,074	10,575,138
22,238	-	-	26,251
-	-	-	5,358
<u>22,238</u>	<u>96,480</u>	<u>41,074</u>	<u>10,651,473</u>
-	-	-	12,338
<u>22,238</u>	<u>96,480</u>	<u>41,074</u>	<u>10,663,811</u>

Page County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	<u>County Offices</u>		Agricultural
	County Recorder	County Sheriff	Extension Education
Assets and Liabilities			
Balances beginning of year	<u>\$ 11,712</u>	<u>9,754</u>	<u>127,352</u>
Additions:			
Property and other County tax	-	-	124,326
E911 surcharge	-	-	-
State tax credits	-	-	9,578
State allocation	-	-	-
Drivers license fees	-	-	-
Office fees and collections	214,632	61,788	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	96,930	-
Miscellaneous	-	79	-
Total additions	<u>214,632</u>	<u>158,797</u>	<u>133,904</u>
Deductions:			
Agency remittances:			
To other funds	98,013	62,519	-
To other governments	88,054	147	133,966
Trusts paid out	<u>22,126</u>	<u>94,197</u>	<u>-</u>
Total deductions	<u>208,193</u>	<u>156,863</u>	<u>133,966</u>
Balances end of year	<u>\$ 18,151</u>	<u>11,688</u>	<u>127,290</u>

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax
198,415	6,217,626	329,190	3,001,293	107,172	234,007
146,796	6,637,404	322,887	3,112,736	111,154	-
-	-	-	-	-	-
10,152	497,821	26,026	241,762	8,478	-
2,399	-	-	-	-	-
-	-	-	-	-	72,969
-	-	-	-	-	-
-	-	-	-	-	2,963,879
-	-	-	-	-	-
-	-	-	-	-	-
3,286	-	-	-	-	-
162,633	7,135,225	348,913	3,354,498	119,632	3,036,848
-	-	-	-	-	71,880
152,717	6,947,751	362,870	3,337,741	120,288	2,933,535
-	-	-	-	-	-
152,717	6,947,751	362,870	3,337,741	120,288	3,005,415
208,331	6,405,100	315,233	3,018,050	106,516	265,440

Page County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Emergency Management Services</u>	<u>Special Assessments</u>
Assets and Liabilities			
Balances beginning of year	<u>2,044</u>	<u>13,669</u>	<u>-</u>
Additions:			
Property and other County tax	1,770	-	-
E911 surcharge	-	-	-
State tax credits	137	-	-
State allocation	-	-	-
Drivers license fees	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	1,338
Trusts	-	-	-
Miscellaneous	-	22,065	-
Total additions	<u>1,907</u>	<u>22,065</u>	<u>1,338</u>
Deductions:			
Agency remittances:			
To other funds	-	-	-
To other governments	908	23,089	1,144
Trusts paid out	-	-	-
Total deductions	<u>908</u>	<u>23,089</u>	<u>1,144</u>
Balances end of year	<u>3,043</u>	<u>12,645</u>	<u>194</u>

See accompanying independent auditor's report.

<u>Tax Sale Redemption</u>	<u>E911</u>	<u>Advance Tax</u>	<u>Total</u>
<u>25,812</u>	<u>102,070</u>	<u>24,108</u>	<u>10,404,224</u>
-	-	-	10,457,073
-	108,078	-	108,078
-	-	-	793,954
-	-	-	2,399
-	-	-	72,969
-	-	-	276,420
-	-	-	2,963,879
-	-	-	1,338
177,830	-	48,377	323,137
-	1,301	-	26,731
<u>177,830</u>	<u>109,379</u>	<u>48,377</u>	<u>15,025,978</u>
-	-	-	232,412
-	114,969	31,411	14,248,590
<u>181,404</u>	-	-	<u>297,727</u>
<u>181,404</u>	<u>114,969</u>	<u>31,411</u>	<u>14,778,729</u>
<u>22,238</u>	<u>96,480</u>	<u>41,074</u>	<u>10,651,473</u>

Schedule 8

Page County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30.			
	2003	2002	2001	2000
Taxes:				
Property tax	\$ 2,720,782	2,197,719	2,069,391	2,312,816
Local option sales tax	290,761	309,955	325,164	367,578
Utility tax replacement excise tax	163,819	131,031	124,929	-
Other	1,568	1,897	1,267	1,357
	<u>3,176,930</u>	<u>2,640,602</u>	<u>2,520,751</u>	<u>2,681,751</u>
Intergovernmental:				
State shared revenues:				
Franchise tax	32,099	10,174	24,975	42,554
Road use tax	2,450,363	2,475,941	2,374,315	2,408,845
State tax replacements:				
State tax credits	221,144	199,364	193,421	212,718
State allocation	96,074	101,227	108,184	108,495
Mental health property tax relief	482,548	482,548	482,548	561,096
State and federal pass-through revenues:				
Human services administrative reimbursement	45,502	37,173	43,015	53,296
Social services block grant	92,643	88,590	88,617	90,019
Highway planning and construction grants	332,985	443,056	-	405,498
Other	481,631	515,565	310,673	487,620
State grants and entitlements:				
Home care aide grant	61,116	-	-	-
Mental health/mental retardation allocation	15,654	-	-	-
Mental health allowed growth factor adjustment allocation	12,080	-	-	-
Other	70,291	-	-	-
Direct federal grants and entitlements	123,675	75,309	242,286	745,997
Contributions from other governmental units	25,901	73,184	207,995	98,150
	<u>4,543,706</u>	<u>4,502,131</u>	<u>4,076,029</u>	<u>5,214,288</u>
Total	<u>\$ 7,720,636</u>	<u>7,142,733</u>	<u>6,596,780</u>	<u>7,896,039</u>

See accompanying independent auditor's report.

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Soil and Water Conservation	10.902	69-6114-1-23	\$ 58,890
Soil and Water Conservation	10.902	69-6114-1-10	64,785
Total direct			<u>123,675</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		<u>7,760</u>
West Central Development Corporation:			
Special Supplemental Nutrition Program for			
Women, Infants and Children	10.557		<u>2,226</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>11,532</u>
Refugee and Entrant Assistance - State			
Administered Programs	93.566		<u>34</u>
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		<u>2,219</u>
Foster Care - Title IV-E	93.658		<u>3,931</u>
Adoption Assistance	93.659		<u>1,304</u>
Medical Assistance Program	93.778		<u>11,157</u>
Social Services Block Grant	93.667		<u>7,565</u>
Social Services Block Grant	93.667		<u>92,643</u>
			<u>100,208</u>
Iowa Department of Public Health:			
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	5883BT171	<u>203</u>
Ringgold County Public Health:			
Childhood Immunization Grants	93.268	5882I4419	<u>3,382</u>
Childhood Immunization Grants	93.268	5883I4419	<u>2,597</u>
			<u>5,979</u>

Schedule 9

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Taylor County Public Health Agency:			
Maternal and Child Health Services Block Grant to the States	93.994	5882MC07	1,821
Maternal and Child Health Services Block Grant to the States	93.994	5883MC07	<u>3,677</u>
			<u>5,498</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
State and Local All Hazards Emergency Operations Planning	83.562	EMK2003GR2535	<u>1,565</u>
Environmental Protection Agency:			
Iowa Department of Public Health:			
Linn County Public Health: State Indoor Radon Grants	66.032	5882RC01	<u>3,239</u>
U. S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO73(33)--8J-73	<u>332,985</u>
Iowa Department of Public Safety:			
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 03-157, Task 127	<u>2,750</u>
U. S. Department of Justice:			
Governor's Office on Drug Control Policy:			
Rural Domestic Violence and Child Victimization Enforcement Grant Program	16.589	98RDV-002B	<u>53,417</u>
Total indirect			<u>546,007</u>
Total			<u>\$ 669,682</u>

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 general purpose financial statements.

See accompanying independent auditor's report.



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

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Auditor of State

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Page County:

We have audited the general purpose financial statements of Page County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 21, 2003. Our report expressed a qualified opinion on the financial statements due to the effects of the omission of the materials and supplies inventories, pertaining primarily to the Special Revenue Funds, at July 1, 2002, which should be included in order to conform with U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Page County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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. Prior year statutory comments have all been resolved except for item IV-B-03.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Page County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Page County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-03 is a material weakness. Prior year reportable conditions have been resolved except for item II-A-03.

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. 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

October 21, 2003

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance**

Page County



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Page County:

Compliance

We have audited the compliance of Page County, Iowa, with the types of compliance requirements described in U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Page County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are 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, Chapter 11 of the Code of Iowa, 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 provisions 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Page County's compliance with those requirements.

In our opinion, Page County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

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 grants 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.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

October 21, 2003

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

- (a) A qualified opinion was issued on the financial statements due to the effects of the omission of the materials and supplies inventories, pertaining primarily to the Special Revenue Funds, at July 1, 2002.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 10.902 – Soil and Water Conservation
- (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.

Page County
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2003

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-03 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts - opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer, Sheriff, 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
(4) Investments - custody and accounting.	Treasurer

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

Responses:

County Treasurer - We will improve with listing the mail receipts. Everyone does the collecting, more than one person records the deposits, does the posting and reconciling. More than one person enters the investments.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

The CD investments we have are under the Treasurer and Auditor and the Auditor signs them at time of renewal. The majority of the CD's are on automatic roll-over for re-investment.

County Sheriff - The Office Secretary, Chief Deputy Sheriff, and Page County Sheriff all assist with opening mail, collecting money, depositing money, posting and daily reconciling.

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

Conclusion - Responses accepted.

- II-B-03 County Assessor - Certain claims for travel and other reimbursable expenses were not supported by adequate documentation. Travel claims should indicate the specific date of the travel and the destination or destinations, if more than one, and the reason for the trip to clearly show the basis of the claim.

Also, some invoices and supporting documentation were not marked paid to help prevent duplicate payment

Recommendation - A written policy should be adopted by the Conference Board establishing the required supporting documentation for travel and other reimbursable expenses to ensure that claims are sufficiently itemized and that proper documentation accompanies all claims before they are paid. All invoices and supporting documentation should be properly canceled to help prevent reuse.

Response - At the next Conference Board meeting, we will adopt a policy to address these findings, and try to ensure this doesn't take place in the future.

Conclusion - Response accepted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-03 Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.

IV-B-03 Certified Budget - Disbursements during the year ended June 30, 2003 exceeded the amount budgeted in the physical health and social services function.

Although disbursements did not exceed the amounts appropriated in the various departments at June 30, 2003, the appropriation resolution amendments were not adopted before the amounts expended exceeded certain department appropriations.

Recommendations - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department, as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response - The amendment should have been done right after July 1st when we took public health back under the County umbrella. We waited to do the amendment until we had other amounts needing amended. We will do the amendment in a more timely manner in the future and will also make sure the figures are on the correct line.

Conclusion - Response accepted.

IV-C-03 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-03 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-03 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mike Furst, Brother-in-law of Secretary to County Sheriff	Jail repair	\$ 948

In accordance with Chapter 331.342 of the Code of Iowa, the above transaction does not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

- IV-F-03 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- IV-G-03 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-03 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.
- IV-I-03 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-J-03 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

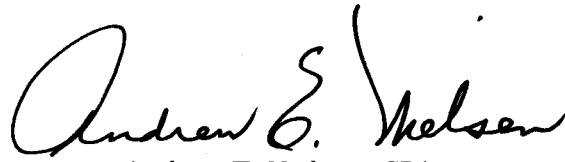
Disbursements during the year ended June 30, 2003 for the County Extension Office did not exceed the amount budgeted.

Page County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Nancy F. Curtis, CPA, Senior Auditor II
Shawn P. Limback, CPA, Staff Auditor
Erin M. Scharingson, CPA, Staff Auditor
Corrine M. Widen, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive, flowing style.

Andrew E. Nielsen, CPA
Deputy Auditor of State