



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

May 28, 2014

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Page County, Iowa.

The County had local tax revenue of \$19,035,634 for the year ended June 30, 2013, which included \$1,010,952 in tax credits from the state. The County forwarded \$14,432,394 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,603,240 of the local tax revenue to finance County operations, a 7.4% increase over the prior year. Other revenues included charges for service of \$549,663, operating grants, contributions and restricted interest of \$3,626,576, capital grants, contributions and restricted interest of \$257,676, unrestricted investment earnings of \$15,945, local option sales tax of \$425,499, gain on disposition of capital assets of \$15,543 and other general revenues of \$134,455.

Expenses for County operations for the year ended June 30, 2013 totaled \$9,220,898, a 14.6% decrease from the prior year. Expenses included \$3,951,955 for roads and transportation, \$1,691,253 for public safety and legal services and \$1,051,767 for administration.

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/1310-0073-B00F.pdf>.

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PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2013

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Page County

Officials

(Before January 2013)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Elaine Armstrong	Board of Supervisors	Jan 2013
Jon W. Herzberg	Board of Supervisors	Jan 2013
James D. Richardson	Board of Supervisors	Jan 2015
Melissa Wellhausen (Appointed)	County Auditor	Nov 2012
Kim Behrens	County Treasurer	Jan 2015
Brenda Esaias	County Recorder	Jan 2015
Lyle Palmer	County Sheriff	Jan 2013
Jeremy Peterson	County Attorney	Jan 2015
Peggy Smith	County Assessor	Jan 2016

(After January 2013)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James D. Richardson	Board of Supervisors	Jan 2015
Elaine Armstrong	Board of Supervisors	Jan 2017
Jon W. Herzberg	Board of Supervisors	Jan 2017
Melissa Wellhausen	County Auditor	Jan 2017
Kim Behrens	County Treasurer	Jan 2015
Brenda Esaias	County Recorder	Jan 2015
Lyle Palmer	County Sheriff	Jan 2017
Jeremy Peterson	County Attorney	Jan 2015
Peggy Smith	County Assessor	Jan 2016

Page County



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Independent Auditor's Report

To the Officials of Page County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Page County as of June 30, 2013, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 44 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Page County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2014 on our consideration of Page County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to 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 in considering Page County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 7, 2014

Page County

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, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 19.6%, or approximately \$2,343,000, from fiscal year 2012 to fiscal year 2013. Property tax increased approximately \$260,000 while operating grants, contributions and restricted interest and capital grants, contributions and restricted interest decreased approximately \$1,004,000 and \$1,649,000, respectively.
- Program expenses of the County's governmental activities were 14.6%, or approximately \$1,572,000, less in fiscal year 2013 than in fiscal year 2012. Mental health expenses decreased approximately \$1,125,000 and roads and transportation expenses decreased approximately \$570,000.
- The County's net position increased 2.3%, or approximately \$408,000, from June 30, 2012 to June 30, 2013.

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 Position 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 financial statements by providing information about the most significant funds. The remaining financial 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.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY AS A WHOLE:

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for 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 financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Page County's combined net position strengthened from a year ago, increasing approximately \$408,000 to approximately \$18,010,000. The analysis below shows the changes in the net position of governmental activities from a year ago.

Net Position of Governmental Activities		
	June 30,	
	2013	2012
Current and other assets	\$ 11,536,778	10,850,785
Capital assets	12,883,146	13,225,921
Total assets	<u>24,419,924</u>	<u>24,076,706</u>
Long-term liabilities	1,537,552	1,653,737
Other liabilities	4,872,544	4,820,840
Total liabilities	<u>6,410,096</u>	<u>6,474,577</u>
Net position:		
Net investment in capital assets	12,883,146	13,225,921
Restricted	3,967,175	3,578,960
Unrestricted	<u>1,159,507</u>	<u>797,248</u>
Total net position	<u>\$ 18,009,828</u>	<u>17,602,129</u>

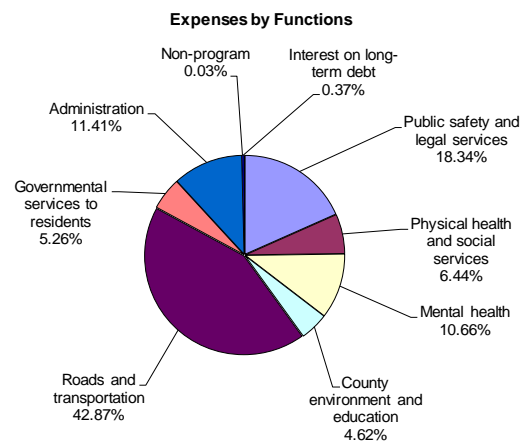
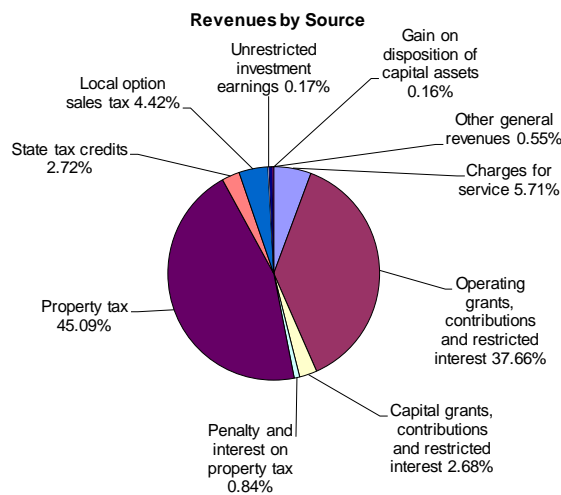
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net position component decreased approximately \$343,000, or 2.6%, from the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component increased approximately \$388,000, or 10.8%, over the prior year. This increase is primarily due to increases in net position restricted for mental health and secondary roads purposes.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from approximately \$797,000 at June 30, 2012 to approximately \$1,160,000 at the end of this year, an increase of 45%. The increase was primarily a result of an increase in the General Fund balance and a decrease in the amount of emergency equipment general obligation capital loan notes outstanding at year end.

Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 549,663	633,227
Operating grants, contributions and restricted interest	3,626,576	4,630,885
Capital grants, contributions and restricted interest	257,676	1,906,486
General revenues:		
Property tax	4,341,185	4,080,993
Penalty and interest on property tax	81,293	66,722
State tax credits	262,055	204,564
Local option sales tax	425,499	375,357
Unrestricted investment earnings	15,945	23,635
Gain on disposition of capital assets	15,543	13,335
Other general revenues	53,162	36,537
Total revenues	9,628,597	11,971,741
Program expenses:		
Public safety and legal services	1,691,253	1,611,104
Physical health and social services	594,224	626,020
Mental health	982,730	2,107,655
County environment and education	425,966	409,053
Roads and transportation	3,951,955	4,522,438
Governmental services to residents	485,918	452,763
Administration	1,051,767	1,024,169
Non-program	2,794	1,354
Interest on long-term debt	34,291	38,502
Total expenses	9,220,898	10,793,058
Change in net position	407,699	1,178,683
Net position beginning of year	17,602,129	16,423,446
Net position end of year	\$ 18,009,828	17,602,129



Net position of Page County's governmental activities increased approximately \$408,000 during the year. Revenues for governmental activities decreased approximately \$2,343,000 from the prior year. Property tax increased approximately \$260,000 while operating grants, contributions and restricted interest and capital grants, contributions and restricted interest decreased approximately \$1,004,000 and \$1,649,000, respectively. The decrease in operating grants, contributions and restricted interest was a result of decreases in mental health funding from the State of Iowa. The decrease in capital grants, contributions and restricted interest was primarily due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately \$9.2 million compared to approximately \$10.8 million last year, a 14.6% decrease. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for governmental activities was approximately \$4.8 million because some of the cost was paid by those directly benefited from the programs (approximately \$550,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,884,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2013 from approximately \$7,171,000 to approximately \$4,434,000. The County paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Page County completed the year, its governmental funds reported a combined fund balance of approximately \$6.6 million, an increase of approximately \$721,000 above last year's total of approximately \$5.8 million. The following are the reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund, the operating fund for Page County, ended the current year with a balance of \$2,389,266, an increase from the prior year ending balance of \$2,226,600. Revenues increased \$193,303 and expenditures increased \$5,669. The taxable property valuation increased from \$565,136,991 in fiscal year 2012 to \$601,378,290 in fiscal year 2013. The general basic levy rate remained at \$3.50000 per \$1,000 of taxable valuation in fiscal year 2013.
- Page County has continued to look for ways to effectively manage the cost of mental health services in the Special Revenue, Mental Health Fund. Fiscal year 2013 ended with a \$686,709 balance, an increase of \$109,135 from the prior year ending balance of \$577,574. Revenues decreased \$966,948 in fiscal year 2013, due primarily to decreased funding from the State. Expenditures for fiscal year 2013 decreased \$1,112,060, or 53.2%, from fiscal year 2012 due to the State of Iowa being responsible to pay certain costs previously paid by the County. The fiscal year 2013 mental health levy rate of \$1.37038 per \$1,000 of taxable valuation remained the same as fiscal year 2012.
- The Special Revenue, Rural Services Fund ended fiscal year 2013 with a \$50,388 balance compared to the fiscal year 2012 ending balance of \$59,875, a decrease of \$9,487, or 15.84%. Revenues increased \$104,578 while expenditures increased \$14,357 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 Special Revenue, Secondary Roads Fund ended fiscal year 2013 with a \$2,840,093 balance compared to the prior year ending balance of \$2,374,417, an increase of \$465,676, or 19.6%. Revenues increased \$137,201 from fiscal year 2012 while expenditures decreased \$526,453, or 13.3%. The decrease in expenditures was primarily due to less being spent on capital projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was in October 2012. The amendment resulted in an increase in budgeted disbursements of \$176,388. Budgeted disbursements increased for physical health and social services (\$10,000), county environment and education (\$23,328), governmental services to residents (\$8,060) and administration (\$135,000). Licenses and permit budgeted receipts increased \$10,000 and use of money and property budgeted receipts increased \$17,328. The changes were due to purchasing election equipment, carpet, fire alarm system and historical book preservation, Veteran's Affairs grant disbursements, public health grants and miscellaneous, and Pierce Creek and Rapp Park development.

Overall, the County's receipts were \$891,269 less than budgeted, a variance of 8.6%. The most significant variance resulted from the County receiving \$655,678 less in intergovernmental receipts than anticipated.

Total disbursements were \$1,901,583 less than the amended budget. Actual disbursements for the mental health, administration and roads and transportation functions were \$903,590, \$322,928 and \$309,651, respectively, less than budgeted. Even with the budget amendment, the County exceeded the budgeted amount in the capital projects function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Page County had approximately \$12.9 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a decrease of approximately \$343,000 from the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2013	2012
Land	\$ 874,232	874,232
Buildings and improvements	2,354,272	2,466,482
Equipment and vehicles	1,512,574	1,827,392
Infrastructure	8,142,068	8,057,815
Total	\$ 12,883,146	13,225,921

Page County's depreciation expense totaled \$988,045 in fiscal year 2013 and total accumulated depreciation was \$8,638,735 at June 30, 2013. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2013, Page County had \$910,000 of general obligation capital loan note debt outstanding compared to \$1,085,000 at June 30, 2012, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2013	2012
General obligation capital loan notes	\$ 910,000	1,085,000

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Page County's outstanding debt of \$910,000 is significantly below its constitutional debt limit of approximately \$49.9 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 5.1% versus 5.2% a year ago. This compares to the State's unemployment rate of 4.6% and the national rate of 7.6%.

These indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for appropriation in the operating budget are approximately \$14.6 million, a decrease of 4.6% from the final fiscal year 2013 budget. Budgeted disbursements are expected to increase approximately \$567,000, or 5.3%. The County has added no major new programs or initiatives to the fiscal year 2014 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,279,000 by the close of fiscal year 2014.

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 Melissa Wellhausen 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

Exhibit A

Page County
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 5,581,973
Receivables:	
Property tax:	
Delinquent	32,902
Succeeding year	4,472,000
Interest and penalty on property tax	78,657
Accounts	3,786
Loan	590,000
Due from other governments	368,612
Inventories	408,848
Capital assets, net of accumulated depreciation	12,883,146
Total assets	<u>24,419,924</u>
Liabilities	
Accounts payable	230,288
Salaries and benefits payable	74,980
Accrued interest payable	2,439
Due to other governments	92,837
Deferred revenue:	
Succeeding year property tax	4,472,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	160,000
Compensated absences	131,450
Portion due or payable after one year:	
General obligation capital loan notes	750,000
Compensated absences	223,102
Net OPEB liability	273,000
Total liabilities	<u>6,410,096</u>
Net Position	
Net investment in capital assets	12,883,146
Restricted for:	
Supplemental levy purposes	106,537
Mental health purposes	659,517
Rural services purposes	43,866
Secondary roads purposes	2,563,372
Other purposes	593,883
Unrestricted	1,159,507
Total net position	<u>\$ 18,009,828</u>

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,691,253	107,732	20,189	-	(1,563,332)
Physical health and social services	594,224	24,010	296,745	-	(273,469)
Mental health	982,730	-	436,125	-	(546,605)
County environment and education	425,966	80,199	11,014	-	(334,753)
Roads and transportation	3,951,955	41,633	2,834,923	257,676	(817,723)
Governmental services to residents	485,918	253,627	-	-	(232,291)
Administration	1,051,767	42,462	-	-	(1,009,305)
Non-program	2,794	-	-	-	(2,794)
Interest on long-term debt	34,291	-	27,580	-	(6,711)
Total	\$ 9,220,898	549,663	3,626,576	257,676	(4,786,983)

General Revenues:

Property and other county tax levied for:		
General purposes		4,234,782
Debt service		106,403
Penalty and interest on property tax		81,293
State tax credits		262,055
Local option sales tax		425,499
Unrestricted investment earnings		15,945
Gain on disposition of capital assets		15,543
Miscellaneous		53,162
Total general revenues		5,194,682
Change in net position		407,699
Net position beginning of year		17,602,129
Net position end of year		\$ 18,009,828

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2013

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,911,929	713,305	50,009
Receivables:			
Property tax:			
Delinquent	24,926	5,157	1,932
Succeeding year	2,871,000	613,000	882,000
Interest and penalty on property tax	78,657	-	-
Accounts	3,361	-	225
Loan	590,000	-	-
Due from other governments	43,237	42,992	2,050
Inventories	-	-	-
Total assets	\$ 5,523,110	1,374,454	936,216
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 49,786	52,269	735
Salaries and benefits payable	40,384	5,263	1,211
Due to other governments	70,618	12,213	-
Deferred revenue:			
Succeeding year property tax	2,871,000	613,000	882,000
Other	102,056	5,000	1,882
Total liabilities	3,133,844	687,745	885,828
Fund balances:			
Nonspendable - Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	251,273	-	-
Mental health purposes	-	686,709	-
Rural services purposes	-	-	50,388
Secondary roads purposes	-	-	-
Local option sales tax purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition	11,196	-	-
Debt service	590,000	-	-
Other purposes	-	-	-
Committed for capital projects	40,460	-	-
Unassigned	1,496,337	-	-
Total fund balances	2,389,266	686,709	50,388
Total liabilities and fund balances	\$ 5,523,110	1,374,454	936,216

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,383,378	523,352	5,581,973
-	887	32,902
-	106,000	4,472,000
-	-	78,657
200	-	3,786
-	-	590,000
215,213	65,120	368,612
408,848	-	408,848
3,007,639	695,359	11,536,778
127,498	-	230,288
28,122	-	74,980
10,006	-	92,837
-	106,000	4,472,000
1,920	860	111,718
167,546	106,860	4,981,823
408,848	-	408,848
-	-	251,273
-	-	686,709
-	-	50,388
2,431,245	-	2,431,245
-	497,596	497,596
-	57,788	57,788
-	-	11,196
-	5,812	595,812
-	27,303	27,303
-	-	40,460
-	-	1,496,337
2,840,093	588,499	6,554,955
3,007,639	695,359	11,536,778

Page County

Page County

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

June 30, 2013

Total governmental fund balances (page 21)	\$ 6,554,955
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$21,521,881 and the accumulated depreciation is \$8,638,735.	12,883,146
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	111,718
Long-term liabilities, including general obligation capital loan notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(1,539,991)</u>
Net position of governmental activities (page 18)	<u><u>\$ 18,009,828</u></u>

See notes to financial statements.

Page County

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

Year ended June 30, 2013

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,766,395	615,832	846,994
Local option sales tax	-	-	-
Interest and penalty on property tax	53,385	-	-
Intergovernmental	494,019	471,710	68,663
Licenses and permits	968	-	12,017
Charges for service	370,255	-	-
Use of money and property	57,288	-	-
Miscellaneous	132,744	956	1,038
Total revenues	3,875,054	1,088,498	928,712
Expenditures:			
Operating:			
Public safety and legal services	1,511,390	-	132,791
Physical health and social services	598,861	-	-
Mental health	-	979,363	-
County environment and education	322,491	-	44,430
Roads and transportation	-	-	-
Governmental services to residents	436,776	-	42,308
Administration	858,996	-	3,238
Non-program	2,794	-	-
Debt service	102,580	-	-
Capital projects	-	-	-
Total expenditures	3,833,888	979,363	222,767
Excess (deficiency) of revenues over (under) expenditures	41,166	109,135	705,945
Other financing sources (uses):			
Sale of capital assets	-	-	-
Operating transfers in	121,500	-	122,269
Operating transfers out	-	-	(837,701)
Total other financing sources (uses)	121,500	-	(715,432)
Change in fund balances	162,666	109,135	(9,487)
Fund balances beginning of year	2,226,600	577,574	59,875
Fund balances end of year	\$ 2,389,266	686,709	50,388

See notes to financial statements.

Secondary		
Roads	Nonmajor	Total
-	106,403	4,335,624
-	425,499	425,499
-	-	53,385
2,944,392	17,184	3,995,968
4,173	-	17,158
6,374	3,081	379,710
-	161	57,449
31,086	24	165,848
2,986,025	552,352	9,430,641
-	-	1,644,181
-	-	598,861
-	-	979,363
-	40,945	407,866
3,203,989	-	3,203,989
-	-	479,084
-	127,601	989,835
-	-	2,794
-	107,077	209,657
217,783	-	217,783
3,421,772	275,623	8,733,413
(435,747)	276,729	697,228
23,722	-	23,722
877,701	-	1,121,470
-	(283,769)	(1,121,470)
901,423	(283,769)	23,722
465,676	(7,040)	720,950
2,374,417	595,539	5,834,005
2,840,093	588,499	6,554,955

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, 2013

Change in fund balances - Total governmental funds (page 25) \$ 720,950

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 and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 384,009	
Capital assets contributed by the Iowa Department of Transportation	257,676	
Depreciation expense	<u>(988,045)</u>	(346,360)

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. 3,585

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	5,561	
Other	<u>(92,588)</u>	(87,027)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 175,000

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

Compensated absences	(8,815)	
Other postemployment benefits	(50,000)	
Interest on long-term debt	<u>366</u>	<u>(58,449)</u>

Change in net position of governmental activities (page 19) \$ 407,699

See notes to financial statements.

Page County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,101,206
Other County officials	27,865
Receivables:	
Property tax:	
Delinquent	150,945
Succeeding year	13,655,000
Accounts	20,102
Special assessments	4,757
Due from other governments	15,617
Total assets	<u>14,975,492</u>

Liabilities

Accounts payable	8,593
Salaries and benefits payable	3,627
Due to other governments	14,814,416
Trusts payable	137,464
Compensated absences	11,392
Total liabilities	<u>14,975,492</u>

Net assets

\$ -

See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2013

(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 Position (previously referred to as 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 Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has 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 to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used 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 and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

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.

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

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories 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, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. 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	5 - 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the capital projects function and disbursements in one department exceeded the amount appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2013 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, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	<u>\$ 121,500</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales Tax	<u>122,269</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services Local Option Sales Tax	837,701 <u>40,000</u> <u>877,701</u>
Total		<u>\$ 1,121,470</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, 2013 is as follows:

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 874,232	-	-	874,232
Construction in progress	-	483,138	(483,138)	-
Total capital assets not being depreciated	<u>874,232</u>	<u>483,138</u>	<u>(483,138)</u>	<u>874,232</u>
Capital assets being depreciated:				
Buildings and improvements	4,705,049	-	-	4,705,049
Equipment and vehicles	5,697,306	182,047	(132,536)	5,746,817
Infrastructure, road network	9,712,645	483,138	-	10,195,783
Total capital assets being depreciated	<u>20,115,000</u>	<u>665,185</u>	<u>(132,536)</u>	<u>20,647,649</u>
Less accumulated depreciation for:				
Buildings and improvements	2,238,567	112,210	-	2,350,777
Equipment and vehicles	3,869,914	476,950	(112,621)	4,234,243
Infrastructure, road network	1,654,830	398,885	-	2,053,715
Total accumulated depreciation	<u>7,763,311</u>	<u>988,045</u>	<u>(112,621)</u>	<u>8,638,735</u>
Total capital assets being depreciated, net	<u>12,351,689</u>	<u>(322,860)</u>	<u>(19,915)</u>	<u>12,008,914</u>
Governmental activities capital assets, net	<u>\$13,225,921</u>	<u>160,278</u>	<u>(503,053)</u>	<u>12,883,146</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 57,466
Physical health and social services	1,570
Mental health	7,400
County environment and education	16,864
Roads and transportation	792,848
Administration	<u>111,897</u>
Total depreciation expense - governmental activities	<u>\$988,045</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2013 is as follows:

Fund	Description	Amount
General	Services	\$ 70,618
Special Revenue:		
Mental Health	Services	12,213
Secondary Roads	Services	10,006
		<u>22,219</u>
Total for governmental funds		<u>\$ 92,837</u>
Agency:		
County Assessor	Collections	\$ 352,978
Schools		7,949,624
Community Colleges		592,824
Corporations		4,902,912
Townships		164,950
Auto License and Use Tax		297,320
All other		553,808
Total for agency funds		<u>\$ 14,814,416</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	General Obligation Capital Loan Notes	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 1,085,000	345,737	223,000	1,653,737
Increases	-	211,590	70,000	281,590
Decreases	175,000	202,775	20,000	397,775
Balance end of year	<u>\$ 910,000</u>	<u>354,552</u>	<u>273,000</u>	<u>1,537,552</u>
Due within one year	<u>\$ 160,000</u>	<u>131,450</u>	<u>-</u>	<u>291,450</u>

General Obligation Capital Loan Notes

Details of the County's June 30, 2013 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Landfill Issued February 1, 2007			Emergency Equipment Issued September 29, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014	3.90%	\$ 55,000	24,193	1.50%	\$ 105,000	5,075
2015	3.95	60,000	22,048	1.50	105,000	3,500
2016	4.00	60,000	19,678	1.75	110,000	1,925
2017	4.05	60,000	17,277		-	-
2018	4.10	65,000	14,847		-	-
2019-2022	4.10-4.25	290,000	30,985		-	-
Total		<u>\$590,000</u>	<u>129,028</u>		<u>\$ 320,000</u>	<u>10,500</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2014	\$ 160,000	29,268	189,268
2015	165,000	25,548	190,548
2016	170,000	21,603	191,603
2017	60,000	17,277	77,277
2018	65,000	14,847	79,847
2019-2022	290,000	30,985	320,985
Total	<u>\$ 910,000</u>	<u>139,528</u>	<u>1,049,528</u>

During the year ended June 30, 2013, the County retired \$175,000 of general obligation capital loan notes.

The Page County Landfill has agreed to pay the County the principal and interest on the capital loan notes issued February 1, 2007 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.

(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 5.78% of their annual covered salary and the County is required to contribute 8.67% 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, 2013, 2012 and 2011 were \$282,665, \$271,664 and \$229,090, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 72 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 benefits 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, 2013, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 70,000
Interest on net OPEB obligation	9,000
Adjustment to annual required contribution	(9,000)
Annual OPEB cost	70,000
Contributions made	(20,000)
Increase in net OPEB obligation	50,000
Net OPEB obligation beginning of year	223,000
Net OPEB obligation end of year	<u>\$ 273,000</u>

For the year ended June 30, 2013, the County contributed \$20,000 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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 89,000	17.9%	\$ 147,000
2012	89,000	14.6	223,000
2013	70,000	28.6	273,000

Funded Status and Funding Progress – As of June 30, 2013, the actuarial accrued liability was \$496,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$496,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,937,000 and the ratio of the UAAL to covered payroll was 16.9%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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, 2012 actuarial 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 Fully Generational using Scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan range from \$590 to \$1,322 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 of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 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 150% 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, 2013 were \$100,440.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, 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 Lexington 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, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, 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% 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 three lawsuits seeking approximately \$2,190,000 in damages. The probability and amount of loss, if any, is indeterminable.

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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, 2013

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,759,379	-	4,759,379
Interest and penalty on property tax	53,661	-	53,661
Intergovernmental	3,969,505	-	3,969,505
Licenses and permits	17,408	-	17,408
Charges for service	381,440	-	381,440
Use of money and property	56,943	24	56,919
Miscellaneous	259,349	97	259,252
Total receipts	<u>9,497,685</u>	<u>121</u>	<u>9,497,564</u>
Disbursements:			
Public safety and legal services	1,645,130	-	1,645,130
Physical health and social services	589,283	-	589,283
Mental health	1,180,627	-	1,180,627
County environment and education	386,374	-	386,374
Roads and transportation	3,203,352	-	3,203,352
Governmental services to residents	441,466	-	441,466
Administration	984,421	-	984,421
Non-program	2,794	-	2,794
Debt service	209,657	-	209,657
Capital projects	236,677	-	236,677
Total disbursements	<u>8,879,781</u>	<u>-</u>	<u>8,879,781</u>
Excess (deficiency) of receipts over (under) disbursements	617,904	121	617,783
Other financing sources, net	<u>23,722</u>	<u>-</u>	<u>23,722</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	641,626	121	641,505
Balance beginning of year	<u>4,940,347</u>	<u>57,667</u>	<u>4,882,680</u>
Balance end of year	<u>\$ 5,581,973</u>	<u>57,788</u>	<u>5,524,185</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
4,846,889	4,846,889	(87,510)
31,200	31,200	22,461
4,625,183	4,625,183	(655,678)
44,640	54,640	(37,232)
361,180	361,180	20,260
79,274	96,602	(39,683)
373,139	373,139	(113,887)
<u>10,361,505</u>	<u>10,388,833</u>	<u>(891,269)</u>
1,756,110	1,756,110	110,980
678,913	688,913	99,630
2,084,217	2,084,217	903,590
478,970	502,298	115,924
3,513,003	3,513,003	309,651
482,363	490,423	48,957
1,172,349	1,307,349	322,928
4,000	4,000	1,206
209,855	209,855	198
225,196	225,196	(11,481)
<u>10,604,976</u>	<u>10,781,364</u>	<u>1,901,583</u>
(243,471)	(392,531)	1,010,314
50,000	50,000	(26,278)
(193,471)	(342,531)	984,036
<u>4,865,214</u>	<u>4,865,214</u>	<u>17,466</u>
<u>4,671,743</u>	<u>4,522,683</u>	<u>1,001,502</u>

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Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,497,685	(67,044)	9,430,641
Expenditures	8,879,781	(146,368)	8,733,413
Net	617,904	79,324	697,228
Other financing sources, net	23,722	-	23,722
Beginning fund balances	4,940,347	893,658	5,834,005
Ending fund balances	\$ 5,581,973	972,982	6,554,955

See accompanying independent auditor's report.

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Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$176,388. 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, 2013, disbursements exceeded the amount budgeted in the capital projects function and disbursements in one department exceeded the amount appropriated.

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

Required Supplementary Information

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
June 30,							
2010	Jul 1, 2009	-	\$ 651	651	0.0%	\$ 2,610	25.0%
2011	Jul 1, 2009	-	651	651	0.0	2,978	21.9
2012	Jul 1, 2009	-	651	651	0.0	2,633	24.7
2013	Jul 1, 2012	-	496	496	0.0	2,937	16.9

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.

See accompanying independent auditor's report.

Supplementary Information

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Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
Assets			
Cash and pooled investments	\$ 8,535	432,476	5,517
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other governments	-	65,120	-
Total assets	\$ 8,535	497,596	5,517
Liabilities and Fund Balances			
Liabilities:			
Deferred revenues:			
Succeeding year property tax	\$ -	-	-
Other	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted for:			
Local option sales tax purposes	-	497,596	-
Drainage purposes	-	-	-
Debt service	-	-	-
Other purposes	8,535	-	5,517
Total fund balances	8,535	497,596	5,517
Total liabilities and fund balances	\$ 8,535	497,596	5,517

See accompanying independent auditor's report.

Revenue						
County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total	
45	57,788	5,249	7,957	5,785	523,352	
-	-	-	-	887	887	
-	-	-	-	106,000	106,000	
-	-	-	-	-	65,120	
45	57,788	5,249	7,957	112,672	695,359	
-	-	-	-	106,000	106,000	
-	-	-	-	860	860	
-	-	-	-	106,860	106,860	
-	-	-	-	-	497,596	
-	57,788	-	-	-	57,788	
-	-	-	-	5,812	5,812	
45	-	5,249	7,957	-	27,303	
45	57,788	5,249	7,957	5,812	588,499	
45	57,788	5,249	7,957	112,672	695,359	

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

Year ended June 30, 2013

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
Revenues:			
Property and other county tax	\$ -	-	-
Local option sales tax	-	425,499	-
Intergovernmental	10,917	-	-
Charges for service	-	-	3,081
Use of money and property	57	-	7
Miscellaneous	-	-	-
Total revenues	10,974	425,499	3,088
Expenditures:			
Operating:			
County environment and education	-	40,945	-
Administration	-	127,601	-
Debt service	-	-	-
Total expenditures	-	168,546	-
Excess of revenues over expenditures	10,974	256,953	3,088
Other financing uses:			
Operating transfers out	-	(283,769)	-
Change in fund balances	10,974	(26,816)	3,088
Fund balances beginning of year	(2,439)	524,412	2,429
Fund balances end of year	\$ 8,535	497,596	5,517

See accompanying independent auditor's report.

Revenue						
County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service		Total
-	-	-	-	106,403		106,403
-	-	-	-	-		425,499
-	-	-	-	6,267		17,184
-	-	-	-	-		3,081
-	97	-	-	-		161
-	24	-	-	-		24
-	121	-	-	112,670		552,352
-	-	-	-	-		40,945
-	-	-	-	-		127,601
-	-	-	-	107,077		107,077
-	-	-	-	107,077		275,623
-	121	-	-	5,593		276,729
-	-	-	-	-		(283,769)
-	121	-	-	5,593		(7,040)
45	57,667	5,249	7,957	219		595,539
45	57,788	5,249	7,957	5,812		588,499

Page County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	10,514	99,653	139,369
Other County officials	27,865	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,345	2,246	68,255
Succeeding year	-	160,000	267,000	7,742,000
Accounts	7,746	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 35,611	171,859	368,899	7,949,624
Liabilities				
Accounts payable	\$ -	-	1,608	-
Salaries and benefits payable	-	-	2,921	-
Due to other governments	18,507	171,859	352,978	7,949,624
Trusts payable	17,104	-	-	-
Compensated absences	-	-	11,392	-
Total liabilities	\$ 35,611	171,859	368,899	7,949,624

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
10,951	84,002	2,650	297,320	456,747	1,101,206
-	-	-	-	-	27,865
4,873	73,910	300	-	16	150,945
577,000	4,745,000	162,000	-	2,000	13,655,000
-	-	-	-	12,356	20,102
-	-	-	-	4,757	4,757
-	-	-	-	15,617	15,617
592,824	4,902,912	164,950	297,320	491,493	14,975,492
-	-	-	-	6,985	8,593
-	-	-	-	706	3,627
592,824	4,902,912	164,950	297,320	363,442	14,814,416
-	-	-	-	120,360	137,464
-	-	-	-	-	11,392
592,824	4,902,912	164,950	297,320	491,493	14,975,492

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Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 18,913	172,210	343,415	7,908,362
Additions:				
Property and other county tax	-	159,764	267,114	7,746,685
E911 surcharge	-	-	-	-
State tax credits	-	9,527	14,334	453,794
Drivers license fees	-	-	-	-
Office fees and collections	345,273	-	3,973	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	167,234	-	-	-
Miscellaneous	-	-	-	-
Total additions	512,507	169,291	285,421	8,200,479
Deductions:				
Agency remittances:				
To other funds	181,606	-	-	-
To other governments	153,819	169,642	259,937	8,159,217
Trusts paid out	160,384	-	-	-
Total deductions	495,809	169,642	259,937	8,159,217
Balances end of year	\$ 35,611	171,859	368,899	7,949,624

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
635,121	4,701,354	153,864	301,050	473,212	14,707,501
576,758	4,769,058	162,243	-	1,875	13,683,497
-	-	-	-	71,953	71,953
36,790	224,483	9,858	-	111	748,897
-	-	-	80,989	-	80,989
-	-	-	-	-	349,246
-	-	-	-	3,294	3,294
-	-	-	3,895,045	-	3,895,045
-	-	-	-	9,727	9,727
-	-	-	-	214,559	381,793
-	-	-	-	160,389	160,389
613,548	4,993,541	172,101	3,976,034	461,908	19,384,830
-	-	-	173,133	-	354,739
655,845	4,791,983	161,015	3,806,631	352,335	18,510,424
-	-	-	-	91,292	251,676
655,845	4,791,983	161,015	3,979,764	443,627	19,116,839
592,824	4,902,912	164,950	297,320	491,493	14,975,492

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

For the Last Ten Years

	2013	2012	2011
Revenues:			
Property and other county tax	\$ 4,335,624	4,078,162	3,812,963
Local option sales tax	425,499	375,357	392,797
Interest and penalty on property tax	53,385	56,356	52,422
Intergovernmental	3,995,968	4,738,624	7,034,812
Licenses and permits	17,158	28,032	25,109
Charges for service	379,710	386,857	422,948
Use of money and property	57,449	58,510	73,123
Miscellaneous	165,848	198,155	213,744
Total	<u>\$ 9,430,641</u>	<u>9,920,053</u>	<u>12,027,918</u>
Expenditures:			
Operating:			
Public safety and legal services	\$ 1,644,181	1,566,346	2,093,165
Physical health and social services	598,861	622,277	625,200
Mental health	979,363	2,091,423	1,875,274
County environment and education	407,866	405,052	421,414
Roads and transportation	3,203,989	3,438,999	3,621,166
Governmental services to residents	479,084	455,672	432,501
Administration	989,835	1,016,144	949,706
Non-program	2,794	1,354	3,287
Debt service	209,657	208,851	108,563
Capital projects	217,783	509,226	1,901,145
Total	<u>\$ 8,733,413</u>	<u>10,315,344</u>	<u>12,031,421</u>

See accompanying independent auditor's report.

Modified Accrual Basis						
2010	2009	2008	2007	2006	2005	2004
3,651,339	3,456,016	3,380,785	3,339,970	3,168,421	3,129,358	3,278,820
335,968	364,509	363,632	382,268	380,748	331,194	240,360
60,909	47,930	41,503	46,317	39,989	43,629	42,423
6,380,225	4,574,776	4,814,938	4,434,420	4,411,120	4,289,460	4,574,062
28,923	26,546	20,867	25,383	32,882	38,555	47,942
364,551	371,561	347,495	354,398	416,713	369,184	353,299
85,531	106,551	135,709	134,846	112,284	75,678	67,893
213,304	215,161	166,259	432,316	93,121	54,581	128,361
11,120,750	9,163,050	9,271,188	9,149,918	8,655,278	8,331,639	8,733,160
1,563,122	1,504,575	1,458,940	1,378,983	1,256,693	1,219,203	1,231,967
642,955	657,057	710,624	668,433	657,093	945,707	699,962
1,839,981	1,697,407	1,836,621	1,533,478	1,602,544	1,087,495	1,407,163
339,852	344,506	289,100	266,756	242,668	232,319	202,131
3,510,329	3,348,105	3,193,037	3,067,585	3,271,749	3,313,627	3,156,284
422,634	411,560	372,113	325,290	445,144	340,557	307,257
846,025	864,974	891,553	764,118	711,692	711,962	781,176
1,210	1,601	3,351	19,890	1,271	2,470	927
105,495	102,965	107,873	-	-	-	-
2,031,236	217,877	368,593	805,730	642,983	348,383	862,467
11,302,839	9,150,627	9,231,805	8,830,263	8,831,837	8,201,723	8,649,334

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Page County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 7, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control 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 described in the accompanying Schedule of Findings as item (A) 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 the accompanying Schedule of Findings as items (B) through (H) 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 certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 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 the Findings


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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 7, 2014

Page County

Schedule of Findings

Year ended June 30, 2013

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) 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. An initial listing of mail receipts is not prepared by the Sheriff, Engineer and Conservation offices.	Recorder, Treasurer, Sheriff, Engineer, Public Health, Conservation and Extension Office
(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 and Sheriff

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, including elected officials and personnel from other County offices, 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 the signature or initials of the reviewer and the date of the review.

Responses –

Recorder – We will work on ways to implement internal control and will continue to segregate duties as much as possible with limited staff.

Treasurer – All staff must participate in the “collecting” process. The money is kept in cash registers and not in the possession of individual staff members. The money is counted and reconciled by no less than two members prior to being deposited. Posting and daily reconciliation is divided between two or more staff. Their work will be initialed to evidence who performed the work.

Page County

Schedule of Findings

Year ended June 30, 2013

Sheriff – The office secretary, Chief Deputy and County Sheriff all assist in opening the mail, collecting money, depositing, posting and daily reconciling. The office is in the process of cross-training other staff to assist with these duties. Due to the small office staff doing the above jobs, we are unable to do each of the above noted items every day.

Engineer – The receipt listings were reviewed by the County Engineer and Assistant County Engineer.

Public Health – The mail is opened by the office manager, recorded in the mail log and initialed. The log and mail is given to the administrator who reviews and initials the log and returns it to the office manager for processing. The administrator will compare the log to the deposit made with the County Treasurer.

Conservation – Due to limited staff, we cannot fully segregate duties. We will work on establishing an initial receipt listing. Once revenue is received in, it is taken to the County Treasurer's Office.

Extension Office – The Extension Director opens the mail and maintains a listing of checks in a table entitled, Separation of Mail Duties. On January 7, 2014, the Extension Director started verifying the listed checks to the Bank Reconciliation reports. Each month, she finds the listed checks in the monthly Bank Reconciliation report and makes a mark beside them. She is keeping proof of verification in a file folder called FY2013, Auditor's Comments.

Conclusions – Responses accepted.

- (B) Conservation – The County Conservation Board entered into a verbal lease agreement with a local farmer for crop land owned by the County. Under the agreement, the amount of rent paid to the County is based on a percentage of crops harvested. Supporting documentation of the amount harvested is not provided to the County. In addition, the County Conservation Board has not properly documented the reason for not bidding the annual leasing of the property.

In addition, the rent payment on the lease and certain County conservation donations are sent to the home or business address of certain Conservation Board members.

Recommendation – The County Conservation Board should reduce the terms of the lease agreement to writing and ensure the renter provides supporting documentation of the County's share of crops harvested. In addition, the Board should either accept bids for the property rental or document the reason for not bidding rental of the property in the Board minutes.

All Conservation department receipts should be mailed to the County.

Page County

Schedule of Findings

Year ended June 30, 2013

Response – We are working with the County Attorney to get a written lease completed. If the Conservation Board elects not to take bids for the lease, the reason will be documented in the minutes. We will work on obtaining supporting documentation of the amount harvested. The Conservation Board will be informed of the recommendation all receipts are to be mailed to the County.

Conclusion – Response accepted.

- (C) Check Endorsement – Checks are not restrictively endorsed upon receipt in the County Treasurer's office.

Recommendation – A restrictive endorsement (for deposit only) should be placed on all checks when received.

Response – All checks received in the County Treasurer's Office will be restrictively endorsed (for deposit only) upon receipt. This procedure will be done in multiple areas of the office, including at the counter and at workstations while opening mail.

Conclusion – Response accepted.

- (D) Job Evaluations – County personnel policies do not require employees to be evaluated by the supervisor at such frequency as the supervisor may determine, but not less than annually.

Recommendation – A written evaluation policy should be developed to help provide timely performance feedback, goal setting and ensure the employees understand requirements of their job.

Response – Several departments complete reviews. The Board will work with all departments to ensure evaluations are completed annually.

Conclusion – Response accepted.

- (E) Claim Approval – Certain individual claims included on the claim listing approved by the Board of Supervisors lacked evidence of approval by department heads.

Recommendation – Individual claims should include evidence of approval by department heads.

Response – We will ensure the initials or signature of the department heads are included on the claims.

Conclusion – Response accepted.

- (F) Board of Health – Reconciliations of billings, collections and receivables were not prepared each month.

Recommendation – A reconciliation of billings, collections and receivables should be prepared monthly.

Page County

Schedule of Findings

Year ended June 30, 2013

Response – All of our deposits are logged into a deposit spreadsheet and the administrator reviews it before the deposit is made at the County Treasurer’s Office. While at the County Treasurer’s Office, one of the County Treasurer’s employees looks over the spreadsheet and makes sure everything entered is accounted for.

Conclusion – Response acknowledged. The Office should prepare a monthly reconciliation of billings, collections and receivables.

(G) Computer Systems – During our review of internal control, the existing control activities in the County’s computer 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 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 computer system issues.

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

Response – The County will look into establishing written policies for an alternate power source and a written disaster recovery plan.

Conclusion – Response accepted.

(H) County Extension – One County Extension employee is employed by both the County Extension Office and the County Fair Board. The County Extension Office does not work in conjunction with the Fair Board to ensure hours allocated to the Extension Office and the Fair Board are reasonable and accurate.

Recommendation – The County Extension Office should review and approve the timesheet for the employee in conjunction with the County Fair Board. The employee’s timesheet should support all hours worked.

Response – After the audit is public information, this item will be discussed with the Extension Council

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Schedule of Findings

Year ended June 30, 2013

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the capital projects function. Disbursements in the juvenile court services department exceeded the amount appropriated.

Recommendation – 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 County will monitor the budget, including departmental appropriations, to ensure adjustments are approved by the Board, when necessary.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – The following business 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 and Spencer’s Shirtworks	Supplies and apparel	\$712

The transactions with Spencer’s and Spencer’s Shirtworks do not appear to represent a conflict of interest in accordance with Chapter 331.342 (2)(j) of the Code of Iowa since the total transactions were less than \$1,500 during the fiscal year.

- (5) 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.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) 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.

Page County

Schedule of Findings

Year ended June 30, 2013

(8) 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).

(9) 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, 2013 for the County Extension Office did not exceed the amount budgeted.

(10) Outstanding Warrants – The County did not cancel warrants outstanding for more than one year as required by Chapter 331.554(7) of the Code of Iowa.

Recommendation – The County should cancel warrants outstanding for more than one year.

Response – The County will make sure warrants are cancelled after one year.

Conclusion – Response accepted.

(11) E-911 Service Board – The E-911 Service Board budget was not adopted by March 15 as required by Chapter 24 of the Code of Iowa

Recommendation – The E-911 Service Board should comply with Chapter 24 of the Code of Iowa.

Response – We did not have a quorum at the meeting so it had to be rescheduled and republished.

Conclusion – Response accepted.

(12) Emergency Management Commission Budget – The Emergency Management Commission budget was not adopted by February 28 as required by Chapter 29C.17(6) of the Code of Iowa

Recommendation – The Emergency Management Commission should comply with Chapter 29C.17(6) of the Code of Iowa.

Response – We did not have a quorum at the meeting so it had to be rescheduled and republished.

Conclusion – Response accepted.

Page County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Justin M. Scherrman, Senior Auditor
Joshua W. Ostrander, Staff Auditor
Anthony M. Heibult, Assistant Auditor
Benjamin R. Salow, Assistant Auditor
Miranda A. Shipman, Assistant Auditor
Brandon A. Soda, Assistant Auditor
Corey M. Vannausdle, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State