



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

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NEWS RELEASE

FOR RELEASE

March 16, 2005

Contact: Andy Nielsen
515/281-5834

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

These financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$14,967,475 for the year ended June 30, 2005, which included \$1,023,188 in tax credits from the state. The County forwarded \$11,595,140 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,372,335 of the local tax revenue to finance County operations, a 4 percent decrease from the prior year. Other revenues included charges for service of \$487,395, operating grants, contributions and restricted interest of \$3,725,806, capital grants, contributions and restricted interest of \$2,981,214, unrestricted investment earnings of \$52,123, local option sales tax of \$331,194 and other general revenues of \$138,523.

Expenses for County operations totaled \$7,944,189, a 3 percent increase from the prior year. Expenses included \$3,304,568 for roads and transportation, \$1,234,648 for public safety and legal services and \$1,086,213 for mental health.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2005

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Page County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2005)		
Robert Anderson	Board of Supervisors	Jan 2005
Elaine Armstrong	Board of Supervisors	Jan 2005
James D. Richardson	Board of Supervisors	Jan 2007
Judy Clark	County Auditor	Jan 2005
Connie Burton	County Treasurer	(Resigned)
Kim Behrens (Appointed)	County Treasurer	Nov 2004
Brenda Esaias	County Recorder	Jan 2007
Mike Williams	County Sheriff	Jan 2005
Richard Davidson	County Attorney	Jan 2007
Peggy Smith	County Assessor	Jan 2010
(After January 2005)		
James D. Richardson	Board of Supervisors	Jan 2007
Jon W. Herzberg	Board of Supervisors	Jan 2009
Elaine Armstrong	Board of Supervisors	Jan 2009
Judy Clark	County Auditor	Jan 2009
Kim Behrens	County Treasurer	Jan 2007
Brenda Esaias	County Recorder	Jan 2007
Mike Williams	County Sheriff	Jan 2009
Richard Davidson	County Attorney	Jan 2009
Peggy Smith	County Assessor	Jan 2010

Page County



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Independent Auditor's Report

To the Officials of Page County:

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, 2005, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Page County's management. Our responsibility is to express opinions on these financial statements based on our audit.

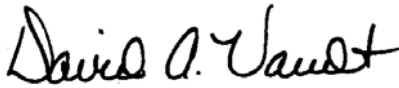
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 at June 30, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

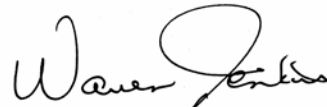
In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2005 on our consideration of Page County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 38 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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 second paragraph of this report, the financial statements for the year ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 14, 2005

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, 2005. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Page County implemented new reporting standards for last year with significant changes in content and structure. Now much of the information is easily comparable to the prior year.

2005 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 24.6%, or approximately \$2,192,000, from fiscal 2004 to fiscal 2005. Property tax decreased approximately \$149,000 from FY04 primarily because of the decrease in property valuations, even though the property tax levy was increased. Operating grants, contributions and restricted interest increased approximately \$251,000, capital grants, contributions and restricted interest increased approximately \$2,096,000 and local option sales tax increased approximately \$91,000.
- The County's program expenses increased 3.3%, or approximately \$253,000. Roads and transportation expense increased approximately \$327,000, physical health and social services increased approximately \$243,000 and mental health decreased approximately \$322,000.
- The County's net assets increased 30%, or approximately \$3,144,000, from June 30, 2004 to June 30, 2005.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and 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 Assets 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 statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Page County acts solely as an agent or custodian for the benefit of those outside of county government (Agency Funds).
- Notes to Financial Statements provide additional information that is 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.
- Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES:

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 Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis below shows the changes in the net assets for governmental activities from a year ago.

Net Assets of Governmental Activities		
	June 30,	
	2005	2004
Current and other assets	\$ 8,236,154	7,913,796
Capital assets	9,457,729	6,481,287
Total assets	<u>17,693,883</u>	<u>14,395,083</u>
Long-term liabilities	271,208	275,446
Other liabilities	3,804,372	3,645,735
Total liabilities	<u>4,075,580</u>	<u>3,921,181</u>
Net assets:		
Invested in capital assets	9,457,729	6,481,287
Restricted	3,178,874	3,188,524
Unrestricted	981,700	804,091
Total net assets	<u>\$ 13,618,303</u>	<u>10,473,902</u>

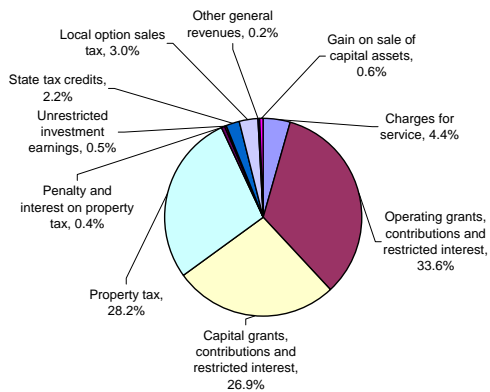
Net assets of Page County's governmental activities increased by approximately \$3.1 million, or 30%. The largest portion of the County's net assets is invested in capital assets (e.g. land, buildings, infrastructure, equipment and construction in progress). The significant increase in net assets invested in capital assets is the result of capital contributions from the Iowa Department of Transportation for road projects.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased from approximately \$804,000 at June 30, 2004 to approximately \$982,000 at the end of this year, an increase of 22%.

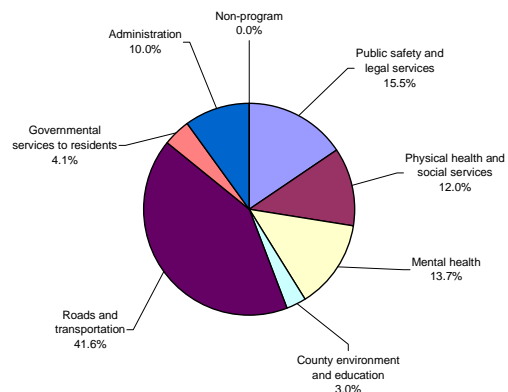
Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2005	2004
Revenues:		
Program revenues:		
Charges for service	\$ 487,395	552,873
Operating grants, contributions and restricted interest	3,725,806	3,475,005
Capital grants, contributions and restricted interest	2,981,214	885,417
General revenues:		
Property tax	3,131,942	3,281,425
Penalty and interest on property tax	41,424	43,424
State tax credits	240,393	237,274
Local option sales tax	331,194	240,360
Unrestricted investment earnings	52,123	47,221
Gain on sale of capital assets	71,516	61,035
Other general revenues	25,583	72,394
Total revenues	11,088,590	8,896,428
Program expenses:		
Public safety and legal services	1,234,648	1,227,311
Physical health and social services	950,663	707,819
Mental health	1,086,213	1,408,149
County environment and education	242,198	214,409
Roads and transportation	3,304,568	2,977,817
Governmental services to residents	329,054	308,612
Administration	794,375	843,835
Non-program	2,470	2,802
Total expenses	7,944,189	7,690,754
Increase in net assets	3,144,401	1,205,674
Net assets beginning of year	10,473,902	9,268,228
Net assets end of year	\$ 13,618,303	10,473,902

Revenue by Source



Expenses by Functions



The County decreased property tax rates by \$.10 per \$1,000 of taxable valuation for the rural levy and increased property tax rates by \$.20 per \$1,000 of taxable valuation for the countywide levy (The General Fund was very short financially. The general basic levy was increased by \$.40724 per \$1,000 of valuation, the general supplemental levy was increased by \$.02 per \$1,000 of taxable valuation and the mental health levy was decreased by \$.12724 per \$1,000 of taxable valuation.) The rural assessed property taxable valuation decreased by approximately \$12,627,000. The countywide assessed property taxable valuation decreased by approximately \$20,623,000. Based on the combination of the property tax levy rate increases and the decrease in the taxable valuation, property tax revenue decreased approximately \$149,000.

The cost of all governmental activities this year was \$7.9 million compared to \$7.7 million last year. Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in 2005 from approximately \$4,913,000 to \$7,194,000, principally due to receiving capital contributions of approximately \$2,655,000 from the Iowa Department of Transportation for road projects. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$3,894,000 in taxes 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 \$4.4 million, a modest increase of \$134,000 above last year's total of \$4.2 million.

The primary reasons for the increase in revenue is because of the increase in the general basic levy and community development block grant funds. The taxable property valuation decreased from \$476,050,075 in fiscal 2004 to \$463,422,647 in fiscal 2005. The general basic and supplemental levy rates increased from \$4.50 per \$1,000 of taxable valuation in fiscal 2004 to \$4.90724 per \$1,000 of taxable valuation in fiscal 2005.

The County has continued to look for ways to effectively manage the cost of mental health services. The Mental Health Fund balance at year end increased by approximately \$59,000 from the prior year to approximately \$591,000. For the year, expenditures totaled approximately \$1,087,000, a decrease of approximately \$320,000, or 22.7%, from the prior year. The fiscal 2005 mental health levy rate of \$.90 decreased \$.12724 per \$1,000 of valuation from the fiscal 2004 levy rate of \$1.02724 per \$1,000 of taxable valuation. A slight increase in non-property tax and delinquent tax revenues and a decrease in expenditures also contributed to the fund balance increase.

The Rural Services Fund ending fund balance increased approximately \$14,000 over the prior year to approximately \$196,000. Property tax revenue for the Rural Services Fund decreased by approximately \$76,000 in fiscal 2005 over fiscal 2004. Other revenues within the Rural Services Fund remained virtually unchanged. The local option sales tax received and credited to the Rural Services Fund meets the requirements of the referendum for property tax relief.

The Secondary Roads Fund expenditures decreased by approximately \$347,000 from the prior year, principally due to the completion of road projects during fiscal 2004. This decrease in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$176,000, or 7.2%. Page County maintained approximately 923 miles of gravel, dirt and paved roads with the resources of this Fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget three times. The first amendment was made in March and resulted in an increase in budgeted disbursements related to pass-thru revenues and expenditures for grants for day care and Hazmat plans, HAVA funds, FEMA funds, Public Health funds from the State of Iowa and a mower for county buildings. The second and third amendments were made on June 14 and June 28, 2005, respectively. The amendments were made to provide for additional expenditures in certain County departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, Page County had approximately \$9.5 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,976,000 or 45% over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2005	2004
Land	\$ 592,603	592,603
Buildings and improvements	3,026,426	3,131,647
Equipment and vehicles	2,035,120	1,792,174
Infrastructure	2,827,281	964,863
Construction in progress	976,299	-
Total	<u>\$ 9,457,729</u>	<u>6,481,287</u>
This year's major additions included:		
Capital assets contributed by the Iowa Department of Transportation		\$ 2,655,419
Replacement of an excavator, 4 trucks, skid loader and and other secondary roads equipment		607,857
County infrastructure bridge project		<u>261,048</u>
Total		<u>\$ 3,524,324</u>

Page County had depreciation expense of \$583,502 in fiscal 2005 and total accumulated depreciation of \$4,344,934 at June 30, 2005. Additional information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2005, Page County had no long-term debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Page County's elected and appointed officials and citizens considered many factors when setting the county budget, tax rates and fees for various County services. One of those factors is the economy. Unemployment in the County now stands at 4.8% versus 4.7% a year ago. This compares to the State's unemployment rate of 4.6% and the national rate of 5%.

The County will need to purchase new voting technology with part or all of the expenses to be reimbursed with State and Federal HAVA dollars.

These indicators were taken into account when adopting the budget for fiscal year 2006. Amounts available for appropriation in the operating budget are \$10.8 million, an increase of 10.4% over the final 2005 budget. Property tax (including general fund levies set at \$4.90724 per \$1,000 of taxable valuation) and grant receipts are expected to lead this increase. Page County will use those increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs.

The Page County Board of Supervisors dedicates 40% of the local option sales tax dollars received for property tax relief to the Rural Services Fund.

Budgeted disbursements are expected to increase by approximately \$1.0 million for road and bridge construction projects. The County has added a new program or initiative to the 2006 budget for the purchase of HAVA required voting equipment. s

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 Judy Clark 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 Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,174,038
Receivables:	
Property tax:	
Delinquent	13,690
Succeeding year	3,162,000
Interest and penalty on property tax	4,123
Accounts	10,207
Accrued interest	5,288
Due from other governments	335,652
Inventories	531,156
Capital assets (net of accumulated depreciation)	9,457,729
Total assets	<u>17,693,883</u>
Liabilities	
Accounts payable	466,242
Salaries and benefits payable	99,471
Due to other governments	76,659
Deferred revenue:	
Succeeding year property tax	3,162,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	93,765
Portion due or payable after one year:	
Compensated absences	177,443
Total liabilities	<u>4,075,580</u>
Net Assets	
Invested in capital assets	9,457,729
Restricted for:	
Supplemental levy purposes	131,923
Mental health purposes	628,058
Secondary roads purposes	2,119,638
Other purposes	299,255
Unrestricted	981,700
Total net assets	<u>\$ 13,618,303</u>

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,234,648	85,206	23,903	-	(1,125,539)
Physical health and social services	950,663	63,594	560,750	-	(326,319)
Mental health	1,086,213	7,235	764,986	-	(313,992)
County environment and education	242,198	26,452	27,906	-	(187,840)
Roads and transportation	3,304,568	25,062	2,330,266	2,981,214	2,031,974
Governmental services to residents	329,054	243,218	2,432	-	(83,404)
Administration	794,375	36,628	15,563	-	(742,184)
Non-program	2,470	-	-	-	(2,470)
Total	\$ 7,944,189	487,395	3,725,806	2,981,214	(749,774)
General Revenues:					
Property and other county tax levied for general purposes					3,131,942
Penalty and interest on property tax					41,424
State tax credits					240,393
Local option sales tax					331,194
Unrestricted investment earnings					52,123
Gain on sale of capital assets					71,516
Miscellaneous					25,583
Total general revenues					3,894,175
Change in net assets					3,144,401
Net assets beginning of year					10,473,902
Net assets end of year					\$ 13,618,303

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2005

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,009,327	695,360	189,618	1,980,478
Receivables:				
Property tax:				
Delinquent	9,783	1,787	2,120	-
Succeeding year	2,119,000	387,000	629,000	-
Interest and penalty on property tax	4,123	-	-	-
Accounts	5,123	720	1,750	2,614
Accrued interest	5,288	-	-	-
Due from other governments	87,313	42,589	6,583	199,167
Inventories	-	-	-	531,156
Total assets	\$ 3,239,957	1,127,456	829,071	2,713,415
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 36,697	40,140	884	388,521
Salaries and benefits payable	53,200	2,740	1,058	42,473
Due to other governments	12,205	64,252	75	127
Deferred revenue:				
Succeeding year property tax	2,119,000	387,000	629,000	-
Other	14,057	42,431	2,118	-
Total liabilities	2,235,159	536,563	633,135	431,121
Fund balances:				
Reserved for supplemental levy purposes	131,894	-	-	-
Unreserved, reported in:				
General fund	872,904	-	-	-
Special revenue funds	-	590,893	195,936	2,282,294
Total fund balances	1,004,798	590,893	195,936	2,282,294
Total liabilities and fund balances	\$ 3,239,957	1,127,456	829,071	2,713,415

See notes to financial statements.

Nonmajor	Total
299,255	4,174,038
-	13,690
27,000	3,162,000
-	4,123
-	10,207
-	5,288
-	335,652
-	531,156
326,255	8,236,154
-	466,242
-	99,471
-	76,659
27,000	3,162,000
-	58,606
27,000	3,862,978
-	131,894
-	872,904
299,255	3,368,378
299,255	4,373,176
326,255	8,236,154

Page County

Page County

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

June 30, 2005

Total governmental fund balances (page 19) \$ 4,373,176

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$13,802,663 and the accumulated depreciation is \$4,344,934. 9,457,729

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 58,606

Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds. (271,208)

Net assets of governmental activities (page 16) \$ 13,618,303

See notes to financial statements.

Page County

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

Year ended June 30, 2005

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,222,827	386,294	753,221	40,000
Interest and penalty on property tax	43,629	-	-	-
Intergovernmental	806,252	753,397	63,091	2,656,061
Licenses and permits	291	-	37,184	1,080
Charges for service	350,364	-	-	1,460
Use of money and property	75,301	-	-	-
Miscellaneous	11,929	7,235	935	22,522
Total revenues	3,510,593	1,146,926	854,431	2,721,123
Expenditures:				
Operating:				
Public safety and legal services	1,217,163	-	-	-
Physical health and social services	900,818	-	44,889	-
Mental health	-	1,087,495	-	-
County environment and education	188,737	-	29,069	-
Roads and transportation	-	-	-	3,313,627
Governmental services to residents	297,293	-	1,210	-
Administration	689,042	-	-	-
Non-program	2,470	-	-	-
Capital projects	-	-	-	348,383
Total expenditures	3,295,523	1,087,495	75,168	3,662,010
Excess (deficiency) of revenues over (under) expenditures	215,070	59,431	779,263	(940,887)
Other financing sources (uses):				
Sale of capital assets	3,789	-	-	-
Operating transfers in	-	-	-	764,958
Operating transfers out	(4,000)	-	(764,958)	-
Total other financing sources (uses)	(211)	-	(764,958)	764,958
Net change in fund balances	214,859	59,431	14,305	(175,929)
Fund balances beginning of year	789,939	531,462	181,631	2,458,223
Fund balances end of year	\$ 1,004,798	590,893	195,936	2,282,294

See notes to financial statements.

Nonmajor	Total
58,210	3,460,552
-	43,629
10,659	4,289,460
-	38,555
17,360	369,184
377	75,678
11,960	54,581
<u>98,566</u>	<u>8,331,639</u>
2,040	1,219,203
-	945,707
-	1,087,495
14,513	232,319
-	3,313,627
42,054	340,557
22,920	711,962
-	2,470
-	348,383
<u>81,527</u>	<u>8,201,723</u>
<u>17,039</u>	<u>129,916</u>
-	3,789
4,000	768,958
-	(768,958)
<u>4,000</u>	<u>3,789</u>
21,039	133,705
<u>278,216</u>	<u>4,239,471</u>
<u>299,255</u>	<u>4,373,176</u>

Page County

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

Year ended June 30, 2005

Net change in fund balances - Total governmental funds (page 23) \$ 133,705

**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	\$ 836,798	
Capital assets contributed by the Iowa Department of Transportation	2,655,419	
Depreciation expense	<u>(583,502)</u>	2,908,715

In the Statement of Activities, the gain on the sale of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 67,727

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

Property tax	2,584	
Other	<u>27,432</u>	30,016

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 4,238

Change in net assets of governmental activities (page 17) \$ 3,144,401

See notes to financial statements.

Page County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Cash and pooled investments:	
County Treasurer	\$ 831,506
Other County officials	10,935
Receivables:	
Property tax:	
Delinquent	51,840
Succeeding year	10,835,000
Accounts	22,517
Total assets	<u>11,751,798</u>

Liabilities

Accounts payable	1,741
Salaries and benefits payable	3,506
Due to other governments	11,680,580
Trusts payable	59,075
Compensated absences	6,896
Total liabilities	<u>11,751,798</u>

Net assets	<u>\$ -</u>
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See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2005

(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 that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Eleven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Page County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Page County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Page County Assessor’s Conference Board, Page County Emergency Management Commission and Page County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Page County Landfill, Juvenile Detention Center and Jobs Training Partnership Act Quality Jobs Program. The County also participates in the following jointly governed organizations: Alcohol Assistance Agency, 4th Judicial District Department of Correctional Services, Golden Hills Resource Conservation and Development, Southwest Iowa Planning Council, West Central Development Corporation and the Corner Counties Empowerment Area.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets consists of capital assets, net of accumulated depreciation.

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, 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 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 period or soon enough thereafter to pay liabilities of the current period. 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, 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.

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 assets 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.

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

D. Assets, Liabilities and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2004.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure, road network	\$ 50,000
Land, buildings and improvements	25,000
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
Equipment	2 - 20
Vehicles	3 - 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time vacation 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, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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 governmental activities Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 764,958
Conservation Land Acquisition	General	4,000
Total		<u>\$ 768,958</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 592,603	-	-	592,603
Construction in progress	-	2,916,467	(1,940,168)	976,299
Total capital assets not being depreciated	592,603	2,916,467	(1,940,168)	1,568,902
Capital assets being depreciated:				
Buildings and improvements	4,510,501	-	-	4,510,501
Equipment and vehicles	4,620,569	661,960	(474,755)	4,807,774
Infrastructure, road network	975,318	1,940,168	-	2,915,486
Total capital assets being depreciated	10,106,388	2,602,128	(474,755)	12,233,761
Less accumulated depreciation for:				
Buildings and improvements	1,378,854	105,221	-	1,484,075
Equipment and vehicles	2,828,395	400,531	(456,272)	2,772,654
Infrastructure, road network	10,455	77,750	-	88,205
Total accumulated depreciation	4,217,704	583,502	(456,272)	4,344,934
Total capital assets being depreciated, net	5,888,684	2,018,626	(18,483)	7,888,827
Governmental activities capital assets, net	\$ 6,481,287	4,935,093	(1,958,651)	9,457,729

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 38,917
Physical health and social services	2,849
County environment and education	16,774
Roads and transportation	428,479
Governmental services to residents	1,643
Administration	94,840
Total depreciation expense - governmental activities	\$ 583,502

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 12,205
Special Revenue:		
Mental Health	Services	64,252
Rural Services	Services	75
Secondary Roads	Services	127
		<u>64,454</u>
Total for governmental funds		<u>\$ 76,659</u>
Agency:		
County Assessor	Collections	\$ 418,062
Schools		6,580,220
Community Colleges		336,377
Corporations		3,602,532
Auto License and Use Tax		261,354
All other		482,035
Total for agency funds		<u>\$ 11,680,580</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005 is as follows:

	<u>Compen- sated Absences</u>
Balance beginning of year	\$ 275,446
Increases	164,171
Decreases	<u>168,409</u>
Balance end of year	<u>\$ 271,208</u>
Due within one year	<u>\$ 93,765</u>

(7) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$167,370, \$165,367 and \$165,350, respectively, equal to the required contributions for each year.

(8) Risk Management

Page County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2005 were \$83,690.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Page County

Required Supplementary Information

Page County

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

Required Supplementary Information

Year ended June 30, 2005

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 3,448,067	-	3,448,067
Interest and penalty on property tax	39,614	-	39,614
Intergovernmental	4,313,028	-	4,313,028
Licenses and permits	39,655	-	39,655
Charges for service	380,067	-	380,067
Use of money and property	73,334	114	73,220
Miscellaneous	76,407	7,232	69,175
Total receipts	8,370,172	7,346	8,362,826
Disbursements:			
Public safety and legal services	1,214,857	-	1,214,857
Physical health and social services	943,384	-	943,384
Mental health	1,130,328	-	1,130,328
County environment and education	232,005	100	231,905
Roads and transportation	3,239,055	-	3,239,055
Governmental services to residents	340,217	-	340,217
Administration	711,536	-	711,536
Non-program	2,470	-	2,470
Capital projects	336,160	-	336,160
Total disbursements	8,150,012	100	8,149,912
Excess (deficiency) of receipts over (under) disbursements	220,160	7,246	212,914
Other financing sources, net	3,789	-	3,789
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	223,949	7,246	216,703
Balance beginning of year	3,950,089	27,129	3,922,960
Balance end of year	\$ 4,174,038	34,375	4,139,663

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
3,434,388	3,434,388	13,679
20,600	20,600	19,014
4,384,835	4,543,059	(230,031)
27,352	27,352	12,303
325,985	326,181	53,886
105,475	105,475	(32,255)
29,650	29,650	39,525
<u>8,328,285</u>	<u>8,486,705</u>	<u>(123,879)</u>
1,251,701	1,281,239	66,382
860,035	992,021	48,637
1,575,551	1,575,551	445,223
230,187	249,581	17,676
3,930,500	3,930,500	691,445
334,620	359,886	19,669
762,841	765,341	53,805
1,000	5,000	2,530
642,500	642,500	306,340
<u>9,588,935</u>	<u>9,801,619</u>	<u>1,651,707</u>
(1,260,650)	(1,314,914)	1,527,828
-	-	3,789
(1,260,650)	(1,314,914)	1,531,617
<u>2,811,776</u>	<u>3,893,176</u>	<u>29,784</u>
<u>1,551,126</u>	<u>2,578,262</u>	<u>1,561,401</u>

Page County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,370,172	(38,533)	8,331,639
Expenditures	8,150,012	51,711	8,201,723
Net	220,160	(90,244)	129,916
Other financing sources, net	3,789	-	3,789
Beginning fund balances	3,950,089	289,382	4,239,471
Ending fund balances	\$ 4,174,038	199,138	4,373,176

See accompanying independent auditor's report.

Page County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

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 10 major classes of expenditures known as functions, not by fund or fund type. These 10 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, three budget amendments increased budgeted disbursements by \$212,684. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted.

Page County

Other Supplementary Information

Page County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2005

	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Special County Recorder's Electronic Transaction Fee
Assets				
Cash and pooled investments	\$ 39,959	178,321	12,077	16
Receivables:				
Property tax:				
Succeeding year	-	-	-	-
Total assets	\$ 39,959	178,321	12,077	16
Liabilities and Fund Equity				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ -	-	-	-
Fund equity:				
Unreserved fund balances	39,959	178,321	12,077	16
Total liabilities and fund equity	\$ 39,959	178,321	12,077	16

See accompanying independent auditor's report.

Revenue					
Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
34,375	21,316	5,249	7,942	-	299,255
-	-	-	-	27,000	27,000
34,375	21,316	5,249	7,942	27,000	326,255
-	-	-	-	27,000	27,000
34,375	21,316	5,249	7,942	-	299,255
34,375	21,316	5,249	7,942	27,000	326,255

Page County

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

Year ended June 30, 2005

	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Special
Revenues:				
Property and other county tax	\$ -	58,210	-	-
Intergovernmental	10,659	-	-	-
Charges for service	-	-	3,164	-
Use of money and property	137	-	53	-
Miscellaneous	-	-	-	-
Total revenues	<u>10,796</u>	<u>58,210</u>	<u>3,217</u>	<u>-</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	14,413	-	-	-
Governmental services to residents	-	-	5,095	-
Administration	-	22,920	-	-
Total expenditures	<u>14,413</u>	<u>22,920</u>	<u>5,095</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,617)	35,290	(1,878)	-
Other financing sources:				
Operating transfer in	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(3,617)	35,290	(1,878)	-
Fund balances beginning of year	43,576	143,031	13,955	-
Fund balances end of year	<u>\$ 39,959</u>	<u>178,321</u>	<u>12,077</u>	<u>-</u>

See accompanying independent auditor's report.

Revenue							
County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total	
-	-	-	-	-	-	-	58,210
-	-	-	-	-	-	-	10,659
14,196	-	-	-	-	-	-	17,360
73	114	-	-	-	-	-	377
-	7,232	4,728	-	-	-	-	11,960
14,269	7,346	4,728	-	-	-	-	98,566
-	-	-	-	2,040	-	-	2,040
-	100	-	-	-	-	-	14,513
36,959	-	-	-	-	-	-	42,054
-	-	-	-	-	-	-	22,920
36,959	100	-	-	2,040	-	-	81,527
(22,690)	7,246	4,728	-	(2,040)	-	-	17,039
-	-	4,000	-	-	-	-	4,000
(22,690)	7,246	8,728	-	(2,040)	-	-	21,039
22,706	27,129	12,588	5,249	9,982	-	-	278,216
16	34,375	21,316	5,249	7,942	-	-	299,255

Page County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor
Assets			
Cash and pooled investments:			
County Treasurer	\$ -	9,954	128,124
Other County officials	10,935	-	-
Receivables:			
Property tax:			
Delinquent	-	557	772
Succeeding year	-	123,000	299,000
Accounts	1,014	-	-
Total assets	\$ 11,949	133,511	427,896
Liabilities			
Accounts payable	\$ -	-	-
Salaries and benefits payable	-	-	2,938
Due to other governments	7,545	133,511	418,062
Trusts payable	4,404	-	-
Compensated absences	-	-	6,896
Total liabilities	\$ 11,949	133,511	427,896

See accompanying independent auditor's report.

Schools	Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
124,306	5,915	42,666	2,719	261,354	256,468	831,506
-	-	-	-	-	-	10,935
30,914	1,462	17,866	261	-	8	51,840
6,425,000	329,000	3,542,000	115,000	-	2,000	10,835,000
-	-	-	-	-	21,503	22,517
6,580,220	336,377	3,602,532	117,980	261,354	279,979	11,751,798
-	-	-	-	-	1,741	1,741
-	-	-	-	-	568	3,506
6,580,220	336,377	3,602,532	117,980	261,354	222,999	11,680,580
-	-	-	-	-	54,671	59,075
-	-	-	-	-	-	6,896
6,580,220	336,377	3,602,532	117,980	261,354	279,979	11,751,798

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor
Assets and Liabilities			
Balances beginning of year	\$ 11,738	130,224	243,178
Additions:			
Property and other county tax	-	123,453	298,566
E911 surcharge	-	-	-
State tax credits	-	9,146	12,674
Intergovernmental	-	-	-
Drivers license fees	-	-	-
Office fees and collections	303,467	-	-
Electronic transaction fees	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	86,823	-	-
Miscellaneous	41	-	4,234
Total additions	390,331	132,599	315,474
Deductions:			
Agency remittances:			
To other funds	173,615	-	-
To other governments	130,309	129,312	130,756
Trusts paid out	86,196	-	-
Total deductions	390,120	129,312	130,756
Balances end of year	\$ 11,949	133,511	427,896

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
6,649,498	321,529	3,390,155	113,359	297,388	206,751	11,363,820
6,423,679	329,121	3,519,790	116,021	-	1,715	10,812,345
-	-	-	-	-	99,686	99,686
497,761	23,913	230,106	9,065	-	130	782,795
-	-	-	-	-	296,109	296,109
-	-	-	-	83,681	-	83,681
-	-	-	-	-	-	303,467
-	-	-	-	-	3,168	3,168
-	-	-	-	3,198,878	-	3,198,878
-	-	-	-	-	15,256	15,256
-	-	-	-	-	222,530	309,353
-	-	-	-	-	22,361	26,636
6,921,440	353,034	3,749,896	125,086	3,282,559	660,955	15,931,374
-	-	-	-	103,652	-	277,267
6,990,718	338,186	3,537,519	120,465	3,214,941	383,784	14,975,990
-	-	-	-	-	203,943	290,139
6,990,718	338,186	3,537,519	120,465	3,318,593	587,727	15,543,396
6,580,220	336,377	3,602,532	117,980	261,354	279,979	11,751,798

Schedule 5

Page County

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

For the Last Five Years

	Modified Accrual Basis				
	2005	2004	2003	2002	2001
Revenues:					
Property and other county tax	\$ 3,460,552	3,519,180	3,176,930	2,640,602	2,520,751
Interest and penalty on property tax	43,629	42,423	41,588	43,522	36,863
Intergovernmental	4,289,460	4,574,062	4,543,706	4,502,131	4,081,019
Licenses and permits	38,555	47,942	19,579	17,854	14,417
Charges for service	369,184	353,299	321,437	286,987	258,686
Use of money and property	75,678	67,893	103,757	155,304	278,982
Miscellaneous	54,581	128,361	94,663	122,990	42,254
Total	\$ 8,331,639	8,733,160	8,301,660	7,769,390	7,232,972
Expenditures:					
Operating:					
Public safety and legal services	\$ 1,219,203	1,231,967	1,254,344	1,220,497	1,071,756
Physical health and social services	945,707	699,962	706,786	380,171	391,274
Mental health	1,087,495	1,407,163	1,363,325	1,306,859	1,213,690
County environment and education	232,319	202,131	267,954	243,979	219,447
Roads and transportation	3,313,627	3,156,284	2,808,527	3,069,208	3,483,821
Governmental services to residents	340,557	307,257	289,840	292,679	273,806
Administration	711,962	781,176	1,036,824	759,974	758,644
Non-program	2,470	927	6,574	12,092	9,757
Debt service	-	-	114,700	108,700	107,500
Capital projects	348,383	862,467	656,163	968,513	369,916
Total	\$ 8,201,723	8,649,334	8,505,037	8,362,672	7,899,611

See accompanying independent auditor's report.

Page County

Schedule 6

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture: West Central Development Corporation: Special Supplemental Nutrition Program for Women, Infants and Children	10.557		\$ <u>2,627</u>
Iowa Department of Human Services: Human Services Administrative Reimbursements: State Administrative Matching Grants for Food Stamp Program	10.561		<u>7,875</u>
Hungry Canyons Alliance: Soil and Water Conservation	10.902	HC 04-4-F	33,869
Soil and Water Conservation	10.902	HC 04-5-F	<u>27,105</u>
			<u>60,974</u>
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/State's Program	14.228	00-CF-030	<u>295,662</u>
U.S. Department of Transportation: Iowa Department of Public Safety: State and Community Highway Safety	20.600		<u>1,500</u>
U.S. Environmental Protection Agency: Iowa Department of Public Health: Linn County Public Health: State Indoor Radon Grants	66.032	5889RC02	<u>1,001</u>
U.S. Department of Health and Human Services: Iowa Department of Public Health: Public Health and Social Services Emergency Fund	93.003	5885EM193	<u>7,676</u>
Visiting Nurses Association: Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5885BT04-13	<u>31,789</u>
Ringgold County Public Health: Immunization Grants	93.268	5884I419	844
Immunization Grants	93.268	5885I419	<u>1,682</u>
			<u>2,526</u>

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		10,478
Refugee and Entrant Assistance - State Administered Programs	93.566		14
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,059
Foster Care - Title IV-E	93.658		5,508
Adoption Assistance	93.659		1,284
Medical Assistance Program	93.778		11,291
Social Services Block Grant	93.667		6,864
Social Services Block Grant	93.667		95,685
			102,549
Iowa Department of Public Health:			
Taylor County Public Health Agency:			
Maternal and Child Health Services Block Grant	93.994	5884MC07	260
Maternal and Child Health Services Block Grant	93.994	5885MC07	2,782
			3,042
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004		19,239
Public Assistance Grants	97.036	145-067AA-00	32,501
Public Assistance Grants	97.036	145-067BA-00	8,319
			40,820
Hazard Mitigation Grant	97.039	0996-F094-73-00	8,726
Hazard Mitigation Grant	97.039	1230-F007-73-00	812
			9,538
Total			\$ 617,452

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Page County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Page County



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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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 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, 2005, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated November 14, 2005. 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.

Internal Control Over Financial Reporting

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-05 is a material weakness.

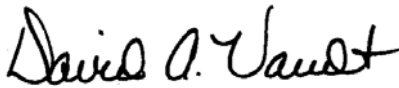
Compliance and Other Matters

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 that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Page County and other parties to whom Page County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Page County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 14, 2005

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Page County:

Compliance

We have audited the compliance of Page County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Page County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Page County's management. Our responsibility is to express an opinion on Page County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Page County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Page County's compliance with those requirements.

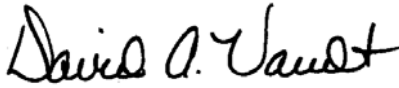
In our opinion, Page County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

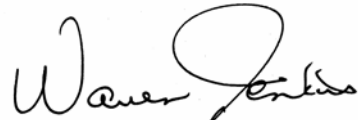
The management of Page County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Page County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Page County and other parties to whom Page County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 14, 2005

Page County
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 14.228 – Community Development Block Grants/State's Program
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Page County did not qualify as a low-risk auditee.

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-05 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer, Sheriff and Recorder
(2) Disbursements – check writing, signing, posting, reconciling and final approval.	Treasurer and Recorder
(3) Bank reconciliations are not reviewed periodically for propriety by an independent person who does not sign checks, handle or record cash.	Treasurer and Recorder
(4) Investments – custody and accounting.	Treasurer

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

Responses:

County Treasurer –

- (1), (2) and (3) – We will continue to segregate the duties of receipting, disbursement processing and bank reconciliation to the best of our ability, with limited staff we have available.
- (4) I’m in the process of having Page County Auditor, Judy Clark, added to the CD’s. Any changes will require both the Treasurer and Auditor to sign.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

County Sheriff – Susan Furst, office secretary, Loren Pierce, Chief Deputy Sheriff, and myself all assist in opening mail, collecting money depositing money, posting and doing daily reconciling.

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

Conclusion – Responses accepted.

II-B-05 Information Technology – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- preventing the personal use of County computer equipment and software.
- identifying allowable employee usage of the internet.
- addressing ownership of in-house developed software and data.
- requiring weekly backups and daily offsite storage of backup tapes.
- having an alternative power source if power is interrupted.

Also, the County does not have a written disaster recovery plan addressing information technology issues.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. Also, a written disaster recovery plan should be developed covering information technology issues and should be tested periodically.

Response – The County is about to adopt a new personnel policy which addresses some of these issues – personal usage, internet, etc. We are working on the other areas. Hopefully, a written policy will soon be in place. We will do our best to address all of these issues. Weekly backups will definitely be done.

Conclusion – Response accepted.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2005

II-C-05 Public Health Department – Billings for nursing services, collections and accounts receivable were not reconciled.

Recommendation – Procedures should be established to reconcile nursing services billings, collections and receivables. The Board of Health and the Department head should review the report and monitor receivable balances.

Response – The Board of Health and Department head will take the recommendation under advisement and implement a reconciliation procedure.

Conclusion – Response accepted.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-05 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005, except as follows:

Office	Maximum Depository	Authorized Deposit
County Treasurer	Bank Iowa - Clarinda	\$ 3,500,000

However, a new resolution for Bank Iowa - Clarinda was adopted for \$5,000,000 on October 7, 2004.

Recommendation – A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board in a timely manner.

Response – The Board adopted a new resolution increasing the maximum deposit for Bank Iowa-Clarinda to \$7,000,000 on August 25, 2005. This is necessary to allow the Treasurer to have sufficient funds in said bank to handle EFT disbursements following peak collection periods.

I will monitor more closely the total bank balances during peak collection periods.

Conclusion – Response accepted.

IV-B-05 Certified Budget – Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.

IV-C-05 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-05 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-05 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-F-05 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

IV-G-05 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

- IV-H-05 Deposits and Investments – Except as noted, 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.

The interest rate on one time certificate of deposit did not meet the minimum rate of interest set by the State Rate Setting Committee. Public fund time certificates of deposit, when renewed, shall be renewed at a rate of interest which conforms with current rates for public funds on date of renewal.

Recommendation – The County should seek reimbursement of the additional interest due on this certificate of deposit. In addition, the County should be aware of the current allowable rates to insure at least the minimum allowable rate is received for all investments.

Response – I contacted the bank and they paid the additional interest owed.

Conclusion – Response accepted.

- IV-I-05 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).

- IV-J-05 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, 2005 for the County Extension Office did not exceed the amount budgeted.

A check issued on June 30, 2005 to open a new bank account was incorrectly reflected as an expense on the annual report.

In addition, one of the County Agricultural Extension Council meeting minutes was not signed as required by Chapter 176A.14(3) of the Code of Iowa.

Recommendation – The check to open a new bank account should not have been included in the annual report as an operating expense. Instead, this check should have been reflected as a reconciling item on the bank reconciliation (deposit in transit) to establish the new bank account. All minutes should be signed to authenticate action taken.

Response – We will amend our June 30, 2005 reconciliation and annual report. I will ask our Council Secretary to sign the June 30, 2005 minutes.

Conclusion – Response accepted.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2005

IV-K-05 County Conservation Board Minutes – The minutes for one meeting of the County Conservation Board were not signed.

Recommendation – All minutes should be signed to authenticate the action taken.

Response – In the future, minutes will be signed by appropriate individuals.

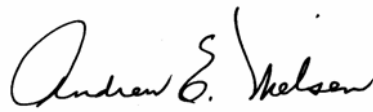
Conclusion – Response accepted.

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Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Nancy F. Curtis, CPA, Senior Auditor
Nicole B. Tenges, CPA, Staff Auditor
Andrew Harrigan, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State