OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Rob Sand
Auditor of State

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE March 14, 2019

Auditor of State Rob Sand today released an audit report on Page County, Iowa.

The County had local tax revenue of $23,931,553 for the year ended June 30, 2018, which included $2,094,275 in tax credits from the state. The County forwarded $17,821,544 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $6,110,009 of the local tax revenue to finance County operations, a 7.1% increase over the prior year. Other revenues included charges for service of $644,831, operating grants, contributions and restricted interest of $4,419,928, capital grants, contributions and restricted interest of $3,912,745, unrestricted investment earnings of $53,554, local option sales tax of $485,962, gain on disposition of capital assets of $89,366 and other general revenues of $201,327.

Expenses for County operations for the year ended June 30, 2018 totaled $13,524,166, a 30.7% increase over the prior year. Expenses included $5,602,211 for roads and transportation, $4,588,898 for public safety and legal services and $1,291,696 for administration. The significant increase in expenses is due primarily to the County providing funding to E-911 for the purchase of emergency communication equipment.

A copy of the audit report is available for review on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

# # #

PAGE COUNTY

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

JUNE 30, 2018

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Page County

Officials

Name	Title	Term Expires
Alan Armstrong	Board of Supervisors	Nov 2018
Jon W. Herzberg	Board of Supervisors	Jan 2021
Chuck Morris	Board of Supervisors	Jan 2021
Melissa Wellhausen	County Auditor	Jan 2021
Angie Dow	County Treasurer	Jan 2019
Brenda Esaias	County Recorder	Jan 2019
Lyle Palmer	County Sheriff	Jan 2021
Carl Sonksen	County Attorney	Jan 2019
Peggy Smith	County Assessor	Jan 2022

Page County

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Independent Auditor's Report

To the Officials of Page County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 12 to the financial statements, Page County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

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 Changes in the County's Total OPEB Liability, Related Ratios and Notes 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, 2017 (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 1, 2019 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 solely 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 effectiveness of the County's 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.

Rob Sand

ROB SAND
Auditor of State

March 1, 2019

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, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by $187,764 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 was not restated because the information needed to restate the amount was not available.
- Program expenses of the County's governmental activities increased 30.7%, or approximately $3,179,000 from fiscal year 2017 to fiscal year 2018. Public safety and legal services increased approximately $2,321,000 and roads and transportation increased approximately $563,000.
- The County's net position increased 9.8% or approximately $2,394,000 over the restated June 30, 2017 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 Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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 $24.6 million to approximately $26.8 million. The analysis that follows focuses on the changes in the net position of governmental activities before restatement.

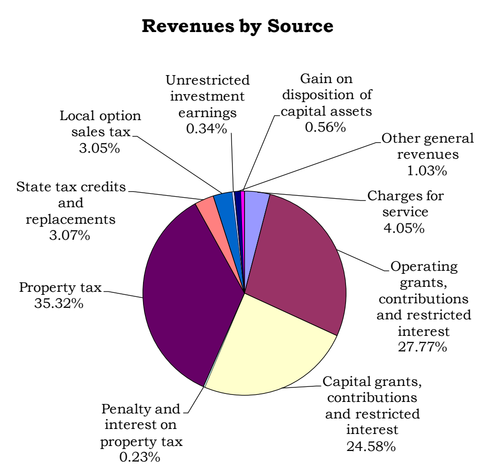
Net Position of Governmental Activities		
	June 30,	
	2018	2017 (Not Restated)
Current and other assets	$ 14,904,621	14,701,660
Capital assets	23,688,110	19,633,048
Total assets	38,592,731	34,334,708
Deferred outflows of resources	1,088,229	890,631
Long-term liabilities	6,692,525	4,610,118
Other liabilities	458,803	380,283
Total liabilities	7,151,328	4,990,401
Deferred inflows of resources	5,767,087	5,678,485
Net position:		
Net investment in capital assets	23,688,110	19,633,048
Restricted	5,086,416	4,674,102
Unrestricted	(2,011,981)	249,303
Total net position	$ 26,762,545	24,556,453

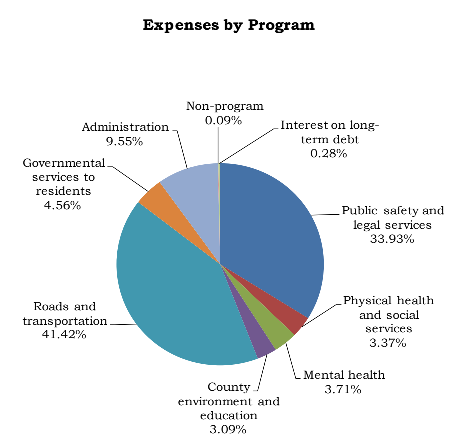
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net position component increased approximately $4,055,000, or 20.7%, over the prior year, due primarily to road construction projects capitalized during the year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component increased $412,314, or 8.8%, over the prior year.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased approximately $2,261,000 from the prior year. The decrease is due primarily to the issuance of $1,740,000 of general obligation emergency communication equipment bonds. The proceeds from the issuance of the general obligation funds were paid to the E-911 Fund for the purchase of emergency communication equipment.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2018	2017 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	$ 644,831	521,970
Operating grants, contributions and restricted interest	4,419,928	3,926,062
Capital grants, contributions and restricted interest	3,912,745	2,014,988
General revenues:		
Property tax	5,621,979	5,236,861
Penalty and interest on property tax	37,142	45,956
State tax credits and replacements	488,030	469,804
Local option sales tax	485,962	431,247
Unrestricted investment earnings	53,554	16,396
Gain on disposition of capital assets	89,366	67,126
Other general revenues	164,185	115,616
Total revenues	15,917,722	12,846,026
Program expenses:		
Public safety and legal services	4,588,898	2,267,518
Physical health and social services	455,818	514,785
Mental health	501,600	341,445
County environment and education	417,647	402,862
Roads and transportation	5,602,211	5,039,686
Governmental services to residents	616,580	557,634
Administration	1,291,696	1,204,614
Non-program	11,740	-
Interest on long-term debt	37,976	16,273
Total expenses	13,524,166	10,344,817
Change in net position	2,393,556	2,501,209
Net position beginning of year, as restated	24,368,989	22,055,244
Net position end of year	$ 26,762,545	24,556,453





Revenues for governmental activities increased $3,071,696 over the prior year. Property tax increased approximately $385,000, operating grants, contributions and restricted interest increased approximately $494,000 and capital grants, contributions and restricted interest increased approximately $1,898,000. The County MHDS levy decreased from $0.52257 per $1,000 of taxable valuation to $0.51128 per $1,000 of taxable valuation, the debt service levy increased from $0 per $1,000 of taxable valuation to $0.30994 per $1,000 of taxable valuation and the rural service levy increased from $2.70 per $1,000 of taxable valuation to $2.80 per $1,000 of taxable valuation, resulting in in an increase of approximately $276,000. The 2.1% increase in property value accounted for the remaining net property tax increase. 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 $13.5 million compared to approximately $10.3 million last year, a 30.7% increase. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for governmental activities was approximately $4.5 million because some of the cost was paid by those directly benefited from the programs (approximately $645,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $8,333,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2018 from approximately $6,463,000 to approximately $8,978,000. 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 $8.8 million, an increase of approximately $65,000 above last year's total of approximately $8.7 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 $4,723,223, an increase of $291,186 over the prior year ending balance of $4,432,037. Revenues increased $37,321 and expenditures increased $2,106,841, due primarily to an increase in public safety and legal services. During fiscal year 2018, general obligation bonds were issued to provide funding to E911 to purchase emergency communication equipment.

- 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 2018 ended with a $130,669 balance, a decrease of $150,249 from the prior year ending balance of $280,918. Revenues remained consistent in fiscal year 2018, while expenditures increased $173,532, or 51%, over fiscal year 2017, due primarily to an increased distribution to the Region.

- The Special Revenue, Rural Services Fund ended fiscal year 2018 with a $220,360 balance compared to the June 30, 2017 balance of $175,888. Revenues increased $81,826 and expenditures increased $97,577 over the prior year. Property tax increased approximately $71,000 due primarily to the rural service tax levy increasing approximately 3.7% and the rural property valuations increasing approximately 3%.

- The Special Revenue, Secondary Roads Fund ended fiscal year 2018 with a $2,922,607 balance compared to the June 30, 2017 balance of $3,112,289. Revenues increased approximately $639,000, or 17%, over fiscal year 2017 while expenditures increased approximately $1,319,000, or 31%. The increase in revenue is due primarily to the receipt of grant funds. The increase in expenditures was primarily due to more road projects during fiscal year 2018.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was made in May 2018. The amendment resulted in a total increase in budgeted disbursements of $1,300,270. Budgeted disbursements primarily increased for public safety and legal services of $1,025,120 due to receipt of bond proceeds for the E911 communication system, $200,000 in capital projects due to increased projects for secondary roads, an increase of $19,000 in physical health and social services and increases of $38,500 in administration and $10,000 in nonprogram. Total budgeted receipts increased $1,042,770, primarily due to the receipt of bond proceeds for the E911 communication system.

Overall, the County's receipts were $716,292 more than budgeted, a variance of 6.3%. Total disbursements were $603,945 less than the amended budget. Actual disbursements for physical health social services were $136,078 less than budgeted, administration disbursements were $322,718 less than budgeted. This was due, in part, to anticipated building repairs not done during fiscal year 2018.

Even with the budget amendment, the County exceeded the amounts budgeted in the roads and transportation and debt service functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Page County had approximately $23.6 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase of approximately $4,055,000, or 21%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2018	2017
Land	$ 874,232	874,232
Construction in progress	5,338,862	1,444,227
Buildings and improvements	2,008,560	2,114,248
Equipment and vehicles	2,854,291	2,666,634
Infrastructure	12,612,165	12,533,707
Total	$ 23,688,110	19,633,048

Page County's depreciation expense totaled $1,614,075 in fiscal year 2018 and total accumulated depreciation was $13,545,479 at June 30, 2018. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2018, Page County had $2,350,000 of general obligation bonds outstanding compared to $1,005,000 at June 30, 2017.

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 $2,350,000 is significantly below its constitutional debt limit of approximately $65 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 2019 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 2.8% versus 4.1% a year ago. This compares to the State's unemployment rate of 2.7% and the national rate of 4.0%.

These indicators were taken into account when adopting the budget for fiscal year 2019. Amounts available for appropriation in the operating budget are approximately $17.6 million, a decrease of approximately 8% from the final fiscal year 2018 budget. Budgeted disbursements are $11.7 million. The County has added no major new programs or initiatives to the fiscal year 2019 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, 2018

	Governmental Activities
Assets	
Cash and pooled investments	$ 7,600,140
Receivables:	
Property tax:	
Delinquent	11,412
Succeeding year	5,649,000
Interest and penalty on property tax	26,956
Accounts	4,101
Loan	860,000
Due from other governments	315,361
Inventories	437,651
Capital assets, net of accumulated depreciation	23,688,110
Total assets	38,592,731
Deferred Outflows of Resources	
Pension related deferred outflows	1,088,229
Liabilities	
Accounts payable	286,023
Salaries and benefits payable	163,873
Accrued interest payable	3,450
Due to other governments	5,457
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	385,000
Compensated absences	179,297
Portion due or payable after one year:	
General obligation bonds	1,965,000
Compensated absences	307,774
Net pension liability	2,860,666
Total OPEB liability	994,788
Total liabilities	7,151,328
Deferred Inflows of Resources	
Unavailable property tax revenue	5,649,000
Pension related deferred inflows	118,087
Total deferred inflows of resources	5,767,087
Net Position	
Net investment in capital assets	23,688,110
Restricted for:	
Supplemental levy purposes	1,389,865
Mental health purposes	131,413
Rural services purposes	202,295
Secondary roads purposes	2,684,907
Other purposes	677,936
Unrestricted	(2,011,981)
Total net position	$ 26,762,545

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2018

		Program Revenues			
	Expenses	Charges for Service	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	$ 4,588,898	118,121	77,820	-	(4,392,957)
Physical health and social services	455,818	41,532	193,030	-	(221,256)
Mental health	501,600	-	-	-	(501,600)
County environment and education	417,647	44,078	11,118	4,110	(358,341)
Roads and transportation	5,602,211	129,125	4,122,547	3,908,635	2,558,096
Governmental services to residents	616,580	296,125	-	-	(320,455)
Administration	1,291,696	15,850	-	-	(1,275,846)
Non-program	11,740	-	-	-	(11,740)
Interest on long-term debt	37,976	-	15,413	-	(22,563)
Total	$ 13,524,166	644,831	4,419,928	3,912,745	(4,546,662)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,418,356
Debt service					203,623
Penalty and interest on property tax					37,142
State tax credits and replacements					488,030
Local option sales tax					485,962
Unrestricted investment earnings					53,554
Gain on disposition of capital assets					89,366
Miscellaneous					164,185
Total general revenues					6,940,218
Change in net position					2,393,556
Net position beginning of year, as restated					24,368,989
Net position end of year					$ 26,762,545

See notes to financial statements.

Page County

Balance Sheet
Governmental Funds

June 30, 2018

		Special Revenue	
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	$ 4,000,429	130,660	223,391
Receivables:			
Property tax:			
Delinquent	10,000	753	30
Succeeding year	3,932,000	296,000	1,173,000
Interest and penalty on property tax	26,956	-	-
Accounts	2,886	-	1,215
Loan	860,000	-	-
Due from other governments	14,549	-	3,781
Inventories	-	-	-
Total assets	$ 8,846,820	427,413	1,401,417
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 57,842	-	1,409
Salaries and benefits payable	92,406	-	6,498
Due to other governments	4,662	-	120
Total liabilities	154,910	-	8,027
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	3,932,000	296,000	1,173,000
Other	36,687	744	30
Total deferred inflows of resources	3,968,687	296,744	1,173,030
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	1,404,309	-	-
Mental health purposes	-	130,669	-
Rural services purposes	-	-	220,360
Secondary roads purposes	-	-	-
Local option sales tax purposes	-	-	-
Drainage district purposes	-	-	-
Debt service	860,000	-	-
Other purposes	13,173	-	-
Committed for capital projects	40,460	-	-
Unassigned	2,405,281	-	-
Total fund balances	4,723,223	130,669	220,360
Total liabilities, deferred inflows of resources and fund balances	$ 8,846,820	427,413	1,401,417

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,515,235	730,425	7,600,140
-	629	11,412
-	248,000	5,649,000
-	-	26,956
-	-	4,101
-	-	860,000
262,137	34,894	315,361
437,651	-	437,651
3,215,023	1,013,948	14,904,621
226,772	-	286,023
64,969	-	163,873
675	-	5,457
292,416	-	455,353
-	248,000	5,649,000
-	622	38,083
-	248,622	5,687,083
437,651	-	437,651
-	-	1,404,309
-	-	130,669
-	-	220,360
2,484,956	-	2,484,956
-	544,783	544,783
-	61,407	61,407
-	100,563	960,563
-	58,573	71,746
-	-	40,460
-	-	2,405,281
2,922,607	765,326	8,762,185
3,215,023	1,013,948	14,904,621

Page County

Page County

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

June 30, 2018

Total governmental fund balances (page 21)		$ 8,762,185
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 $37,233,589 and the accumulated depreciation is $13,545,479.		23,688,110
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.		38,083
Pension related deferred outflows of resources and deferred 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	$ 1,088,229	
Deferred inflows of resources	(118,087)	970,142
Long-term liabilities, including general obligation bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(6,695,975)
Net position of governmental activities (page 18)		$ 26,762,545

See notes to financial statements.

Page County

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

Year ended June 30, 2018

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 3,948,752	330,970	1,141,002
Local option sales tax	-	-	-
Interest and penalty on property tax	51,352	-	-
Intergovernmental	606,805	31,280	81,074
Licenses and permits	629	-	20,463
Charges for service	423,772	-	-
Use of money and property	101,104	-	-
Miscellaneous	80,408	-	3,098
Total revenues	5,212,822	362,250	1,245,637
Expenditures:			
Operating:			
Public safety and legal services	4,226,103	-	195,696
Physical health and social services	409,239	-	49,923
Mental health	-	512,499	-
County environment and education	321,963	-	36,873
Roads and transportation	-	-	-
Governmental services to residents	582,488	-	4,075
Administration	1,104,610	-	3,387
Non-program	11,740	-	-
Debt service	160,413	-	-
Capital projects	-	-	-
Total expenditures	6,816,556	512,499	289,954
Excess (deficiency) of revenues over (under) expenditures	(1,603,734)	(150,249)	955,683
Other financing sources (uses):			
Sale of capital assets	300	-	-
Transfers in	126,000	-	116,269
Transfers out	-	-	(1,027,480)
General obligation notes, including a premium of $28,620	1,768,620	-	-
Total other financing sources (uses)	1,894,920	-	(911,211)
Change in fund balances	291,186	(150,249)	44,472
Fund balances beginning of year	4,432,037	280,918	175,888
Fund balances end of year	$ 4,723,223	130,669	220,360

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	203,736	5,624,460
-	485,962	485,962
-	-	51,352
4,122,547	30,364	4,872,070
3,632	-	24,724
-	2,548	426,320
-	4,478	105,582
233,816	-	317,322
4,359,995	727,088	11,907,792
-	-	4,421,799
-	-	459,162
-	-	512,499
-	33,500	392,336
4,704,886	-	4,704,886
-	-	586,563
-	56,351	1,164,348
-	-	11,740
-	270,295	430,708
929,421	-	929,421
5,634,307	360,146	13,613,462
(1,274,312)	366,942	(1,705,670)
2,150	-	2,450
1,082,480	-	1,324,749
-	(297,269)	(1,324,749)
-	-	1,768,620
1,084,630	(297,269)	1,771,070
(189,682)	69,673	65,400
3,112,289	695,653	8,696,785
2,922,607	765,326	8,762,185

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, 2018

Change in fund balances - Total governmental funds (page 25)		$ 65,400
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	$ 1,673,586	
Capital assets contributed by the Iowa Department of Transportation	3,908,635	
Depreciation expense	(1,614,075)	3,968,146
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.		86,916
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	(2,481)	
Other	(14,210)	(16,691)
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. Current year issuances exceeded repayments, as follows:		
Issued	(1,740,000)	
Repaid	395,000	(1,345,000)
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.		355,037
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	(45,862)	
OPEB expense	(217,324)	
Pension expense	(454,798)	
Interest on long-term debt	(2,268)	(720,252)
Change in net position of governmental activities (page 19)		$ 2,393,556

See notes to financial statements.

Page County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets	
Cash and pooled investments:	
County Treasurer	$ 1,786,529
Other County officials	34,981
Receivables:	
Property tax:	
Delinquent	48,238
Succeeding year	14,486,000
Accounts	30,630
Special assessments	4,986
Due from other governments	94,049
Total assets	16,485,413
Liabilities	
Accounts payable	9,838
Salaries and benefits payable	30,182
Due to other governments	16,406,958
Trusts payable	20,542
Compensated absences	17,893
Total liabilities	16,485,413
Net position	$ -

See notes to financial statements.

Page County

(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 911 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, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for investments in non-negotiable certificates of deposit which are valued at amortized cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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 no more than 15 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, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at 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. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure, road network	$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	40 - 50
Infrastructure, road network	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

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, 2018. 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 pension 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.

Total OPEB Liability – For the purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on Page County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB 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.

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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable which will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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. At June 30, 2018, disbursements exceeded the amounts budgeted in the roads and transportation and the debt service functions and during the year ended June 30, 2018, disbursements in the non-program and capital projects functions exceeded the budget prior to the budget amendment. Also, disbursements in certain departments exceeded the amounts appropriated and one department exceeded the amount appropriated prior to amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2018 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, 2018 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	$ 126,000
Special Revenue:	Special Revenue:	
Rural Services	Local Option Sales Tax	116,269
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	1,027,480
	Local Option Sales Tax	55,000
Total		$ 1,324,749

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, 2018 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	1,444,227	4,834,000	(939,365)	5,338,862
Total capital assets not being depreciated	2,318,459	4,834,000	(939,365)	6,213,094
Capital assets being depreciated:				
Buildings and improvements	4,932,551	16,326	-	4,948,877
Equipment and vehicles	7,444,654	824,895	(303,511)	7,966,038
Infrastructure, road network	17,166,215	939,365	-	18,105,580
Total capital assets being depreciated	29,543,420	1,780,586	(303,511)	31,020,495
Less accumulated depreciation for:				
Buildings and improvements	2,818,303	122,014	-	2,940,317
Equipment and vehicles	4,778,019	631,155	(297,427)	5,111,747
Infrastructure, road network	4,632,509	860,906	-	5,493,415
Total accumulated depreciation	12,228,831	1,614,075	(297,427)	13,545,479
Total capital assets being depreciated, net	17,314,589	166,511	(6,084)	17,475,016
Governmental activities capital assets, net	$ 19,633,048	5,000,511	(945,449)	23,688,110

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 131,175
Physical health and social services	410
County environment and education	21,429
Roads and transportation	1,362,730
Administration	98,331
Total depreciation expense - governmental activities	$ 1,614,075

(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, 2018 is as follows:

Fund	Description	Amount
General	Services	$ 4,662
Special Revenue:		
Rural Basic	Services	120
Secondary Roads	Services	675
Total for governmental funds		$ 5,457
Agency:		
County Assessor	Collections	$ 1,111,855
Schools		8,219,127
Community Colleges		853,164
Corporations		4,836,736
Townships		193,120
Auto License and Use Tax		373,798
All other		819,158
Total for agency funds		$ 16,406,958

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	$ 1,005,000	441,209	2,573,909	777,464	4,797,582
Increases	1,740,000	272,744	286,757	239,408	2,538,909
Decreases	395,000	226,882	-	22,084	643,966
Balance end of year	$ 2,350,000	487,071	2,860,666	994,788	6,692,525
Due within one year	$ 385,000	179,297	-	-	564,297

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 the costs of expanding and upgrading the Page County Landfill.

General Obligation Emergency Communications Equipment Bond

On November 7, 2017, the County entered into a general obligation emergency communication equipment bond agreement in the amount of $1,740,000. The bond proceeds will be used to acquire and install emergency communications equipment and systems. The loan agreement bears interest at rates of 2.00% and 2.05% per annum with final maturity on June 1, 2024. The first payment on the loan agreement was due June 1, 2018. During the year ended June 30, 2018, the County paid principal and interest of $250,000 and $19,795, respectively, on the bonds.

A summary of the County's June 30, 2018 general obligation indebtedness is as follows:

	General Obligation Bonds					
	Solid Waste Management and Refunding			Emergency Communications Equipment		
Year	Issued November 24, 2015			Issued November 7, 2017		
Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2019	1.10%	$ 150,000	13,608	2.00%	$ 235,000	29,933
2020	1.30	150,000	11,958	2.00	240,000	25,233
2021	1.50	155,000	10,008	2.00	245,000	20,433
2022	1.75	155,000	7,683	2.00	250,000	15,533
2023	1.75	80,000	4,270	2.00	255,000	10,533
2024-2025	2.10	170,000	6,055	2.05	265,000	5,430
Total		$ 860,000	53,582		$ 1,490,000	107,095

Year Ending June 30,	Total Principal	Total Interest	Total
2019	$ 385,000	43,541	428,541
2020	390,000	37,191	427,191
2021	400,000	30,441	430,441
2022	405,000	23,216	428,216
2023	335,000	14,803	349,803
2024-2025	435,000	11,485	446,485
Total	$ 2,350,000	160,677	2,510,677

During the year ended June 30, 2018, the County retired $395,000 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 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 2018, 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 9.38% of covered payroll for a total rate of 18.76%. 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, 2018 were $355,037.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of $2,860,666 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the County's proportion was 0.042945%, which was an increase of 0.002046% over its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $454,798. At June 30, 2018, 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	$ 37,372	39,363
Changes of assumptions	600,721	5,994
Net difference between projected and actual earnings on IPERS investments	-	38,226
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	95,099	34,504
County contributions subsequent to the measurement date	355,037	-
Total	$ 1,088,229	118,087

$355,037 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, 2019. 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
2019	$ 83,104
2020	278,963
2021	172,199
2022	32,984
2023	47,855
Total	$ 615,105

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability:	$ 5,154,992	2,860,666	934,852

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, 2018.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Page County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Active employees	83

Total OPEB Liability – The County's total OPEB liability of $994,788 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2018 total dataset mortality table fully generational using Scale MP-2018.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	$ 777,464
Changes for the year:	
Service cost	74,183
Interest	30,489
Differences between expected and actual experiences	134,736
Changes in assumptions	(22,084)
Net changes	217,324
Total OPEB liability end of year	$ 994,788

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	$1,069,692	994,788	924,724

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB liability	$ 899,772	994,788	1,103,995

OPEB Expense – For the year ended June 30, 2018, the County recognized OPEB expense of $217,324. Under the alternative measurement method, all deferred outflows/inflows of resources related to OPEB are fully recognized immediately.

(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 775 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, 2018 were $111,341.

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 $500,000 per claim. Claims exceeding $500,000 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, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, 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 in the amount of $1,000,000. 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) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Shenandoah	Urban renewal and economic development projects	$ 15,598
City of Clarinda	Urban renewal and economic development projects	22,503

(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, 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, 2018, as follows:

Revenues:	
Property and other county tax	$ 330,970
Intergovernmental:	
State tax credits	31,280
Total revenues	362,250
Expenditures:	
General administration:	
Direct administration	4,072
Distribution to MHDS regional fiscal agent	508,427
Total expenditures	512,499
Excess of revenues over expenditures	(150,249)
Fund balance beginning of year	280,918
Fund balance end of year	$ 130,669

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities
Net position June 30, 2017, as previously reported	$ 24,556,453
Net OPEB obligation measured under previous standards	590,000
Total OPEB liability at June 30, 2017	(777,464)
Net position July 1, 2017, as restated	$ 24,368,989

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2018

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 6,114,619	-	6,114,619
Interest and penalty on property tax	51,606	-	51,606
Intergovernmental	4,957,730	-	4,957,730
Licenses and permits	26,049	-	26,049
Charges for service	426,062	-	426,062
Use of money and property	101,505	4,433	97,072
Miscellaneous	486,705	-	486,705
Total receipts	12,164,276	4,433	12,159,843
Disbursements:			
Public safety and legal services	4,403,701	-	4,403,701
Physical health and social services	460,540	-	460,540
Mental health	514,890	-	514,890
County environment and education	407,536	-	407,536
Roads and transportation	4,605,311	-	4,605,311
Governmental services to residents	586,444	-	586,444
Administration	1,143,974	-	1,143,974
Non-program	11,740	-	11,740
Debt service	430,708	-	430,708
Capital projects	934,124	-	934,124
Total disbursements	13,498,968	-	13,498,968
Excess (deficiency) of receipts over (under) disbursements	(1,334,692)	4,433	(1,339,125)
Other financing sources, net	1,759,920	-	1,759,920
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	425,228	4,433	420,795
Balance beginning of year	7,174,912	56,974	7,117,938
Balance end of year	$ 7,600,140	61,407	7,538,733

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
6,086,603	6,086,603	(28,016)
31,040	31,040	(20,566)
4,590,485	4,650,485	(307,245)
12,175	12,175	(13,874)
344,795	344,795	(81,267)
58,246	58,246	(38,826)
252,557	260,207	(226,498)
11,375,901	11,443,551	(716,292)
3,472,852	4,497,972	94,271
577,618	596,618	136,078
514,890	514,890	-
483,248	490,898	83,362
4,540,000	4,540,000	(65,311)
614,756	614,756	28,312
1,428,192	1,466,692	322,718
3,000	13,000	1,260
423,087	423,087	(7,621)
745,000	945,000	10,876
12,802,643	14,102,913	603,945
(1,426,742)	(2,659,362)	1,320,237
775,000	1,750,120	9,800
(651,742)	(909,242)	1,330,037
5,945,863	5,945,863	1,172,075
5,294,121	5,036,621	2,502,112

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Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 12,164,276	(256,484)	11,907,792
Expenditures	13,498,968	114,494	13,613,462
Net	(1,334,692)	(370,978)	(1,705,670)
Other financing sources, net	1,759,920	11,150	1,771,070
Beginning fund balances	7,174,912	1,521,873	8,696,785
Ending fund balances	$ 7,600,140	1,162,045	8,762,185

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 $1,300,270. 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.

During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the roads and transportation and debt service functions. Additionally, the County exceeded the amount budgeted prior to amendment for non-program and capital projects functions. The secondary roads, medical examiner and county bonds departments exceeded the amounts appropriated for the year ended June 30, 2018. The county farm department exceeded the amount appropriated prior to the budget amendment.

Disbursements exceeded the budget for the Emergency Management Commission and Joint E-911 Service Board for the year ended June 30, 2018.

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

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

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.042945%	0.040899%	0.039699%	0.038324%
County's proportionate share of the net pension liability	$ 2,861	2,574	1,961	1,520
County's covered payroll	$ 3,770	3,494	3,427	3,291
County's proportionate share of the net pension liability as a percentage of its covered payroll	75.89%	73.67%	57.22%	46.19%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	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.

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Schedule of County Contributions

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

Required Supplementary Information

		2018	2017	2016	2015
Statutorily required contribution	$	355	343	318	313
Contributions in relation to the statutorily required contribution		(355)	(343)	(318)	(313)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	3,929	3,770	3,494	3,427
Contributions as a percentage of covered payroll		9.04%	9.10%	9.10%	9.13%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
301	283	272	229	215	205
(301)	(283)	(272)	(229)	(215)	(205)
-	-	-	-	-	-
3,291	3,160	3,236	3,093	3,095	3,094
9.15%	8.96%	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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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 (unfunded actuarial liability) 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.

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Schedule of Changes in the County's

Total OPEB Liability, Related Ratios and Notes

For the Current Year
Required Supplementary Information

		2018
Service cost	$	74,183
Interest cost		30,489
Difference between expected and actual experiences		134,736
Changes in assumptions		(22,084)
Net change in total OPEB liability		217,324
Total OPEB liability beginning of year, as restated		777,464
Total OPEB liability end of year	$	994,788
Covered-employee payroll	$	3,695,582
Total OPEB liability as a percentage of covered-employee payroll		26.92%

<u>Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios</u>

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

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Supplementary Information

Page County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

			Special
	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management
Assets			
Cash and pooled investments	$ 26,952	509,988	18,370
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other governments	-	34,795	-
Total assets	$ 26,952	544,783	18,370
Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	$ -	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Restricted for:			
Local option sales tax purposes	-	544,783	-
Drainage purposes	-	-	-
Debt service	-	-	-
Other purposes	26,952	-	18,370
Total fund balances	26,952	544,783	18,370
Total deferred inflows of resources and fund balances	$ 26,952	544,783	18,370

See accompanying independent auditor's report.

Revenue					
County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
45	61,308	5,249	7,957	100,556	730,425
-	-	-	-	629	629
-	-	-	-	248,000	248,000
-	99	-	-	-	34,894
45	61,407	5,249	7,957	349,185	1,013,948
-	-	-	-	248,000	248,000
-	-	-	-	622	622
-	-	-	-	248,622	248,622
-	-	-	-	-	544,783
-	61,407	-	-	-	61,407
-	-	-	-	100,563	100,563
45	-	5,249	7,957	-	58,573
45	61,407	5,249	7,957	100,563	765,326
45	61,407	5,249	7,957	349,185	1,013,948

Page County

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

Year ended June 30, 2018

	Special		
	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management
Revenues:			
Property and other county tax	$ -	-	-
Local option sales tax	-	485,962	-
Intergovernmental	11,118	-	-
Charges for service	-	-	2,548
Use of money and property	26	-	19
Total revenues	11,144	485,962	2,567
Expenditures:			
Operating:			
County environment and education	-	33,500	-
Administration	-	56,351	-
Debt Service	-	-	-
Total expenditures	-	89,851	-
Excess (deficiency) of revenues over (under) expenditures	11,144	396,111	2,567
Other financing uses:			
Transfers out	-	(297,269)	-
Change in fund balances	11,144	98,842	2,567
Fund balances beginning of year	15,808	445,941	15,803
Fund balances end of year	$ 26,952	544,783	18,370

See accompanying independent auditor's report.

Revenue					
County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
-	-	-	-	203,736	203,736
-	-	-	-		485,962
-	-	-	-	19,246	30,364
-	-	-	-	-	2,548
-	4,433	-	-	-	4,478
-	4,433	-	-	222,982	727,088
-	-	-	-	-	33,500
-	-	-	-	-	56,351
-	-	-	-	270,295	270,295
-	-	-	-	270,295	360,146
-	4,433	-	-	(47,313)	366,942
-	-	-	-	-	(297,269)
-	4,433	-	-	(47,313)	69,673
45	56,974	5,249	7,957	147,876	695,653
45	61,407	5,249	7,957	100,563	765,326

Page County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	$ -	10,375	701,411	120,581
Other County officials	34,981	-	-	-
Receivables:	-	-		
Property tax:		-		
Delinquent	-	466	1,107	20,546
Succeeding year	-	183,000	435,000	8,078,000
Accounts	13,465	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 48,446	193,841	1,137,518	8,219,127
Liabilities				
Accounts payable	$ -	-	2,922	-
Salaries and benefits payable	-	-	6,978	-
Due to other governments	27,904	193,841	1,111,855	8,219,127
Trusts payable	20,542	-	-	-
Compensated absences	-	-	15,763	-
Total liabilities	$ 48,446	193,841	1,137,518	8,219,127

See accompanying independent auditor’s report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
12,007	53,782	3,116	373,798	511,459	1,786,529
-	-	-	-	-	34,981
2,157	23,954	4	-	4	48,238
839,000	4,759,000	190,000	-	2,000	14,486,000
-	-	-	-	17,165	30,630
-	-	-	-	4,986	4,986
-	-	-	-	94,049	94,049
853,164	4,836,736	193,120	373,798	629,663	16,485,413
-	-	-	-	6,916	9,838
-	-	-	-	23,204	30,182
853,164	4,836,736	193,120	373,798	597,413	16,406,958
-	-	-	-	-	20,542
-	-	-	-	2,130	17,893
853,164	4,836,736	193,120	373,798	629,663	16,485,413

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 24,618	191,530	989,458	8,265,403
Additions:				
Property and other county tax	-	184,482	437,722	8,107,262
911 surcharge	-	-	-	-
State tax credits	-	17,255	41,296	780,018
Drivers license fees	-	-	-	-
Office fees and collections	389,420	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	108,970	-	-	-
Miscellaneous	-	-	4,717	-
Total additions	498,390	201,737	483,735	8,887,280
Deductions:				
Agency remittances:				
To other funds	211,448	-	-	-
To other governments	161,364	199,426	335,675	8,933,556
Trusts paid out	101,750	-	-	-
Total deductions	474,562	199,426	335,675	8,933,556
Balances end of year	$ 48,446	193,841	1,137,518	8,219,127

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
838,358	4,708,497	190,893	435,255	680,644	16,324,656
843,282	4,642,431	195,458	-	1,822,662	16,233,299
-	-	-	-	194,689	194,689
78,448	677,751	11,287	-	190	1,606,245
-	-	-	99,461	-	99,461
-	-	-	-	2,668	392,088
-	-	-	4,396,936	-	4,396,936
-	-	-	-	9,238	9,238
-	-	-	-	298,444	407,414
-	-	-	-	581,353	586,070
921,730	5,320,182	206,745	4,496,397	2,909,244	23,925,440
-	-	-	141,083	-	352,531
906,924	5,191,943	204,518	4,416,771	2,682,839	23,033,016
-	-	-	-	277,386	379,136
906,924	5,191,943	204,518	4,557,854	2,960,225	23,764,683
853,164	4,836,736	193,120	373,798	629,663	16,485,413

Page County

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

For the Last Ten Years

	2018	2017	2016	Modified 2015
Revenues:				
Property and other county tax	$ 5,624,460	5,241,137	5,418,070	4,550,314
Local option sales tax	485,962	431,247	412,218	403,628
Interest and penalty on property tax	51,352	59,892	52,115	83,438
Intergovernmental	4,872,070	4,372,662	4,267,236	4,003,434
Licenses and permits	24,724	20,525	17,242	13,884
Charges for service	426,320	371,363	373,075	379,472
Use of money and property	105,382	68,458	67,730	59,777
Miscellaneous	317,322	309,385	383,906	197,340
Total	$ 11,907,592	10,874,669	10,991,592	9,691,287
Expenditures:				
Operating:				
Public safety and legal services	$ 4,421,799	2,190,226	2,676,214	1,788,843
Physical health and social services	459,162	512,465	494,686	636,517
Mental health	512,499	338,967	1,026,314	1,298,439
County environment and education	392,336	496,626	403,329	350,488
Roads and transportation	4,704,886	4,154,401	4,883,735	3,828,285
Governmental services to residents	586,563	545,207	514,415	467,828
Administration	1,164,348	1,088,495	1,101,689	1,053,451
Non-program	11,740	-	1,111	1,111
Debt service	430,708	156,463	192,139	191,548
Capital projects	929,421	170,267	52,452	-
Total	$ 13,613,462	9,653,117	11,346,084	9,616,510

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
4,466,421	4,335,624	4,078,162	3,812,963	3,651,339	3,456,016
406,390	425,499	375,357	392,797	335,968	364,509
56,108	53,385	56,356	52,422	60,909	47,930
3,883,318	3,995,968	4,738,624	7,034,812	6,380,225	4,574,776
16,865	17,158	28,032	25,109	28,923	26,546
377,446	379,710	386,857	422,948	364,551	371,561
59,527	57,449	58,510	73,123	85,531	106,551
275,950	165,848	198,155	213,744	213,304	215,161
9,542,025	9,430,641	9,920,053	12,027,918	11,120,750	9,163,050
1,756,049	1,644,181	1,566,346	2,093,165	1,563,122	1,504,575
495,523	598,861	622,277	625,200	642,955	657,057
887,263	979,363	2,091,423	1,875,274	1,839,981	1,697,407
460,764	407,866	405,052	421,414	339,852	344,506
3,846,334	3,203,989	3,438,999	3,621,166	3,510,329	3,348,105
447,565	479,084	455,672	432,501	422,634	411,560
1,037,211	989,835	1,016,144	949,706	846,025	864,974
4,666	2,794	1,354	3,287	1,210	1,601
190,269	209,657	208,851	108,563	105,495	102,965
24,038	217,783	509,226	1,901,145	2,031,236	217,877
9,149,682	8,733,413	10,315,344	12,031,421	11,302,839	9,150,627

Page County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Page County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 1, 2019.

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 significant deficiencies.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Page County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2018 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.

ROB SAND
Auditor of State

March 1, 2019

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, Ag 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, Recorder, Sheriff and Treasurer
(7)	Timesheets are not reviewed or approved before payment.	Ag Extension

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 – Page County Conservation is staffed with two full-time employees, one in the field and one in the office. We share some duties but not much of the administration duties. I strive to be accurate in our posting of revenue. I compare my intake of revenue and out take of expenses to the monthly print out provided by the Auditor's office, if there are questions, it is noted with a check mark until it is resolved.

With the inability to segregate duties with our limited number of employees we maintain a check and balance system to the best of our ability to protect the Department and the County. If there are any problems we discuss them immediately with either the Auditor or the Treasurer's office.

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.

Ag Extension –We will work with the County Auditor and discuss what steps we can perform to better segregate duties.

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 – The Recorder's office 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.

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) 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.

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.

(C) Sale of Scrap Metal

Criteria – An effective internal control system provides for internal controls related to reconciling scrap metal sales to vendors with supporting scale tickets to ensure proper recording of cash receipts.

Condition – The County periodically sells scrap metal. County employees are paid cash upon delivery of the scrap metal. The County does not track when scrap metal is sent for sale, or reconcile receipts to supporting scale tickets.

Cause – The supervising employee does not document when scrap is sent for sale. In addition, policies have not been established to reconcile receipts to scale tickets.

Effect – Lack of policies and procedures for the reconciliation of receipts to supporting documentation could result in unrecorded or misstated scrap metal receipts.

Recommendation – The County should implement procedures to ensure scrap metal sales sent to the vendor reconciles to the amounts received.

Response – We will track when scrap metal is sent to vendors for sale and reconcile that amount to scale tickets and cash received from the vendor for the sale.

Conclusion – Response accepted.

(D) Infrastructure Useful Lives

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.

Capital assets of the County are depreciated using the straight line method over the estimated useful lives. Per the County's policy, the assets estimated useful life for infrastructure assets is 30 to 50 years.

Condition – Thirty-three of the 37 line items tested for infrastructure assets used estimated useful lives outside of the useful life range which resulted in the County not properly calculating depreciation expense.

Cause – The estimated useful life for infrastructure costs was determined based on estimates provided by the Iowa Department of Transportation. The County has not followed its own policy to determine the estimated useful life for infrastructure assets.

Effect – Depreciation expense is not determined in accordance with County policies.

Recommendation – The County should ensure the useful life of assets is determined in accordance with County policies.

Response – The County will amend the policy for useful lives to better reflect the actual useful life of the different infrastructure projects at the County.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Although the Board of Supervisors acted to increase certain function budgets by amendment, disbursements during the year ended June 30, 2018 exceeded the amounts budgeted in the roads and transportation and debt service functions. Also disbursements exceeded the amount budgeted prior to amendment for the non program and capital projects functions.

In addition, although the Board of Supervisors acted to increase certain departmental appropriations by amendment, disbursements exceeded the appropriations in the following departments: secondary roads, medical examiner and county bonds. Also, disbursements exceeded the amount appropriated in the county farms department prior to amendment.

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

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

Response – The County will make every effort possible to comply with Iowa Code Chapter 331.434(6) and 331.435 by authorizing, by resolution, an increase or decrease in appropriation and budget prior to any shortfall.

Conclusion – Response accepted.

(2) Questionable Expenditures – Certain expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

Paid to	Purpose	Amount
J. Bruner's	Compensation board meeting lunch	$ 244
Ice House Restaurant and Sports Bar	Dinner for person who provided transportation for Veterans Affairs Administrator	278
Hy-Vee	Gift card	100
Signs & Shines, LLC	Back window lettering banner for Veterans Affairs Administrator's personal car	48

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The County should determine and document the public purpose served by these expenditures prior to authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – Closer scrutiny of expenditures like these will be made prior to payment. And, where it is determined the public purpose is served, we will make every effort to ensure the public purpose served is more thoroughly documented on the claim.

Conclusion – Response accepted.

(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
Alexandra's Cleaning, Husband works in IT Department	Cleaning	$ 1,785

The transactions with Alexandra's Cleaning appear to represent a conflict of interest in accordance with Chapter 331.342 (2)(j) of the Code of Iowa since the total transactions were more than $1,500 during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The County will contact legal counsel.

Conclusion – Response accepted.

(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. Minutes were not signed.

Recommendation – The County should ensure all minutes are signed to authenticate the actions taken.

Response – The County will make every effort possible to ensure minutes are signed.

Conclusion – Response accepted.

(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, 2018 for the County Extension Office did not exceed the amount budgeted.

(10) Emergency Management Commission – Disbursements for the year ended June 30, 2018 exceeded the amount budgeted for the Page County Emergency Management Commission.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The County will make every effort possible to comply with Iowa Code.

Conclusion – Response accepted.

(11) Joint E-911 Service Board – Disbursement for the year ended June 30, 2018 exceeded the amount budgeted for the Page County E-911 Service Board.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The County will make every effort to comply with the Code.

Conclusion – Response accepted.

Page County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Karen J. Kibbe, Senior Auditor II
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Marlys Gaston

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