



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

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Mary Mosiman, CPA  
Auditor of State

NEWS RELEASE

FOR RELEASE \_\_\_\_\_ June 8, 2015

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 \$19,365,984 for the year ended June 30, 2014, which included \$1,213,703 in tax credits from the state. The County forwarded \$14,504,923 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,861,061 of the local tax revenue to finance County operations, a 5.6% increase over the prior year. Other revenues included charges for service of \$678,786, operating grants, contributions and restricted interest of \$3,475,986, capital grants, contributions and restricted interest of \$2,326,310, unrestricted investment earnings of \$12,842, local option sales tax of \$406,390, gain on disposition of capital assets of \$211,721 and other general revenues of \$116,483.

Expenses for County operations for the year ended June 30, 2014 totaled \$9,372,823, a 1.6% increase over the prior year. Expenses included \$4,155,227 for roads and transportation, \$1,741,893 for public safety and legal services and \$1,149,885 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/1410-0073-B00F.pdf>.

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**PAGE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2014**

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**Page County**

**Officials**

<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	(Resigned)
Angie Dow (Appointed)	County Treasurer	Nov 2014
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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Mary Mosiman, CPA  
Auditor of State

## 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, 2014, 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, 2014, 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, 2013 (which are not presented herein) and expressed unmodified 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 21, 2015 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 21, 2015

**Page County**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2014 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 25.6%, or approximately \$2,461,000, from fiscal year 2013 to fiscal year 2014. Capital grants, contributions and restricted interest increased approximately \$2,069,000 due to an increase in the Iowa Department of Transportation's contribution of infrastructure.
- Program expenses of the County's governmental activities were 1.6%, or approximately \$152,000, more in fiscal year 2014 than in fiscal year 2013. Roads and transportation function expenses increased approximately \$203,000.
- The County's net position increased 15.1%, or approximately \$2,717,000, from June 30, 2013 to June 30, 2014.

### **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 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, liabilities and deferred inflows of resources 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, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, 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 net position strengthened from a year ago, increasing approximately \$2,717,000 to approximately \$20,727,000. The analysis below shows the changes in the net position of governmental activities from a year ago.

Net Position of Governmental Activities		
	June 30,	
	2014	2013
Current and other assets	\$ 11,939,435	11,536,778
Capital assets	15,114,515	12,883,146
Total assets	<u>27,053,950</u>	<u>24,419,924</u>
Long-term liabilities	1,453,948	1,537,552
Other liabilities	386,418	400,544
Total liabilities	<u>1,840,366</u>	<u>1,938,096</u>
Deferred inflows of resources	<u>4,487,000</u>	<u>4,472,000</u>
Net position:		
Net investment in capital assets	15,114,515	12,883,146
Restricted	4,217,981	3,967,175
Unrestricted	<u>1,394,088</u>	<u>1,159,507</u>
Total net position	<u>\$ 20,726,584</u>	<u>18,009,828</u>

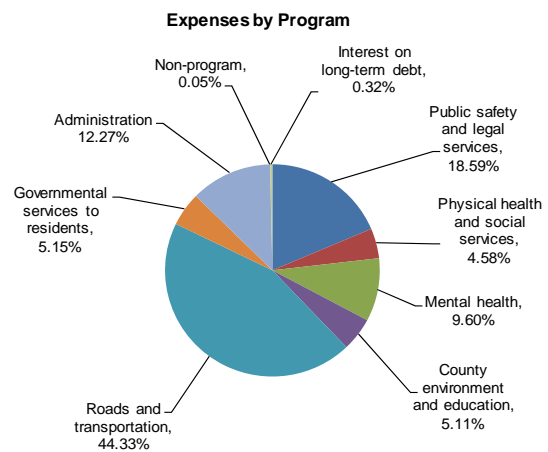
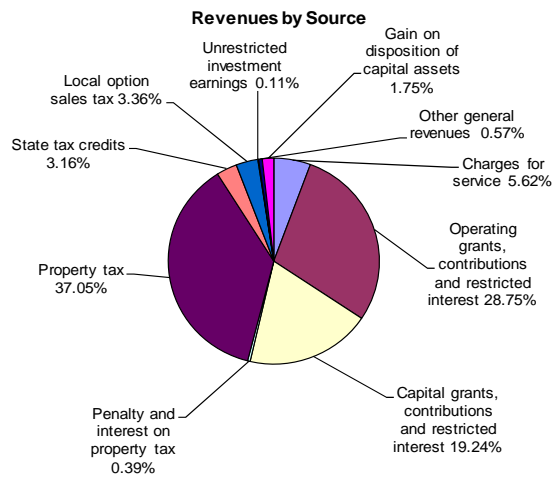
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net position component increased approximately \$2,231,000, or 17.3%, over the prior year.

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 \$251,000, or 6.3%, over the prior year.

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 \$1,160,000 at June 30, 2013 to approximately \$1,394,000 at the end of this year, an increase of 20.2%. 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,	
	2014	2013
<b>Revenues:</b>		
Program revenues:		
Charges for service	\$ 678,786	549,663
Operating grants, contributions and restricted interest	3,475,986	3,626,576
Capital grants, contributions and restricted interest	2,326,310	257,676
General revenues:		
Property tax	4,479,023	4,341,185
Penalty and interest on property tax	47,677	81,293
State tax credits	382,038	262,055
Local option sales tax	406,390	425,499
Unrestricted investment earnings	12,842	15,945
Gain on disposition of capital assets	211,721	15,543
Other general revenues	68,806	53,162
Total revenues	<u>12,089,579</u>	<u>9,628,597</u>
<b>Program expenses:</b>		
Public safety and legal services	1,741,893	1,691,253
Physical health and social services	429,191	594,224
Mental health	899,951	982,730
County environment and education	479,091	425,966
Roads and transportation	4,155,227	3,951,955
Governmental services to residents	482,567	485,918
Administration	1,149,885	1,051,767
Non-program	4,666	2,794
Interest on long-term debt	30,352	34,291
Total expenses	<u>9,372,823</u>	<u>9,220,898</u>
<b>Change in net position</b>	2,716,756	407,699
<b>Net position beginning of year</b>	18,009,828	17,602,129
<b>Net position end of year</b>	<u>\$ 20,726,584</u>	<u>18,009,828</u>



Net position of Page County's governmental activities increased approximately \$2,717,000 during the year. Revenues for governmental activities increased approximately \$2,461,000 over the prior year. Property tax increased approximately \$138,000, charges for service increased approximately \$129,000 and capital grants, contributions and restricted interest increased approximately \$2,069,000. The increase in capital grants, contributions and restricted interest was primarily due to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately \$9.37 million compared to approximately \$9.22 million last year, a 1.6% increase. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for governmental activities was approximately \$2.89 million because some of the cost was paid by those directly benefited from the programs (approximately \$679,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,802,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2014 from approximately \$4,434,000 to approximately \$6,481,000. 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 \$6.9 million, an increase of approximately \$392,000 above last year's total of approximately \$6.6 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 \$2,544,725, an increase over the prior year ending balance of \$2,389,266. Revenues increased \$4,884 and expenditures increased \$29,091. The taxable property valuation increased from \$601,378,290 in fiscal year 2013 to \$626,531,651 in fiscal year 2014. The general basic levy rate remained at \$3.50000 per \$1,000 of taxable valuation in fiscal year 2014.
- 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 2014 ended with a \$1,033,621 balance, an increase of \$346,912 over the prior year ending balance of \$686,709. Revenues increased \$145,677 in fiscal year 2014, due primarily to increased funding from the State. Expenditures for fiscal year 2014 decreased \$92,100, or 9.4%, from fiscal year 2013. The fiscal year 2014 mental health levy rate of \$1.04069 per \$1,000 of taxable valuation decreased from the fiscal year 2013 levy rate of \$1.37038 per \$1,000 of taxable valuation.
- The Special Revenue, Rural Services Fund ended fiscal year 2014 with a \$48,919 balance compared to the fiscal year 2013 ending balance of \$50,388. Revenues increased \$32,281 while expenditures increased \$491 over 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 2014 with a \$2,830,097 balance compared to the prior year ending balance of \$2,840,093. Revenues decreased \$55,437 from fiscal year 2013 while expenditures increased \$435,285, or 12.7%. The increase in expenditures was primarily due to purchasing more equipment during fiscal year 2014.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was in March 2014. The amendment resulted in an increase in budgeted disbursements of \$117,151. Budgeted disbursements increased for roads and transportation (\$110,000), public safety and legal services (\$14,200), mental health (\$83,266), administration (\$3,000) and county environment and education (\$55,685). Budgeted disbursements decreased for physical health and education (\$39,000) and capital projects (\$110,000). Budgeted receipts increased \$93,266 for intergovernmental, \$14,200 for charges for service and \$55,685 for miscellaneous. The changes were due to environmental health director disbursements, purchase of a Sheriff's truck, veterans grant disbursements, conservation disbursements offset by receipts, mental health disbursements offset by receipts, Auditor's office staff retirement and moving Secondary Road disbursements from capital projects to roads and transportation.

Overall, the County's receipts were \$534,664 less than budgeted, a variance of 5.2%. Total disbursements were \$1,985,285 less than the amended budget. Actual disbursements for the mental health, administration and capital projects functions were \$610,855, \$355,853 and \$423,962, respectively, less than budgeted. Even with the budget amendment, the County exceeded the budgeted amount in the non-program function.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, Page County had approximately \$15.1 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is an increase of approximately \$2,231,000 over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2014	2013
Land	\$ 874,232	874,232
Construction in progress	430,414	-
Buildings and improvements	2,291,772	2,354,272
Equipment and vehicles	2,014,545	1,512,574
Infrastructure	9,503,552	8,142,068
Total	\$ 15,114,515	12,883,146

Page County's depreciation expense totaled \$1,148,856 in fiscal year 2014 and total accumulated depreciation was \$9,285,559 at June 30, 2014. Additional information about the County's capital assets is included in Note 5 to the financial statements.

### Long-term Debt

At June 30, 2014, Page County had \$750,000 of general obligation capital loan note debt outstanding compared to \$910,000 at June 30, 2013, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2014	2013
General obligation capital loan notes	\$ 750,000	910,000

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 \$750,000 is significantly below its constitutional debt limit of approximately \$51.2 million. Additional information about the County's long-term debt is included in Note 7 to the financial statements.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Page County's elected and appointed officials and citizens considered many factors when setting the county budget, tax rates and fees that apply for the various county services. One of those factors is the economy. Unemployment in the County now stands at 4.5% versus 5.1% a year ago. This compares to the State's unemployment rate of 4.4% and the national rate of 6.1%.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are approximately \$14.3 million, a decrease of 6% from fiscal year 2014. Budgeted disbursements are \$10.6 million, an approximately \$1.1 million increase over fiscal year 2014. The County has added no major new programs or initiatives to the fiscal year 2015 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$574,000 by the close of fiscal year 2015.

## **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, 2014

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 5,799,381
Receivables:	
Property tax:	
Delinquent	43,944
Succeeding year	4,487,000
Interest and penalty on property tax	70,375
Accounts	77,267
Loan	535,000
Due from other governments	326,363
Inventories	520,910
Prepaid expenses	79,195
Capital assets, net of accumulated depreciation	15,114,515
<b>Total assets</b>	<u>27,053,950</u>
<b>Liabilities</b>	
Accounts payable	223,364
Salaries and benefits payable	91,575
Accrued interest payable	2,522
Due to other governments	68,957
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	165,000
Compensated absences	131,468
Portion due or payable after one year:	
General obligation capital loan notes	585,000
Compensated absences	235,480
Net OPEB liability	337,000
<b>Total liabilities</b>	<u>1,840,366</u>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	<u>4,487,000</u>
<b>Net Position</b>	
Net investment in capital assets	15,114,515
Restricted for:	
Supplemental levy purposes	184,634
Mental health purposes	997,364
Rural services purposes	34,199
Secondary roads purposes	2,514,272
Other purposes	487,512
Unrestricted	1,394,088
<b>Total net position</b>	<u>\$ 20,726,584</u>

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2014

	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	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,741,893	106,665	36,632	-	(1,598,596)
Physical health and social services	429,191	21,474	185,657	-	(222,060)
Mental health	899,951	28,721	451,792	-	(419,438)
County environment and education	479,091	57,721	14,986	-	(406,384)
Roads and transportation	4,155,227	153,267	2,762,226	2,326,310	1,086,576
Governmental services to residents	482,567	263,149	-	-	(219,418)
Administration	1,149,885	47,789	-	-	(1,102,096)
Non-program	4,666	-	-	-	(4,666)
Interest on long-term debt	30,352	-	24,693	-	(5,659)
Total	\$ 9,372,823	678,786	3,475,986	2,326,310	(2,891,741)
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					4,372,913
Debt service					106,110
Penalty and interest on property tax					47,677
State tax credits					382,038
Local option sales tax					406,390
Unrestricted investment earnings					12,842
Gain on disposal of capital assets					211,721
Miscellaneous					68,806
Total general revenues					5,608,497
Change in net position					2,716,756
Net position beginning of year					18,009,828
Net position end of year					\$ 20,726,584

See notes to financial statements.

Page County  
Balance Sheet  
Governmental Funds

June 30, 2014

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 2,134,559	912,296	49,861
Receivables:			
Property tax:			
Delinquent	33,620	7,050	2,080
Succeeding year	2,876,000	603,000	905,000
Interest and penalty on property tax	70,375	-	-
Accounts	51,506	-	1,166
Loan	535,000	-	-
Due from other funds	-	125,000	-
Due from other governments	34,017	28,721	2,443
Inventories	-	-	-
Prepaid expenditures	-	79,195	-
<b>Total assets</b>	<b>\$ 5,735,077</b>	<b>1,755,262</b>	<b>960,550</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 27,106	38,520	472
Salaries and benefits payable	50,092	7,870	1,721
Due to other funds	125,000	-	-
Due to other governments	3,035	65,228	528
Total liabilities	205,233	111,618	2,721
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	2,876,000	603,000	905,000
Other	109,119	7,023	3,910
Total deferred inflows of resources	2,985,119	610,023	908,910
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	-	79,195	-
Restricted for:			
Supplemental levy purposes	350,134	-	-
Mental health purposes	-	950,184	-
Rural services purposes	-	-	48,919
Secondary roads purposes	-	-	-
Local option sales tax purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition	881	-	-
Debt service	535,000	-	-
Other purposes	-	4,242	-
Committed for capital projects	40,460	-	-
Unassigned	1,618,250	-	-
Total fund balances	2,544,725	1,033,621	48,919
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,735,077</b>	<b>1,755,262</b>	<b>960,550</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,270,668	431,997	5,799,381
-	1,194	43,944
-	103,000	4,487,000
-	-	70,375
24,595	-	77,267
-	-	535,000
-	-	125,000
203,248	57,934	326,363
520,910	-	520,910
-	-	79,195
<b>3,019,421</b>	<b>594,125</b>	<b>12,064,435</b>

157,266	-	223,364
31,892	-	91,575
-	-	125,000
166	-	68,957
<b>189,324</b>	<b>-</b>	<b>508,896</b>

-	103,000	4,487,000
-	1,189	121,241
<b>-</b>	<b>104,189</b>	<b>4,608,241</b>

520,910	-	520,910
-	-	79,195

-	-	350,134
-	-	950,184
-	-	48,919
2,309,187	-	2,309,187
-	403,113	403,113
-	57,875	57,875
-	-	881
-	7,547	542,547
-	21,401	25,643
-	-	40,460
-	-	1,618,250
<b>2,830,097</b>	<b>489,936</b>	<b>6,947,298</b>

<b>3,019,421</b>	<b>594,125</b>	<b>12,064,435</b>
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**Page County**



Page County

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

June 30, 2014

<b>Total governmental fund balances (page 21)</b>	\$ 6,947,298
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>	
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 \$24,400,074 and the accumulated depreciation is \$9,285,559.	15,114,515
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	121,241
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.	(1,456,470)
<b>Net position of governmental activities (page 18)</b>	<u>\$ 20,726,584</u>

See notes to financial statements.

Page County

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

Year ended June 30, 2014

	Special Revenue		
	General	Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 2,862,979	611,754	885,907
Local option sales tax	-	-	-
Interest and penalty on property tax	56,108	-	-
Intergovernmental	414,028	622,111	61,604
Licenses and permits	498	-	12,204
Charges for service	370,260	-	-
Use of money and property	59,411	-	-
Miscellaneous	116,654	310	1,278
<b>Total revenues</b>	<b>3,879,938</b>	<b>1,234,175</b>	<b>960,993</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	1,641,647	-	114,402
Physical health and social services	427,445	-	68,078
Mental health	-	887,263	-
County environment and education	363,414	-	34,193
Roads and transportation	-	-	-
Governmental services to residents	444,367	-	3,198
Administration	888,432	-	3,387
Non-program	4,666	-	-
Debt service	79,693	-	-
Capital projects	13,315	-	-
<b>Total expenditures</b>	<b>3,862,979</b>	<b>887,263</b>	<b>223,258</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>16,959</b>	<b>346,912</b>	<b>737,735</b>
<b>Other financing sources (uses):</b>			
Transfers in	138,500	-	122,269
Transfers out	-	-	(861,473)
<b>Total other financing sources (uses)</b>	<b>138,500</b>	<b>-</b>	<b>(739,204)</b>
<b>Change in fund balances</b>	<b>155,459</b>	<b>346,912</b>	<b>(1,469)</b>
<b>Fund balances beginning of year</b>	<b>2,389,266</b>	<b>686,709</b>	<b>50,388</b>
<b>Fund balances end of year</b>	<b>\$ 2,544,725</b>	<b>1,033,621</b>	<b>48,919</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	105,781	4,466,421
-	406,390	406,390
-	-	56,108
2,764,146	21,429	3,883,318
4,163	-	16,865
4,571	2,615	377,446
-	116	59,527
157,708	-	275,950
<u>2,930,588</u>	<u>536,331</u>	<u>9,542,025</u>
-	-	1,756,049
-	-	495,523
-	-	887,263
-	63,157	460,764
3,846,334	-	3,846,334
-	-	447,565
-	145,392	1,037,211
-	-	4,666
-	110,576	190,269
10,723	-	24,038
<u>3,857,057</u>	<u>319,125</u>	<u>9,149,682</u>
<u>(926,469)</u>	<u>217,206</u>	<u>392,343</u>
916,473	-	1,177,242
-	(315,769)	(1,177,242)
<u>916,473</u>	<u>(315,769)</u>	<u>-</u>
(9,996)	(98,563)	392,343
2,840,093	588,499	6,554,955
<u>2,830,097</u>	<u>489,936</u>	<u>6,947,298</u>

Page County

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

Year ended June 30, 2014

**Change in fund balances - Total governmental funds (page 25)** \$ 392,343

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 842,194	
Capital assets contributed by the Iowa Department of Transportation	2,326,310	
Depreciation expense	<u>(1,148,856)</u>	2,019,648

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. 211,721

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

Property tax	12,602	
Other	<u>(3,079)</u>	9,523

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. 160,000

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	(12,396)	
Other postemployment benefits	(64,000)	
Interest on long-term debt	<u>(83)</u>	<u>(76,479)</u>

**Change in net position of governmental activities (page 19)** \$ 2,716,756

See notes to financial statements.

Page County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2014

**Assets**

## Cash and pooled investments:

County Treasurer	\$ 1,170,589
Other County officials	24,602

## Receivables:

## Property tax:

Delinquent	219,491
Succeeding year	13,700,000
Accounts	13,597
Special assessments	6,554

## Due from other governments

16,742

**Total assets**15,151,575**Liabilities**

Accounts payable	21,988
Salaries and benefits payable	4,533
Due to other governments	15,099,981
Trusts payable	12,706
Compensated absences	12,367

**Total liabilities**15,151,575**Net position**\$ -

See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2014

**(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 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, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

*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. Enabling legislation did not result in any restricted net position.

*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 positions 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, Deferred Inflows of Resources 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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 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.

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, 2014. 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.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements 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 inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources 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.

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 only be used 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, 2014, disbursements exceeded the amount budgeted in the non-program function and disbursements in four departments exceeded the amounts appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2014 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) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Mental Health	General	<u>\$125,000</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	<u>\$ 138,500</u>
Special Revenue:	Special Revenue:	
Rural Services	Local Option Sales Tax	<u>122,269</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	861,473
	Local Option Sales Tax	<u>55,000</u>
		<u>916,473</u>
Total		<u>\$ 1,177,242</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 874,232	-	-	874,232
Construction in progress	-	2,326,310	(1,895,896)	430,414
Total capital assets not being depreciated	874,232	2,326,310	(1,895,896)	1,304,646
Capital assets being depreciated:				
Buildings and improvements	4,705,049	51,781	-	4,756,830
Equipment and vehicles	5,746,817	1,030,213	(530,111)	6,246,919
Infrastructure, road network	10,195,783	1,895,896	-	12,091,679
Total capital assets being depreciated	20,647,649	2,977,890	(530,111)	23,095,428
Less accumulated depreciation for:				
Buildings and improvements	2,350,777	114,281	-	2,465,058
Equipment and vehicles	4,234,243	500,163	(502,032)	4,232,374
Infrastructure, road network	2,053,715	534,412	-	2,588,127
Total accumulated depreciation	8,638,735	1,148,856	(502,032)	9,285,559
Total capital assets being depreciated, net	12,008,914	1,829,034	(28,079)	13,809,869
Governmental activities capital assets, net	\$12,883,146	4,155,344	(1,923,975)	15,114,515

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 59,805
Physical health and social services	409
Mental health	5,843
County environment and education	22,775
Roads and transportation	946,725
Administration	113,299
Total depreciation expense - governmental activities	\$ 1,148,856

**(6) 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, 2014 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 3,035
Special Revenue:		
Mental Health	Services	65,228
Rural Services	Services	528
Secondary Roads	Services	166
		<u>65,922</u>
Total for governmental funds		<u>\$ 68,957</u>
Agency:		
County Assessor	Collections	\$ 462,223
Schools		7,912,034
Community Colleges		694,623
Corporations		4,771,079
Townships		164,948
Auto License and Use Tax		319,703
All other		775,371
Total for agency funds		<u>\$ 15,099,981</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	<u>General</u>			
	<u>Obligation</u>	<u>Compen-</u>	<u>Net</u>	
	<u>Capital Loan</u>	<u>sated</u>	<u>OPEB</u>	
	<u>Notes</u>	<u>Absences</u>	<u>Liability</u>	<u>Total</u>
Balance beginning of year	\$ 910,000	354,552	273,000	1,537,552
Increases	-	225,104	71,000	296,104
Decreases	160,000	212,708	7,000	379,708
Balance end of year	<u>\$ 750,000</u>	<u>366,948</u>	<u>337,000</u>	<u>1,453,948</u>
Due within one year	<u>\$ 165,000</u>	<u>131,468</u>	<u>-</u>	<u>296,468</u>

General Obligation Capital Loan Notes

Details of the County's June 30, 2014 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
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	4.15	70,000	18,803		-	-
2020-2022	4.20-4.25	220,000	12,182		-	-
Total		<u>\$535,000</u>	<u>104,835</u>		<u>\$ 215,000</u>	<u>5,425</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
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	70,000	18,803	88,803
2020-2022	220,000	12,182	232,182
Total	<u>\$ 750,000</u>	<u>110,260</u>	<u>860,260</u>

During the year ended June 30, 2014, the County retired \$160,000 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.

**(8) 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 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013

and 2012 were \$300,079, \$282,665 and \$271,664, respectively, equal to the required contributions for each year.

**(9) 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 2 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 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, 2014, 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	11,000
Adjustment to annual required contribution	(10,000)
Annual OPEB cost	<u>71,000</u>
Contributions made	(7,000)
Increase in net OPEB obligation	<u>64,000</u>
Net OPEB obligation beginning of year	<u>273,000</u>
Net OPEB obligation end of year	<u><u>\$ 337,000</u></u>

For the year ended June 30, 2014, the County contributed \$7,000 to the medical plan and members eligible for benefits contributed \$9,456, or 57% of the premium costs.

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
2012	\$ 89,000	14.6%	\$ 223,000
2013	70,000	28.6	273,000
2014	71,000	9.9	337,000



Funded Status and Funding Progress – As of June 30, 2014, 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 \$3,008,000 and the ratio of the UAAL to covered payroll was 16.5%. As of June 30, 2014, 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.

## **(10) 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 700 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 casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion

of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the 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, 2014 were \$101,057.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

**(11) Pending Litigation**

The County is defendant in two lawsuits seeking approximately \$440,000 in damages. The probability and amount of loss, if any, is indeterminable.

**(12) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

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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, 2014

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 4,880,767	-	4,880,767
Interest and penalty on property tax	56,748	-	56,748
Intergovernmental	4,051,868	-	4,051,868
Licenses and permits	16,921	-	16,921
Charges for service	375,244	-	375,244
Use of money and property	59,784	-	59,784
Miscellaneous	256,224	87	256,137
Total receipts	<u>9,697,556</u>	<u>87</u>	<u>9,697,469</u>
<b>Disbursements:</b>			
Public safety and legal services	1,744,705	-	1,744,705
Physical health and social services	566,036	-	566,036
Mental health	1,049,585	-	1,049,585
County environment and education	480,436	-	480,436
Roads and transportation	3,934,698	-	3,934,698
Governmental services to residents	445,961	-	445,961
Administration	1,039,754	-	1,039,754
Non-program	4,666	-	4,666
Debt service	190,269	-	190,269
Capital projects	24,038	-	24,038
Total disbursements	<u>9,480,148</u>	<u>-</u>	<u>9,480,148</u>
Excess (deficiency) of receipts over (under) disbursements	217,408	87	217,321
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	217,408	87	217,321
Balance beginning of year	5,581,973	57,788	5,524,185
Balance end of year	<u>\$ 5,799,381</u>	<u>57,875</u>	<u>5,741,506</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
4,991,930	4,991,930	(111,163)
31,200	31,200	25,548
4,121,901	4,215,167	(163,299)
45,440	45,440	(28,519)
345,234	359,434	15,810
79,235	79,235	(19,451)
454,042	509,727	(253,590)
10,068,982	10,232,133	(534,664)
1,868,754	1,882,954	138,249
682,239	643,239	77,203
1,577,174	1,660,440	610,855
531,255	586,940	106,504
4,030,238	4,140,238	205,540
513,547	513,547	67,586
1,392,607	1,395,607	355,853
4,000	4,000	(666)
190,468	190,468	199
558,000	448,000	423,962
11,348,282	11,465,433	1,985,285
(1,279,300)	(1,233,300)	1,450,621
-	-	-
(1,279,300)	(1,233,300)	1,450,621
4,527,498	4,527,498	996,687
3,248,198	3,294,198	2,447,308

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Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,697,556	(155,531)	9,542,025
Expenditures	9,480,148	(330,466)	9,149,682
Net	217,408	174,935	392,343
Other financing sources, net	-	-	-
Beginning fund balances	5,581,973	972,982	6,554,955
Ending fund balances	\$ 5,799,381	1,147,917	6,947,298

See accompanying independent auditor's report.



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Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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 \$117,151. 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, 2014, disbursements exceeded the amount budgeted in the non-program function and disbursements in four departments exceeded the amounts appropriated.

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
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
2014	Jul 1, 2012	-	496	496	0.0	3,008	16.5

See Note 9 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, 2014

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
<b>Assets</b>			
Cash and pooled investments	\$ 9	345,179	8,141
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other governments	-	57,934	-
<b>Total assets</b>	<b>\$ 9</b>	<b>403,113</b>	<b>8,141</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Restricted for:			
Local option sales tax purposes	-	403,113	-
Drainage purposes	-	-	-
Debt service	-	-	-
Other purposes	9	-	8,141
Total fund balances	9	403,113	8,141
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9</b>	<b>403,113</b>	<b>8,141</b>

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	57,875	5,249	7,957	7,542	431,997	
-	-	-	-	1,194	1,194	
-	-	-	-	103,000	103,000	
-	-	-	-	-	57,934	
45	57,875	5,249	7,957	111,736	594,125	
-	-	-	-	-	-	
-	-	-	-	103,000	103,000	
-	-	-	-	1,189	1,189	
-	-	-	-	104,189	104,189	
-	-	-	-	-	403,113	
-	57,875	-	-	-	57,875	
-	-	-	-	7,547	7,547	
45	-	5,249	7,957	-	21,401	
45	57,875	5,249	7,957	7,547	489,936	
45	57,875	5,249	7,957	111,736	594,125	

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

Year ended June 30, 2014

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
Revenues:			
Property and other county tax	\$ -	-	-
Local option sales tax	-	406,390	-
Intergovernmental	14,899	-	-
Charges for service	-	-	2,615
Use of money and property	20	-	9
Total revenues	14,919	406,390	2,624
Expenditures:			
Operating:			
County environment and education	23,445	39,712	-
Administration	-	145,392	-
Debt service	-	-	-
Total expenditures	23,445	185,104	-
Excess (deficiency) of revenues over (under) expenditures	(8,526)	221,286	2,624
Other financing uses:			
Transfers out	-	(315,769)	-
Change in fund balances	(8,526)	(94,483)	2,624
Fund balances beginning of year	8,535	497,596	5,517
Fund balances end of year	\$ 9	403,113	8,141

See accompanying independent auditor's report.

Revenue						
County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service		Total
-	-	-	-	105,781		105,781
-	-	-	-	-		406,390
-	-	-	-	6,530		21,429
-	-	-	-	-		2,615
-	87	-	-	-		116
-	87	-	-	112,311		536,331
-	-	-	-	-		63,157
-	-	-	-	-		145,392
-	-	-	-	110,576		110,576
-	-	-	-	110,576		319,125
-	87	-	-	1,735		217,206
-	-	-	-	-		(315,769)
-	87	-	-	1,735		(98,563)
45	57,788	5,249	7,957	5,812		588,499
45	57,875	5,249	7,957	7,547		489,936

Page County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	10,085	87,677	117,286
Other County officials	24,602	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,874	4,631	99,748
Succeeding year	-	160,000	396,000	7,695,000
Accounts	292	-	815	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 24,894</b>	<b>171,959</b>	<b>489,123</b>	<b>7,912,034</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	10,869	-
Salaries and benefits payable	-	-	3,664	-
Due to other governments	12,188	171,959	462,223	7,912,034
Trusts payable	12,706	-	-	-
Compensated absences	-	-	12,367	-
<b>Total liabilities</b>	<b>\$ 24,894</b>	<b>171,959</b>	<b>489,123</b>	<b>7,912,034</b>

See accompanying independent auditor's report.



Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
8,640	59,142	2,653	319,703	565,403	1,170,589
-	-	-	-	-	24,602
7,983	104,937	295	-	23	219,491
678,000	4,607,000	162,000	-	2,000	13,700,000
-	-	-	-	12,490	13,597
-	-	-	-	6,554	6,554
-	-	-	-	16,742	16,742
694,623	4,771,079	164,948	319,703	603,212	15,151,575
-	-	-	-	11,119	21,988
-	-	-	-	869	4,533
694,623	4,771,079	164,948	319,703	591,224	15,099,981
-	-	-	-	-	12,706
-	-	-	-	-	12,367
694,623	4,771,079	164,948	319,703	603,212	15,151,575

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Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 35,611	171,859	368,899	7,949,624
Additions:				
Property and other county tax	-	160,066	397,899	7,686,293
E911 surcharge	-	-	-	-
State tax credits	-	9,927	16,583	484,210
Drivers license fees	-	-	-	-
Office fees and collections	298,165	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	268,351	-	-	-
Miscellaneous	-	-	4,063	-
Total additions	566,516	169,993	418,545	8,170,503
Deductions:				
Agency remittances:				
To other funds	159,936	-	-	-
To other governments	144,462	169,893	298,321	8,208,093
Trusts paid out	272,835	-	-	-
Total deductions	577,233	169,893	298,321	8,208,093
Balances end of year	\$ 24,894	171,959	489,123	7,912,034

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
592,824	4,902,912	164,950	297,320	491,493	14,975,492
680,036	4,584,085	162,934	-	1,945	13,673,258
-	-	-	-	62,273	62,273
35,692	275,000	10,133	-	120	831,665
-	-	-	116,623	-	116,623
-	-	-	-	-	298,165
-	-	-	-	2,614	2,614
-	-	-	4,019,891	-	4,019,891
-	-	-	-	21,874	21,874
-	-	-	-	339,482	607,833
-	-	-	-	192,842	196,905
715,728	4,859,085	173,067	4,136,514	621,150	19,831,101
-	-	-	160,873	-	320,809
613,929	4,990,918	173,069	3,953,258	230,622	18,782,565
-	-	-	-	278,809	551,644
613,929	4,990,918	173,069	4,114,131	509,431	19,655,018
694,623	4,771,079	164,948	319,703	603,212	15,151,575

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Page County

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

For the Last Ten Years

	2014	2013	2012
<b>Revenues:</b>			
Property and other county tax	\$ 4,466,421	4,335,624	4,078,162
Local option sales tax	406,390	425,499	375,357
Interest and penalty on property tax	56,108	53,385	56,356
Intergovernmental	3,883,318	3,995,968	4,738,624
Licenses and permits	16,865	17,158	28,032
Charges for service	377,446	379,710	386,857
Use of money and property	59,527	57,449	58,510
Miscellaneous	275,950	165,848	198,155
Total	\$ 9,542,025	9,430,641	9,920,053
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	\$ 1,756,049	1,644,181	1,566,346
Physical health and social services	495,523	598,861	622,277
Mental health	887,263	979,363	2,091,423
County environment and education	460,764	407,866	405,052
Roads and transportation	3,846,334	3,203,989	3,438,999
Governmental services to residents	447,565	479,084	455,672
Administration	1,037,211	989,835	1,016,144
Non-program	4,666	2,794	1,354
Debt service	190,269	209,657	208,851
Capital projects	24,038	217,783	509,226
Total	\$ 9,149,682	8,733,413	10,315,344

See accompanying independent auditor's report.

Modified Accrual Basis						
2011	2010	2009	2008	2007	2006	2005
3,812,963	3,651,339	3,456,016	3,380,785	3,339,970	3,168,421	3,129,358
392,797	335,968	364,509	363,632	382,268	380,748	331,194
52,422	60,909	47,930	41,503	46,317	39,989	43,629
7,034,812	6,380,225	4,574,776	4,814,938	4,434,420	4,411,120	4,289,460
25,109	28,923	26,546	20,867	25,383	32,882	38,555
422,948	364,551	371,561	347,495	354,398	416,713	369,184
73,123	85,531	106,551	135,709	134,846	112,284	75,678
213,744	213,304	215,161	166,259	432,316	93,121	54,581
12,027,918	11,120,750	9,163,050	9,271,188	9,149,918	8,655,278	8,331,639
2,093,165	1,563,122	1,504,575	1,458,940	1,378,983	1,256,693	1,219,203
625,200	642,955	657,057	710,624	668,433	657,093	945,707
1,875,274	1,839,981	1,697,407	1,836,621	1,533,478	1,602,544	1,087,495
421,414	339,852	344,506	289,100	266,756	242,668	232,319
3,621,166	3,510,329	3,348,105	3,193,037	3,067,585	3,271,749	3,313,627
432,501	422,634	411,560	372,113	325,290	445,144	340,557
949,706	846,025	864,974	891,553	764,118	711,692	711,962
3,287	1,210	1,601	3,351	19,890	1,271	2,470
108,563	105,495	102,965	107,873	-	-	-
1,901,145	2,031,236	217,877	368,593	805,730	642,983	348,383
12,031,421	11,302,839	9,150,627	9,231,805	8,830,263	8,831,837	8,201,723

**Page County**



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

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

To the Officials of 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, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 21, 2015.

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, 2014 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 21, 2015



**Page County**

**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 and Conservation offices.	Recorder, Treasurer, Sheriff, Engineer, Public Health and Conservation
(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 documented 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, 2014

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.

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. The County Conservation Board has not documented the reason for not bidding the annual leasing of the property.

Recommendation – The County Conservation Board should reduce the terms of the lease agreement to writing. 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.

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.

Conclusion – Response accepted.

- (C) Claim Approval – 19 of 35 claims reviewed lacked evidence of review and 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.

Page County

Schedule of Findings

Year ended June 30, 2014

- (D) Board of Health – An accounts receivable listing is not prepared monthly. Monthly reconciliations of billings, collections and receivables were not prepared.

Recommendation – An accounts receivable listing should be prepared. A reconciliation of billings, collections and receivables should be prepared monthly.

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 listing of accounts receivable and a reconciliation of billings, collections and receivables.

- (E) Computer System – The County does not have a written disaster recovery plan addressing the County's computer system.

Recommendation – A written disaster recovery plan should be developed covering the County's computer system.

Response – The County will establish a written disaster recovery plan.

Conclusion – Response accepted.

- (F) 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, 2014

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amount budgeted in the non-program function. In addition, disbursements in four departments exceeded the amounts 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	\$979

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, 2014

- (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, 2014 for the County Extension Office did not exceed the amount budgeted.

- (10) Mental Health Grants – In accordance with Chapter 331.389(3) and (4), counties are required to participate in an approved mental health and disability services region on or before June 30, 2014. The Board of Supervisors met this requirement by approving a 28E agreement to be a member of the Southwest Iowa MHDS Region. Effective July 1, 2014, mental health services are provided under the authority of the Region's Board rather than the County Board of Supervisors.

During the year ended June 30, 2014, the County disbursed \$205,000 of grants which do not appear to be allowable expenditures from the Special Revenue, Mental Health Fund since only \$805 related to services provided during the year ended June 30, 2014. Based on discussions with County officials and personnel, the grants were given to avoid remitting the County's remaining mental health funds to the Southwest Iowa MHDS Region effective July 1, 2014. In addition, the following about the grants were noted:

Grants to Page County Public Health

The County provided two grants totaling \$125,000 to Page County Public Health. A written general service agreement was entered into between Page County Mental Health and Page County Public Health for the grants. The grants were provided based on two proposals submitted by Page County Public Health.

The first proposal was for Helping Moms Cope and involved meeting with soon to be or new mothers displaying depressive tendencies and providing referral and listening service. The grant totaled \$50,000 and required payment for public health time at \$180 per hour plus mileage and administrative costs.

The second proposal was for Senior Connection and involved assisting seniors to remain in their homes by mediating with apartment managers to prevent conflicts resulting in eviction. The grant totaled \$75,000.

The grant agreement was dated July 2, 2013, although the Director of Page County Public Health indicated the agreement was actually entered into in June 2014. The grant agreement indicates the services were to be provided within fiscal year 2014, with funding to be paid within the last two months of fiscal year 2014.

Page County

Schedule of Findings

Year ended June 30, 2014

The grants were paid from the Special Revenue, Mental Health Fund to Page County Public Health on June 13, 2014, in advance of services being provided. As of June 30, 2014, no services had been provided under either grant and only minimal costs of \$65 and \$197 were spent during the first quarter of fiscal 2015 for the Helping Moms Cope and Senior Connection grants, respectively.

Pharmacy Grants

On May 30, 2014, the County paid \$20,000 each to four local pharmacies to fund prescription/medication grants from the Special Revenue, Mental Health Fund. Written agreements do not exist between the County and the pharmacies for the grants. The grants were paid in advance of individuals receiving services.

A letter from the County accompanying the payments to the pharmacies stated, "As per our phone conversation, this grant is to assist individuals who reside in Page County. You and your pharmacy staff are aware of those who might benefit from this grant and it is asked that you use the enclosed check to benefit those individuals." The letter also stipulated the pharmacies track the medications paid by the grant and provide the County a listing of prescriptions provided under the grant when the funds have been depleted.

Of the \$80,000 total pharmacy grants provided, only \$805 had been spent by the pharmacies as of June 30, 2014.

Per discussion with the Page County CPC, the prescription/medication grants are to be used for medications related to mental health. At our request, the County obtained a detailed listing of the prescriptions provided under the grant from two of the four pharmacies from inception through November 2014. We reviewed the listings and noted a \$299 prescription for COPD and prescriptions totaling \$397 for inhalers paid for subsequent to June 30, 2014 which do not appear to be mental health related.

In addition, the County did not follow the eligibility and diagnostic determinations established in the County's mental health services management plan for participants of the pharmacy grant program.

Adjustments were subsequently made by the County to properly record the unspent portion of the grants as assets in the Special Revenue, Mental Health Fund.

Recommendation – The County should consult with officials at the Iowa Department of Human Services to determine a proper resolution of this matter. Proper resolution may include requesting repayment of the unspent grant funds of \$204,195 at June 30, 2014 to the Special Revenue, Mental Health Fund.

Response – We will consult the Iowa Department of Human Services to resolve this matter.


Conclusion – Response accepted.

Page County

Staff

This audit was performed by:

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