OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE March 28, 2017

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

The County had local tax revenue of $21,553,334 for the year ended June 30, 2016, which included $2,151,031 in tax credits from the state. The County forwarded $15,637,061 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $5,916,273 of the local tax revenue to finance County operations, a 20.7% increase over the prior year. Other revenues included charges for service of $522,075, operating grants, contributions and restricted interest of $3,962,240, capital grants, contributions and restricted interest of $3,716,478, unrestricted investment earnings of $16,858, local option sales tax of $412,218, gain on disposition of capital assets of $121,893 and other general revenues of $120,215.

Expenses for County operations for the year ended June 30, 2016 totaled $11,609,951, a 17.8% increase over the prior year. Expenses included $5,398,466 for roads and transportation, $2,556,864 for public safety and legal services and $1,197,673 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 https://auditor.iowa.gov/reports/1610-0073-B00F.

# # #

PAGE COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2016

1610-0073-B00F

Table of Contents

Page County

Officials

Elaine Armstrong	Board of Supervisors	Jan 2017
Jon W. Herzberg	Board of Supervisors	Jan 2017
James D. Richardson	Board of Supervisors	Jan 2019
Melissa Wellhausen	County Auditor	Jan 2017
Angie Dow	County Treasurer	Jan 2019
Brenda Esaias	County Recorder	Jan 2019
Lyle Palmer	County Sheriff	Jan 2017
Carl Sonksen	County Attorney	Jan 2019
Peggy Smith	County Assessor	Jan 2022

Page County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

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, 2016, 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, 2016, and the respective changes in its financial position and, where applicable, its cash flows thereof 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, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 57 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, 2015 (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 March 14, 2017 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

MARY MOSIMAN, CPA
Auditor of State

March 14, 2017

Page County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Page County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 45.8%, or approximately $4,645,000, from fiscal year 2015 to fiscal year 2016. Property tax increased approximately $864,000, operating grants, contributions and restricted interest increased approximately $313,000 and capital grants, contributions and restricted interest increased approximately $3,398,000 due to an increase in the Iowa Department of Transportation's contribution of infrastructure.
- Program expenses of the County's governmental activities increased 17.8%, or approximately $1,751,000 from fiscal year 2015 to fiscal year 2016. Roads and transportation function expenses increased approximately $1,087,000, public safety and legal services increased approximately $872,000 while mental health function expenses decreased approximately $226,000.
- The County's net position increased 16.8% or approximately $3,178,000 over the June 30, 2015 balance.

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, the County's proportionate share of the net pension liability and related contributions, 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:

Government-wide Financial Statements

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, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which 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 financial information on all of the County's assets, deferred outflows of resources, 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 governmental 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 E-911 Service Commission, emergency management services and the County Assessor, to name a few.

   The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Page County's combined net position increased from approximately $18.9 million to approximately $22.1 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities	June 30, 2016	June 30, 2015
Current and other assets	$ 13,440,883	13,137,240
Capital assets	18,384,470	15,028,161
Total assets	31,825,353	28,165,401
Deferred outflows of resources	424,756	427,866
Long-term liabilities	4,014,743	2,891,563
Other liabilities	753,736	606,683
Total liabilities	4,768,479	3,498,246
Deferred inflows of resources	5,426,386	6,218,076
Net position:		
Net investment in capital assets	18,384,470	15,028,161
Restricted	3,849,863	4,044,651
Unrestricted	(179,089)	(195,867)
Total net position	$ 22,055,244	18,876,945

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 $3,356,000, or 22.3%, over the prior year.

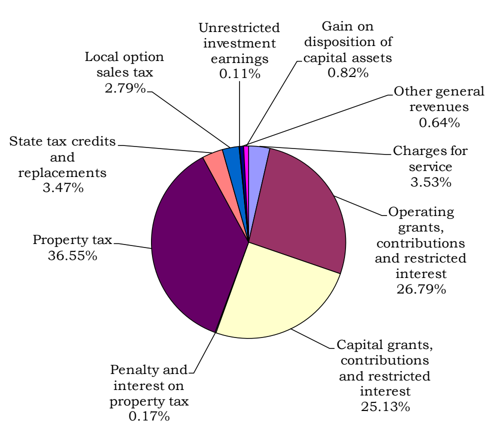
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component decreased approximately $195,000, or 4.8%, from the prior year.

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 approximately $17,000 over the prior year.

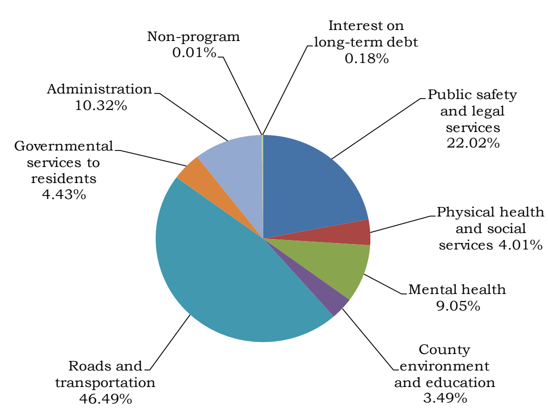
Changes in Net Position of Governmental Activities

	Year ended June 30, 2016	2015
Revenues:		
Program revenues:		
Charges for service	$ 522,075	527,539
Operating grants, contributions and restricted interest	3,962,240	3,649,347
Capital grants, contributions and restricted interest	3,716,478	318,803
General revenues:		
Property tax	5,403,358	4,539,316
Penalty and interest on property tax	25,120	95,161
State tax credits and replacements	512,915	363,240
Local option sales tax	412,218	403,628
Unrestricted investment earnings	16,858	12,499
Gain on disposition of capital assets	121,893	139,218
Other general revenues	95,095	94,010
Total revenues	14,788,250	10,142,761
Program expenses:		
Public safety and legal services	2,556,864	1,684,875
Physical health and social services	465,068	641,626
Mental health	1,050,304	1,276,715
County environment and education	404,699	344,293
Roads and transportation	5,398,466	4,311,466
Governmental services to residents	514,467	458,540
Administration	1,197,673	1,114,024
Non-program	1,111	1,111
Interest on long-term debt	21,299	26,238
Total expenses	11,609,951	9,858,888
Change in net position	3,178,299	283,873
Net position beginning of year	18,876,945	18,593,072
Net position end of year	$22,055,244	18,876,945

Revenues by Source



Expenses by Program



Revenues for governmental activities increased approximately $4,645,000 over the prior year. Property tax increased approximately $864,000 and capital grants, contributions and restricted interest increased approximately $3,398,000. The general supplemental levy increased from $1.37038 per $1,000 of taxable valuation to $2.7000 per $1,000 of taxable valuation, resulting in an increase of approximately $809,000. 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 $11.6 million compared to approximately $9.9 million last year, a 17.8% increase. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for governmental activities was approximately $3.41 million because some of the cost was paid by those directly benefited from the programs (approximately $522,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $7,679,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2016 from approximately $4,496,000 to approximately $8,201,000. 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 $7.5 million, an increase of approximately $400,000 above last year's total of approximately $7.1 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 $3,840,251, an increase of $927,555 over the prior year ending balance of $2,912,696. Revenues increased $730,192 and expenditures increased $891,366, due primarily to an increase in public safety and legal services. During fiscal year 2016, the emergency communication centers for the cities of Clarinda and Shenandoah were consolidated under Page County. The Emergency Management Department increased staffing levels from one employee to ten employees.

- 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 2016 ended with a $258,707 balance, a decrease of $299,665 from the prior year ending balance of $558,372. Revenues decreased $100,783 in fiscal year 2016 due, in part, to Federal Social Services Block Grant funds being sent directly to the Region and not passing through the County. In addition, property tax decreased due the property tax levy decreasing from $1.02127 per $1,000 of taxable valuation to $0.79511 per $1,000 of taxable valuation, a 22% decrease. Expenditures for fiscal year 2016 decreased $272,125, or 21%, from fiscal year 2015, due primarily to the distribution of mental health funds to the Region.

- The Special Revenue, Rural Services Fund ended fiscal year 2016 with an $87,833 balance compared to the June 30, 2015 balance of $51,437. Revenues increased $70,505 and expenditures increased $1,899 over the prior year. Property tax increased approximately $57,000 due primarily to the rural services levy increasing approximately 3% while property valuations increased approximately 2%.

- The Special Revenue, Secondary Roads Fund ended fiscal year 2016 with a $2,630,458 balance compared to the June 30, 2015 balance of $3,049,511. Revenues increased $449,807, or 15% over fiscal year 2015 while expenditures increased $1,107,902, or 29%. The increase in revenue is due primarily to the increase in road use tax funds from the State. The increase in expenditures was primarily due to more road projects during fiscal year 2016.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was in February 2016. The amendment resulted in a total increase in budgeted disbursements of $3,088,649. Budgeted disbursements primarily increased for debt service of $1,750,019 due to the issuance and transfer of bond proceeds to the Page County Landfill, an increase of $669,652 in mental health due in part for the reimbursement due back to the Region and an increase of $500,000 for roads and transportation due to additional road use tax funds available from the State. Total budgeted receipts increased $1,241,204, due to increased road use tax funds and bond proceeds for the issuance of debt for the Page County Landfill.

Overall, the County's receipts were $165,610 less than budgeted, a variance of 1.3%. Total disbursements were $2,857,173 less than the amended budget. Actual disbursements for capital projects and debt service were $945,048 and $697,942, respectively, less than budgeted. This was due to anticipated projects not occurring.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, Page County had approximately $18.4 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is an increase of approximately $3,356,000, or 22% over the prior year.

Capital Assets of Governmental Activities at Year End

	June 30, 2016	June 30, 2015
Land	$ 874,232	874,232
Buildings and improvements	2,117,932	2,234,714
Equipment and vehicles	2,739,880	2,265,044
Infrastructure	12,652,426	9,654,171
Total	$ 18,384,470	15,028,161

Page County's depreciation expense totaled $1,372,229 in fiscal year 2016 and total accumulated depreciation was $11,208,718 at June 30, 2016. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2016, Page County had $1,145,000 of general obligation bonds outstanding compared to $585,000 at June 30, 2015.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2016	2015
General obligation capital loan notes	$ -	585,000
General obligation bonds	1,145,000	-
	$ 1,145,000	585,000

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 $1,145,000 is significantly below its constitutional debt limit of approximately $61 million. Additional information about the County's long-term debt is included in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Page County's elected and appointed officials and citizens considered many factors when setting the 2017 County budget, tax rates and fees that apply for the various county services. One of those factors is the economy. Unemployment in the County now stands at 5.3% versus 3.8% a year ago. This compares to the State's unemployment rate of 4.1% and the national rate of 4.9%.

These indicators were taken into account when adopting the budget for fiscal year 2017. Amounts available for appropriation in the operating budget are approximately $16.3 million, a decrease of 7% from the final fiscal year 2016 budget. Budgeted disbursements are $10.9 million. The County has added no major new programs or initiatives to the fiscal year 2017 budget.

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

Page County

Statement of Net Position

June 30, 2016

	Governmental Activities
Assets	
Cash and pooled investments	$ 6,253,884
Receivables:	
Property tax:	
Delinquent	18,319
Succeeding year	5,162,000
Interest and penalty on property tax	55,371
Accounts	3,449
Loan	1,145,000
Due from other governments	355,094
Inventories	447,766
Capital assets, net of accumulated depreciation	18,384,470
Total assets	31,825,353
Deferred Outflows of Resources	
Pension related deferred outflows	424,756
Liabilities	
Accounts payable	614,182
Salaries and benefits payable	134,856
Accrued interest payable	1,372
Due to other governments	3,326
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	140,000
Compensated absences	144,531
Portion due or payable after one year:	
General obligation bonds	1,005,000
Compensated absences	267,914
Net pension liability	1,961,298
Net OPEB liability	496,000
Total liabilities	4,768,479
Deferred Inflows of Resources	
Unavailable property tax revenue	5,162,000
Pension related deferred inflows	264,386
Total deferred inflows of resources	5,426,386
Net Position	
Net investment in capital assets	18,384,470
Restricted for:	
Supplemental levy purposes	582,618
Mental health purposes	248,471
Rural services purposes	88,182
Secondary roads purposes	2,234,272
Other purposes	549,833
Debt service	146,487
Unrestricted	(179,089)
Unreserved	
Total net position	$ 22,055,244

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2016

	Expenses	Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 2,556,864	137,996	47,875	-	(2,370,993)
Physical health and social services	465,068	33,077	230,741	-	(201,250)
Mental health	1,050,304	-	214,605	-	(835,699)
County environment and education	404,699	44,240	20,205	-	(340,254)
Roads and transportation	5,398,466	35,774	3,444,759	3,716,478	1,798,545
Governmental services to residents	514,467	252,614	-	-	(261,853)
Administration	1,197,673	18,374	-	-	(1,179,299)
Non-program	1,111	-	-	-	(1,111)
Interest on long-term debt	21,299	-	4,055	-	(17,244)
Total	$11,609,951	522,075	3,962,240	3,716,478	(3,409,158)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,178,858
Debt service					224,500
Penalty and interest on property tax					25,120
State tax credits and replacements					512,915
Local option sales tax					412,218
Unrestricted investment earnings					16,858
Gain on disposal of capital assets					121,893
Miscellaneous					95,095
Total general revenues					6,587,457
Change in net position					3,178,299
Net position beginning of year					18,876,945
Net position end of year					$ 22,055,244

See notes to financial statements.

Page County

Balance Sheet
Governmental Funds

June 30, 2016

		Special Revenue	
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	$ 2,821,146	260,929	88,391
Receivables:			
Property tax:			
Delinquent	16,598	1,422	299
Succeeding year	3,801,000	326,000	1,035,000
Interest and penalty on property tax	55,371	-	-
Accounts	2,372	-	350
Loan	1,145,000	-	-
Due from other governments	26,649	-	5,984
Inventories	-	-	-
Total assets	$ 7,868,136	588,351	1,130,024
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 77,796	177	3,072
Salaries and benefits payable	76,640	2,068	3,770
Due to other governments	1,161	-	-
Total liabilities	155,597	2,245	6,842
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	3,801,000	326,000	1,035,000
Other	71,288	1,399	299
Total deferred inflows of resources	3,872,288	327,399	1,035,299
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	575,655	-	-
Mental health purposes	-	258,707	-
Rural services purposes	-	-	87,883
Secondary roads purposes	-	-	-
Local option sales tax purposes	-	-	-
Drainage district purposes	-	-	-
Conservation land acquisition	4,381	-	-
Debt service	1,145,000	-	-
Other purposes	57,077	-	-
Committed for capital projects	40,460	-	-
Unassigned	2,017,678	-	-
Total fund balances	3,840,251	258,707	87,883
Total liabilities, deferred inflows of resources and fund balances	$ 7,868,136	588,351	1,130,024

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,515,505	567,913	6,253,884
-	-	18,319
-	-	5,162,000
-	-	55,371
727	-	3,449
-	-	1,145,000
253,437	69,024	355,094
447,766	-	447,766
3,217,435	636,937	13,440,883
532,434	703	614,182
52,378	-	134,856
2,165	-	3,326
586,977	703	752,364
-	-	5,162,000
-	-	72,986
-	-	5,234,986
447,766	-	447,766
-	-	575,655
-	-	258,707
-	-	87,883
2,182,692	-	2,182,692
-	389,651	389,651
-	58,047	58,047
-	-	4,381
-	147,859	1,292,859
-	40,677	97,754
-	-	40,460
-	-	2,017,678
2,630,458	636,234	7,453,533
3,217,435	636,937	13,440,883

Page County

Page County

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

June 30, 2016

Total governmental fund balances (page 21)		$ 7,453,533
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $29,593,188 and the accumulated depreciation is $11,208,718.		18,384,470
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.		72,986
inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources	$ 424,756	
Deferred inflows of resources	(264,386)	160,370
Long-term liabilities, including general obligation bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(4,016,115)
Net position of governmental activities (page 18)		$22,055,244

See notes to financial statements.

Page County

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

Year ended June 30, 2016

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 3,729,801	478,310	983,905
Local option sales tax	-	-	-
Interest and penalty on property tax	52,115	-	-
Intergovernmental	665,395	51,892	67,602
Licenses and permits	1,100	-	11,063
Charges for service	370,482	-	-
Use of money and property	62,108	-	-
Miscellaneous	118,373	196,447	9,553
Total revenues	4,999,374	726,649	1,072,123
Expenditures:			
Operating:			
Public safety and legal services	2,558,644	-	117,570
Physical health and social services	437,168	-	57,518
Mental health	-	1,026,314	-
County environment and education	317,891	-	38,501
Roads and transportation	-	-	-
Governmental services to residents	510,258	-	4,157
Administration	1,028,533	-	3,387
Non-program	1,111	-	-
Debt service	79,714	-	-
Capital projects	-	-	-
Total expenditures	4,933,319	1,026,314	221,133
Excess (deficiency) of revenues over (under) expenditures	66,055	(299,665)	850,990
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	131,500	-	113,269
Transfers out	-	-	(927,813)
General obligation bonds issued	1,205,000	-	-
Payment to refunding bond agent	(475,000)	-	-
Total other financing sources (uses)	861,500	-	(814,544)
Change in fund balances	927,555	(299,665)	36,446
Fund balances beginning of year	2,912,696	558,372	51,437
Fund balances end of year	$ 3,840,251	258,707	87,883

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	226,054	5,418,070
-	412,218	412,218
-	-	52,115
3,444,759	37,588	4,267,236
5,079	-	17,242
-	2,593	373,075
-	5,622	67,730
59,533	-	383,906
3,509,371	684,075	10,991,592
-	-	2,676,214
-	-	494,686
-	-	1,026,314
-	46,937	403,329
4,883,735	-	4,883,735
-	-	514,415
-	69,769	1,101,689
-	-	1,111
-	112,425	192,139
52,452	-	52,452
4,936,187	229,131	11,346,084
(1,426,816)	454,944	(354,492)
24,950	-	24,950
982,813	-	1,227,582
-	(299,769)	(1,227,582)
-	-	1,205,000
-	-	(475,000)
1,007,763	(299,769)	754,950
(419,053)	155,175	400,458
3,049,511	481,059	7,053,075
2,630,458	636,234	7,453,533

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, 2016

Change in fund balances - Total governmental funds (page 25)		$ 400,458
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	$ 915,117	
Capital assets contributed by the Iowa Department of Transportation	3,716,478	
Depreciation expense	(1,372,229)	3,259,366
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.		96,943
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	(14,712)	
Other	(26,996)	(41,708)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 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.		
Issued	(1,205,000)	
Repaid	645,000	(560,000)
The current year County share of IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		318,901
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	(28,762)	
Other postemployment benefits	(93,000)	
Pension expense	(174,739)	
Interest on long-term debt	840	(295,661)
Change in net position of governmental activities (page 19)		$ 3,178,299

See notes to financial statements.

Page County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

Assets	
Cash and pooled investments:	
County Treasurer	$ 1,922,216
Other County officials	24,823
Receivables:	
Property tax:	
Delinquent	103,564
Succeeding year	14,096,000
Accounts	2,751
Special assessments	5,280
Due from other governments	52,528
Total assets	16,207,162
Liabilities	
Accounts payable	19,457
Salaries and benefits payable	22,010
Due to other governments	16,138,655
Trusts payable	12,559
Compensated absences	14,481
Total liabilities	16,207,162
Net position	$ -

See notes to financial statements.

(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, West Central Development Corporation and the Southwest Iowa MHDS Region.

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, deferred outflows of resources, 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 is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

D. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity</u>

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

<u>Cash, Cash Equivalents and Pooled Investments</u> – 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 are stated at fair value except for investments in non-negotiable certificates of deposit which are valued at amortized cost.

<u>Property Tax Receivable</u> – 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

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. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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. 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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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, 2016. 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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net position 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.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. 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 until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2016 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 ensure 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. 72.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	$ 131,500
Special Revenue:	Special Revenue:	
Rural Services	Local Option Sales Tax	113,269
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	927,813
	Local Option Sales Tax	55,000
Total		$1,227,582

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 874,232	-	-	874,232
Construction in progress	-	3,716,478	(3,716,478)	-
Total capital assets not being depreciated	874,232	3,716,478	(3,716,478)	874,232
Capital assets being depreciated:				
Buildings and improvements	4,816,554	-	-	4,816,554
Equipment and vehicles	6,696,866	1,016,419	(368,255)	7,345,030
Infrastructure, road network	12,840,896	3,716,476	-	16,557,372
Total capital assets being depreciated	24,354,316	4,732,895	(368,255)	28,718,956
Less accumulated depreciation for:				
Buildings and improvements	2,581,840	116,782	-	2,698,622
Equipment and vehicles	4,431,822	537,226	(363,898)	4,605,150
Infrastructure, road network	3,186,725	718,221	-	3,904,946
Total accumulated depreciation	10,200,387	1,372,229	(363,898)	11,208,718
Total capital assets being depreciated, net	14,153,929	3,360,666	(4,357)	17,510,238
Governmental activities capital assets, net	$ 15,028,161	7,077,144	(3,720,835)	18,384,470

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 115,983
Physical health and social services	409
Mental health	5,843
County environment and education	19,158
Roads and transportation	1,123,686
Administration	107,150
Total depreciation expense - governmental activities	$ 1,372,229

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
General	Services	$ 1,161
Special Revenue:		
Secondary Roads	Services	2,165
Total for governmental funds		3,326
Agency:		
County Assessor	Collections	$ 764,073
Schools		8,020,609
Community Colleges		949,704
Corporations		4,642,037
Townships		182,982
Auto License and Use Tax		345,521
All other		1,233,729
Total for agency funds		$ 16,138,655

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Bonds	Compen-sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	$ 585,000	383,683	1,519,880	403,000	2,891,563
Increases	1,205,000	227,159	441,418	93,000	1,966,577
Decreases	645,000	198,397	-	-	843,397
Balance end of year	$ 1,145,000	412,445	1,961,298	496,000	4,014,743
Due within one year	$ 140,000	144,531	-	-	284,531

General Obligation Solid Waste Management and Refunding Bonds

In November 2015, the County entered into a loan agreement for the issuance of $1,205,000 of general obligation solid waste management and refunding bonds to pay costs of expanding and upgrading the Page County Landfill and to refund $475,000 of outstanding bonds issued in January 2007. The County reduced its total debt service payments for the refunded debt by $38,798 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $36,823.

Details of the County's June 30, 2016 general obligation solid waste management and refunding bonds are as follows:

	Landfill			
Year	Issued November 24, 2015			
Ending June 30,	Interest Rates	Principal	Interest	Total
2017	0.75%	$ 140,000	15,963	155,963
2018	0.90	145,000	14,913	159,913
2019	1.10	150,000	13,608	163,608
2020	1.30	150,000	11,958	161,958
2021	1.50	155,000	10,008	165,008
2022-2025	1.75-2.10	405,000	18,008	423,008
Total		$ 1,145,000	84,458	1,229,458

During the year ended June 30, 2016, the County retired $645,000 of general obligation debt.

The Page County Landfill has agreed to pay the County the principal and interest on the general obligation solid waste management and refunding bonds issued November 24, 2015 as they come due. The County reports a loan receivable in the General Fund equal to the principal outstanding on those general obligation bonds.

(7) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS' Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 were $318,901.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2016, the County reported a liability of $1,961,298 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the County's proportion was 0.0396985%, which was an increase of 0.001375% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of $174,739. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,315	20,616
Changes of assumptions	53,421	16,052
Net difference between projected and actual earnings on IPERS investments	-	216,240
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	23,119	11,478
County contributions subsequent to the measurement date	318,901	-
Total	$ 424,756	264,386

$318,901 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2017	$ (87,864)
2018	(87,864)
2019	(87,864)
2020	104,788
2021	273
Total	$ (158,531)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability:	$ 3,905,376	1,961,298	322,096

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 82 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 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, 2016, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 93,000
Interest on net OPEB obligation	16,000
Adjustment to annual required contribution	(16,000)
Annual OPEB cost	93,000
Contributions made	-
Increase in net OPEB obligation	93,000
Net OPEB obligation beginning of year	403,000
Net OPEB obligation end of year	$ 496,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the County made no contributions to the medical plan. Plan members eligible for benefits contributed $3,780, or 100% 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
2014	$ 71,000	9.9%	$ 337,000
2015	70,000	5.7	403,000
2016	93,000	0.0	496,000

<u>Funded Status and Funding Progress</u> – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was $635,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $635,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3,511,000 and the ratio of the UAAL to covered payroll was 18.1%. As of June 30, 2016, there were no trust fund assets.

<u>Actuarial Methods and Assumptions</u> – 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 actuarial 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, 2015 actuarial valuation date, the projected unit cost with linear proration to decrement 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. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RPH-2015 Dataset Mortality Table Fully Generational using Scale MP-2015. Annual retirement probabilities were based on the assumption each general employee will retire at age 61 or upon meeting the minimum age/service requirement, whichever is later. Each special service employee is assumed to retire at age 58 or upon meeting the minimum age/service requirement, whichever is later.

Projected claim costs of the medical plan range from $667 to $1,499 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 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.

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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2016 were $110,529.

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 $250,000 each occurrence, each location. Property risks exceeding $250,000 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 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, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, 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.

(10) Pending Litigation

The County is a defendant in a lawsuit. The probability of loss, if any, is undeterminable.

(11) Page County Financial Information Included in the Southwest Iowa MHDS Region

The Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, became effective July 10, 2014 and includes the following member counties: Cass County, Fremont County, Harrison County, Mills County, Monona County, Montgomery County, Pottawattamie County, Shelby County and Page County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2016, as follows:

Revenues:		
Property and other county tax		$ 478,310
Intergovernmental:		
State tax credits	$ 39,554	
Social services block grant	12,338	51,892
Miscellaneous		196,447
Total revenues		726,649
Expenditures:		
General administration:		
Direct administration		71,949
Purchased administration		10,845
Distribution to MHDS regional fiscal agent		943,520
Total expenditures		1,026,314
Deficiency of revenues under expenditures		(299,665)
Fund balance beginning of year		558,372
Fund balance end of year		$ 258,707

(12) New Accounting Pronouncement

The County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

Page County

Required Supplementary Information

Page County

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

Required Supplementary Information

Year ended June 30, 2016

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 5,829,417	-	5,829,417
Interest and penalty on property tax	53,613	-	53,613
Intergovernmental	4,348,567	-	4,348,567
Licenses and permits	16,948	-	16,948
Charges for service	365,634	-	365,634
Use of money and property	61,854	-	61,854
Miscellaneous	1,466,053	5,585	1,460,468
Total receipts	12,142,086	5,585	12,136,501
Disbursements:			
Public safety and legal services	2,646,426	-	2,646,426
Physical health and social services	439,421	-	439,421
Mental health	1,098,017	-	1,098,017
County environment and education	365,302	5,500	359,802
Roads and transportation	4,551,553	-	4,551,553
Governmental services to residents	511,052	-	511,052
Administration	1,108,568	-	1,108,568
Non-program	1,111	-	1,111
Debt service	1,381,480	-	1,381,480
Capital projects	54,952	-	54,952
Total disbursements	12,157,882	5,500	12,152,382
Excess (deficiency) of receipts over (under) disbursements	(15,796)	85	(15,881)
Other financing sources, net	24,950	-	24,950
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	9,154	85	9,069
Balance beginning of year	6,244,730	57,962	6,186,768
Balance end of year	$ 6,253,884	58,047	6,195,837

See accompanying independent auditor’s report.

Budgeted Amounts		Final to
Original	Final	Net Variance
6,016,907	6,016,907	(187,490)
31,200	31,200	22,413
4,194,703	4,726,733	(378,166)
24,715	24,715	(7,767)
356,840	356,840	8,794
91,546	97,302	(35,448)
344,996	1,048,414	412,054
11,060,907	12,302,111	(165,610)
2,741,252	2,790,230	143,804
742,246	811,246	371,825
743,691	1,413,343	315,326
409,562	452,562	92,760
4,060,000	4,560,000	8,447
543,697	543,697	32,645
1,353,055	1,355,055	246,487
4,000	4,000	2,889
323,403	2,079,422	697,942
1,000,000	1,000,000	945,048
11,920,906	15,009,555	2,857,173
(859,999)	(2,707,444)	2,691,563
605,000	1,805,180	(1,780,230)
(254,999)	(902,264)	911,333
5,230,410	5,230,410	956,358
4,975,411	4,328,146	1,867,691

Page County

Page County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 12,142,086	(1,150,494)	10,991,592
Expenditures	12,157,882	(811,798)	11,346,084
Net	(15,796)	(338,696)	(354,492)
Other financing sources, net	24,950	730,000	754,950
Beginning fund balances	6,244,730	808,345	7,053,075
Ending fund balances	$ 6,253,884	1,199,649	7,453,533

See accompanying independent auditor's report.

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 $3,088,649. 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 E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Page County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Two Years*
(In Thousands)

Required Supplementary Information

		2016	2015
County's collective proportion of the net pension liability		0.0396985%	0.0383236%
County's collective proportionate share of the net pension liability	$	1,961	1,520
County's covered-employee payroll	$	3,427	3,291
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll		57.22%	46.19%
IPERS' net position as a percentage of the total pension liability		85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Page County

Schedule of County Contributions

Iowa Public Employees' Retirement System
For the Last Eight Years
(In Thousands)

Required Supplementary Information

		2016	2015	2014	2013
Statutorily required contribution	$	318	313	301	283
Contributions in relation to the statutorily required contribution		(318)	(313)	(301)	(283)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	3,494	3,427	3,291	3,160
Contributions as a percentage of covered-employee payroll		9.10%	9.13%	9.15%	8.96%

See accompanying independent auditor's report.

GASB Statement No. 68 requires ten years of information be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

2012	2011	2010	2009
272	229	215	205
(272)	(229)	(215)	(205)
-	-	-	-
3,236	3,093	3,095	3,094
8.41%	7.40%	6.95%	6.63%

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Page County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	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
2015	Jul 1, 2012	-	496	496	0.0	3,138	15.8
2016	Jul 1, 2015	-	635	635	0.0	3,511	18.1

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

See accompanying independent auditor's report.

Page County

Supplementary Information

Page County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016

	Resource Enhancement and Protection	Local Option Sales Tax	Special Revenue County Recorder's Records Management
Assets			
Cash and pooled investments	$ 14,936	320,627	13,193
Due from other governments	-	69,024	-
Total assets	$ 14,936	389,651	13,193
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 703	-	-
Fund balances:			
Restricted for:			
Local option sales tax purposes	-	389,651	-
Drainage purposes	-	-	-
Debt service	-	-	-
Other purposes	14,233	-	13,193
Total fund balances	14,233	389,651	13,193
Total liabilities and fund balances	$ 14,936	389,651	13,193

See accompanying independent auditor's report.

County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
45	58,047	5,249	7,957	147,859	567,913
-	-	-	-	-	69,024
45	58,047	5,249	7,957	147,859	636,937
-	-	-	-	-	703
-	-	-	-	-	389,651
-	58,047	-	-	-	58,047
-	-	-	-	147,859	147,859
45	-	5,249	7,957	-	40,677
45	58,047	5,249	7,957	147,859	636,234
45	58,047	5,249	7,957	147,859	636,937

Page County

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

Year ended June 30, 2016

	Resource Enhancement and Protection	Local Option Sales Tax	Special Revenue County Recorder's Records Management
Revenues:			
Property and other county tax	$ -	-	-
Local option sales tax	-	412,218	-
Intergovernmental	14,620	-	-
Charges for service	-	-	2,593
Use of money and property	19	-	18
Total revenues	14,639	412,218	2,611
Expenditures:			
Operating:			
County environment and education	5,437	36,000	-
Administration	-	69,769	-
Debt service	-	-	-
Total expenditures	5,437	105,769	-
Excess of revenues over expenditures	9,202	306,449	2,611
Other financing uses:			
Transfers out	-	(299,769)	-
Change in fund balances	9,202	6,680	2,611
Fund balances beginning of year	5,031	382,971	10,582
Fund balances end of year	$ 14,233	389,651	13,193

See accompanying independent auditor's report.

County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
-	-	-	-	226,054	226,054
-	-	-	-	-	412,218
-	-	-	-	22,968	37,588
-	-	-	-	-	2,593
-	5,585	-	-	-	5,622
-	5,585	-	-	249,022	684,075
-	5,500	-	-	-	46,937
-	-	-	-	-	69,769
-	-	-	-	112,425	112,425
-	5,500	-	-	112,425	229,131
-	85	-	-	136,597	454,944
-	-	-	-	-	(299,769)
-	85	-	-	136,597	155,175
45	57,962	5,249	7,957	11,262	481,059
45	58,047	5,249	7,957	147,859	636,234

Page County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	$ -	10,163	362,222	117,920
Other County officials	24,823	-	-	-
Receivables:				
Property tax:				
Delinquent	-	734	1,837	36,689
Succeeding year	-	168,000	421,000	7,866,000
Accounts	706	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 25,529	178,897	785,059	8,020,609
Liabilities				
Accounts payable	$ -	-	781	-
Salaries and benefits payable	-	-	5,724	-
Due to other governments	12,970	178,897	764,073	8,020,609
Trusts payable	12,559	-	-	-
Compensated absences	-	-	14,481	-
Total liabilities	$ 25,529	178,897	785,059	8,020,609

See accompanying independent auditor’s report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
10,379	58,139	2,910	345,521	1,014,962	1,922,216
-	-	-	-	-	24,823
4,325	59,898	72	-	9	103,564
935,000	4,524,000	180,000	-	2,000	14,096,000
-	-	-	-	2,045	2,751
-	-	-	-	5,280	5,280
-	-	-	-	52,528	52,528
949,704	4,642,037	182,982	345,521	1,076,824	16,207,162
-	-	-	-	18,676	19,457
-	-	-	-	16,286	22,010
949,704	4,642,037	182,982	345,521	1,041,862	16,138,655
-	-	-	-	-	12,559
-	-	-	-	-	14,481
949,704	4,642,037	182,982	345,521	1,076,824	16,207,162

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 41,063	172,420	625,764	8,007,638
Additions:				
Property and other county tax	-	168,952	422,305	7,877,834
E-911 surcharge	-	-	-	-
State tax credits	-	16,486	40,131	801,536
Drivers license fees	-	-	-	-
Office fees and collections	347,963	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	114,359	-	-	-
Miscellaneous	-	-	4,381	-
Total additions	462,322	185,438	466,817	8,679,370
Deductions:				
Agency remittances:				
To other funds	177,814	-	-	-
To other governments	171,174	178,961	307,522	8,666,399
Trusts paid out	128,868	-	-	-
Total deductions	477,856	178,961	307,522	8,666,399
Balances end of year	$ 25,529	178,897	785,059	8,020,609

See accompanying independent auditor’s report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
691,757	4,639,742	175,222	341,194	570,666	15,265,466
938,609	4,403,685	185,581	-	1,979	13,998,945
-	-	-	-	113,498	113,498
69,353	699,406	11,004	-	200	1,638,116
-	-	-	83,835	-	83,835
-	-	-	-	-	347,963
-	-	-	-	2,593	2,593
-	-	-	3,998,197	-	3,998,197
-	-	-	-	1,058	1,058
-	-	-	-	233,088	347,447
-	-	-	-	1,048,749	1,053,130
1,007,962	5,103,091	196,585	4,082,032	1,401,165	21,584,782
-	-	-	131,663	-	309,477
750,015	5,100,796	188,825	3,946,042	673,523	19,983,257
-	-	-	-	221,484	350,352
750,015	5,100,796	188,825	4,077,705	895,007	20,643,086
949,704	4,642,037	182,982	345,521	1,076,824	16,207,162

Page County

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

For the Last Ten Years

	2016	2015	2014	2013
Revenues:				
Property and other county tax	$ 5,418,070	4,550,314	4,466,421	4,335,624
Local option sales tax	412,218	403,628	406,390	425,499
Interest and penalty on property tax	52,115	83,438	56,108	53,385
Intergovernmental	4,267,236	4,003,434	3,883,318	3,995,968
Licenses and permits	17,242	13,884	16,865	17,158
Charges for service	373,075	379,472	377,446	379,710
Use of money and property	67,730	59,777	59,527	57,449
Miscellaneous	383,906	197,340	275,950	165,848
Total	$10,991,592	9,691,287	9,542,025	9,430,641
Expenditures:				
Operating:				
Public safety and legal services	$ 2,676,214	1,788,843	1,756,049	1,644,181
Physical health and social services	494,686	636,517	495,523	598,861
Mental health	1,026,314	1,298,439	887,263	979,363
County environment and education	403,329	350,488	460,764	407,866
Roads and transportation	4,883,735	3,828,285	3,846,334	3,203,989
Governmental services to residents	514,415	467,828	447,565	479,084
Administration	1,101,689	1,053,451	1,037,211	989,835
Non-program	1,111	1,111	4,666	2,794
Debt service	192,139	191,548	190,269	209,657
Capital projects	52,452	-	24,038	217,783
Total	$11,346,084	9,616,510	9,149,682	8,733,413

See accompanying independent auditor's report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
4,078,162	3,812,963	3,651,339	3,456,016	3,380,785	3,339,970
375,357	392,797	335,968	364,509	363,632	382,268
56,356	52,422	60,909	47,930	41,503	46,317
4,738,624	7,034,812	6,380,225	4,574,776	4,814,938	4,434,420
28,032	25,109	28,923	26,546	20,867	25,383
386,857	422,948	364,551	371,561	347,495	354,398
58,510	73,123	85,531	106,551	135,709	134,846
198,155	213,744	213,304	215,161	166,259	432,316
9,920,053	12,027,918	11,120,750	9,163,050	9,271,188	9,149,918
1,566,346	2,093,165	1,563,122	1,504,575	1,458,940	1,378,983
622,277	625,200	642,955	657,057	710,624	668,433
2,091,423	1,875,274	1,839,981	1,697,407	1,836,621	1,533,478
405,052	421,414	339,852	344,506	289,100	266,756
3,438,999	3,621,166	3,510,329	3,348,105	3,193,037	3,067,585
455,672	432,501	422,634	411,560	372,113	325,290
1,016,144	949,706	846,025	864,974	891,553	764,118
1,354	3,287	1,210	1,601	3,351	19,890
208,851	108,563	105,495	102,965	107,873	-
509,226	1,901,145	2,031,236	217,877	368,593	805,730
10,315,344	12,031,421	11,302,839	9,150,627	9,231,805	8,830,263

Page County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Page County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 14, 2017.

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 deficiencies in internal control we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

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 deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

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 deficiency described in the accompanying Schedule of Findings as item (C) to be a significant deficiency.

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, 2016 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

MARY MOSIMAN, CPA
Auditor of State

March 14, 2017

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

		Applicable Offices
(1)	Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	Conservation, Engineer, Extension, Public Health, Recorder, Sheriff and Treasurer
(2)	Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Conservation and Sheriff
(3)	The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	Recorder
(4)	Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.	Recorder and Sheriff
(5)	Bank reconciliations are not reviewed periodically by an independent person for propriety.	Recorder and Sheriff
(6)	Cash – control of petty cash fund or change fund is not limited to one individual.	Assessor, Extension, Recorder, Sheriff and Treasurer
(7)	The motor vehicle, Voided Statement Report, is not reviewed by an independent person for propriety.	Treasurer

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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 official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses –

Assessor – Every effort is made to segregate duties as much as possible, but with a three person staff, it is difficult.

Conservation – All financial transactions are entered and accounted for. Due to staff size it's usually one employee who takes care of and maintains the books. When I review at month's end and find an error, I immediately contact the County Auditor's office about the error. Usually the error is a miscoded line item. We will try to employ some kind of policy/procedure to align with internal control.

Engineer – We will take your recommendation under advisement, review our operating procedures and perform segregation of duties as well as we can due to a limited number of office staff.

Extension – Page County Extension has increased its procedures in separating duties for receipts and petty cash. We will continue to separate duties as best we can with limited staff.

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

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

Sheriff – The office secretary, Chief Deputy and County Sheriff all assist in opening the mail, collecting money, depositing, posting and daily reconciling. We will also prepare a list of checks and cash received on a test basis and then compare it to the cash receipts records. Due to the small number of office staff doing above jobs, we are unable to do each of the above noted items every day.

Treasurer – All staff must participate in the "collecting" process. 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 that performed the work. Petty cash reconciliations will be reviewed and signed off by two staff. Motor vehicle voids can only be performed by three members, one of the two staff members who cannot perform voids will verify voids on a monthly basis using the ARTS report.

Conclusions – Responses acknowledged. The officials should utilize current personnel, to the extent possible, to provide additional control through review of financial transactions, reconciliations and reports.

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of capital asset/infrastructure additions and deletions were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – Policies and procedures have not been implemented to ensure the infrastructure reports are updated in a timely manner.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all receivables, payables, interfund advances and capital asset/infrastructure additions and deletions are identified and properly reported in the County's financial statements.

Response – In the future the Engineer or office personnel will plan to update the capital asset information in either July or August of each year, prior to the State Auditors' request and review.

Conclusion – Response accepted.

(C) Claim Approval

Criteria – An effective internal control system provides for internal controls related to approval of disbursements at the department level before submission to the Auditor's Office for payment.

Condition – The County does not have procedures in place to ensure evidence of departmental approval of claims to be paid.

Cause – Policies and procedures have not been implemented to ensure evidence of department head approval for claims to be paid.

Effect – Because there is no evidence of departmental approval, claims may be paid which were not properly authorized or approved to be purchased.

Recommendation – Individual claims should include evidence of approval at the department level.

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amount budgeted.

(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	Supplies and apparel	$ 400
Troy Sands, Secondary Roads employee	Mowing	520
Rick Dailey, Secondary Roads employee	Mowing	283

These transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342 (2)(j) of the Code of Iowa since the total transactions for each 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.

(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, 2016 for the County Extension Office did not exceed the amount budgeted.

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Joshua W. Ostrander, Senior Auditor
Christian E. Cottingham, Staff Auditor
Sarah J. Swisher, Staff Auditor
Robert Q. Barrett, Assistant Auditor
Luke M. Bormann, Assistant Auditor
Ian N. Judson, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State