



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 10, 2010

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$16,807,451 for the year ended June 30, 2009, which included \$911,498 in tax credits from the state. The County forwarded \$13,135,175 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,672,276 of the local tax revenue to finance County operations, a two percent increase over the prior year. Other revenues included charges for service of \$528,510, operating grants, contributions and restricted interest of \$4,232,944, capital grants, contributions and restricted interest of \$203,726, unrestricted investment earnings of \$69,395, local option sales tax of \$364,509, gain on disposition of capital assets of \$55,769 and other general revenues of \$89,629.

Expenses for County operations totaled \$9,402,518, a 2.5 percent increase over the prior year. Expenses included \$3,750,626 for roads and transportation, \$1,705,818 for mental health and \$1,508,724 for public safety and legal services.

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/index.html>.

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PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

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Page County
Officials
(Before January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jon W. Herzberg	Board of Supervisors	Jan 2009
Elaine Armstrong	Board of Supervisors	Jan 2009
James D. Richardson	Board of Supervisors	Jan 2011
Judy Clark	County Auditor	Jan 2009
Kim Behrens	County Treasurer	Jan 2011
Brenda Esaias	County Recorder	Jan 2011
Mike Williams	County Sheriff	Jan 2009
Richard Davidson	County Attorney	Jan 2011
Peggy Smith	County Assessor	Jan 2010

(After January 2009)

James D. Richardson	Board of Supervisors	Jan 2011
Elaine Armstrong	Board of Supervisors	Jan 2013
Jon W. Herzberg	Board of Supervisors	Jan 2013
Judy Clark	County Auditor	Jan 2013
Kim Behrens	County Treasurer	Jan 2011
Brenda Esaias	County Recorder	Jan 2011
Lyle Palmer	County Sheriff	Jan 2013
Richard Davidson	County Attorney	Jan 2011
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, 2009, 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.

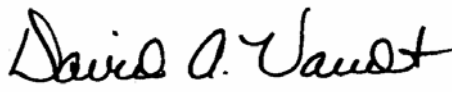
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2009, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

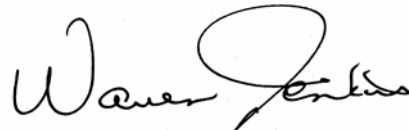
In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2010 on our consideration of Page County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 five years ended June 30, 2008 (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

January 27, 2010

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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 1%, or approximately \$83,000, from fiscal 2008 to fiscal 2009. Property tax and capital grants and contributions increased approximately \$77,000 and \$61,000, respectively. These increases were offset with decreases in operating grants and contributions of approximately \$72,000 and unrestricted investment earnings of approximately \$43,000.
- Program expenses of the County's governmental activities were 2.5%, or approximately \$234,000, more in fiscal 2009 than in fiscal 2008. County environment and education expenses increased approximately \$116,000 and roads and transportation expenses increased approximately \$146,000.
- The County's net assets decreased 1%, or approximately \$186,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements, as well as other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net 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 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 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 AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net 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 non-program activities. Property tax and state and federal grants finance most of these activities.

The Fund Financial Statements

The County has two kinds of funds:

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

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

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the E911 Service Commission, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide 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. Page County's combined net assets decreased approximately \$186,000 from a year ago to approximately \$15.882 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2009	2008
Current and other assets	\$ 10,750,586	9,841,318
Capital assets	11,351,265	11,653,698
Total assets	<u>22,101,851</u>	<u>21,495,016</u>
Long-term liabilities	1,278,908	1,385,014
Other liabilities	4,941,276	4,042,575
Total liabilities	<u>6,220,184</u>	<u>5,427,589</u>
Net assets:		
Invested in capital assets	11,288,100	11,533,698
Restricted	3,264,687	3,080,542
Unrestricted	<u>1,328,880</u>	<u>1,453,187</u>
Total net assets	<u>\$ 15,881,667</u>	<u>16,067,427</u>

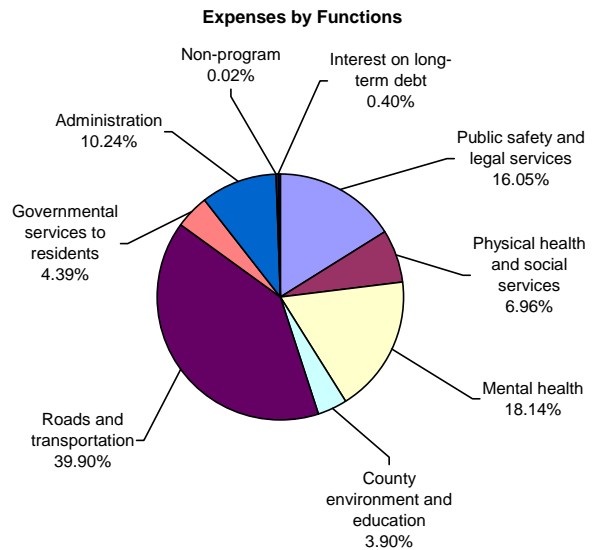
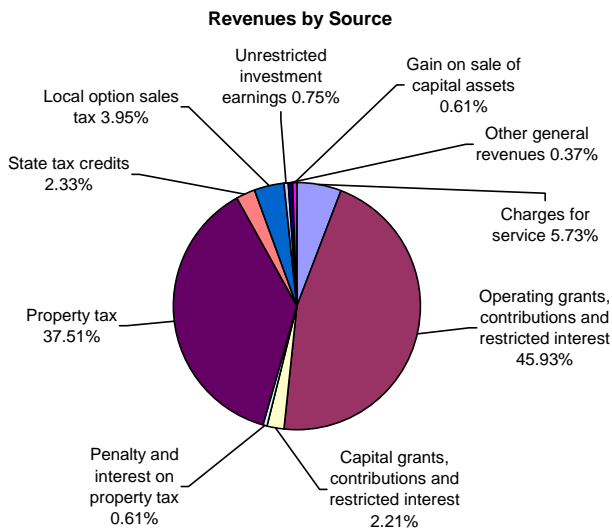
The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net asset component decreased approximately \$246,000 from the prior year, or 2%.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net asset component increased approximately \$184,000, or 6%, over the prior year. This increase is primarily due to increases in net assets restricted for mental health and secondary roads purposes.

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, decreased from approximately \$1,453,000 at June 30, 2008 to approximately \$1,329,000 at the end of this year, a decrease of 9%.

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 528,510	520,572
Operating grants, contributions and restricted interest	4,232,944	4,304,989
Capital grants, contributions and restricted interest	203,726	142,329
General revenues:		
Property tax	3,457,367	3,380,323
Penalty and interest on property tax	55,928	44,754
State tax credits	214,909	229,611
Local option sales tax	364,509	363,632
Unrestricted investment earnings	69,395	112,487
Gain on sale of capital assets	55,769	-
Other general revenues	33,701	35,072
Total revenues	9,216,758	9,133,769
Program expenses:		
Public safety and legal services	1,508,724	1,476,626
Physical health and social services	654,821	703,609
Mental health	1,705,818	1,835,838
County environment and education	366,917	251,099
Roads and transportation	3,750,626	3,604,725
Governmental services to residents	413,038	380,163
Administration	963,213	874,083
Non-program	1,601	3,351
Interest on long-term debt	37,760	39,480
Total expenses	9,402,518	9,168,974
Increase in net assets	(185,760)	(35,205)
Net assets beginning of year	16,067,427	16,102,632
Net assets end of year	\$ 15,881,667	16,067,427



Page County's countywide property tax rate decreased \$.6169 per \$1,000 of taxable valuation while the rural levy decreased \$.22489 per \$1,000 of taxable valuation. The rural assessed property taxable valuation increased approximately \$29,819,000. The countywide assessed property taxable valuation increased \$50,282,443.

The cost of all governmental activities this year was approximately \$9.4 million compared to approximately \$9.2 million last year, a 2.5% increase. As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for governmental activities was only \$4.4 million because some of the cost was paid by those directly benefited from the programs (\$529,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,437,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for services, decreased slightly in 2009 from approximately \$4,968,000 to approximately \$4,966,000. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$3,457,000 in property tax (some of which could only be used for certain programs) and with other revenues, such as interest and local option sales tax.

INDIVIDUAL MAJOR FUND ANALYSIS

As Page County completed the year, its governmental funds reported a total fund balance of approximately \$5.8 million, an increase of approximately \$12,000 over the prior year balance.

The General Fund, the operating fund for Page County, ended the current year with a balance of \$2,316,900, down from the prior year ending balance of \$2,515,335. Expenditures increased \$149,164, or 4.3%, over the prior year. Nearly all functions increased due, in part, to personnel and other inflationary cost increases. The taxable property valuation increased from \$442,705,206 in FY08 to \$492,987,649 in FY09. The General Fund levy rate decreased in FY09 to \$3.81698 per \$1,000 of taxable valuation compared to the FY08 levy rate of \$4.07723 per \$1,000 of taxable valuation.

Page County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. FY09 ended with a \$112,318 fund balance, an increase of \$74,455 from the prior year ending fund balance of \$37,863. FY09 property tax revenue decreased \$60,645 from FY08 while other revenues increased \$301,689 and expenditures decreased \$139,214. The FY09 mental health levy rate of \$1.18411 per \$1,000 of taxable valuation decreased \$.28871 from the FY08 levy rate. The decrease in expenditures from the prior year was primarily due to decreased client services.

The Rural Services Fund ended with an \$101,824 balance compared to the prior year ending fund balance of \$118,769, a decrease of \$16,945, or 14.3%. Revenues increased \$32,596 from FY08 to FY09 while expenditures decreased \$10,574 from the prior year. The local option sales tax received and credited to the Rural Services Fund meets the requirements of the referendum for property tax relief.

The Secondary Roads Fund ended FY09 with a \$2,714,318 balance compared to the prior year ending fund balance of \$2,646,608, a \$67,710, or 2.6%, increase. Revenues decreased \$475,980 from the prior due to less road use tax revenue and less grants from the Hungry Canyon Alliance. Expenditures increased \$55,850 over FY08, or 1.6%. 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 one time. The amendment was in February 2009 and resulted in an increase in budgeted disbursements of \$1,698,265. Budgeted disbursements increased for the public safety and legal services, county environment and education, roads and transportation, governmental services to residents, administration and capital projects functions while the physical health and social services function decreased. Significant budget increases were made to the roads and transportation (\$591,000) and capital projects (\$1,025,402) functions for anticipated work on FEMA and Emergency Watershed Protection (EWP) projects. Intergovernmental budgeted receipts increased due to increases in public health grants, FEMA receipts and EWP receipts.

Overall, the County's receipts were \$584,930 less than budgeted, a variance of 5.7%. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total disbursements were \$2,603,126 less than the amended budget. This was primarily due to slower progress being made on secondary roads projects than anticipated. Actual disbursements for the roads and transportation and capital projects functions were \$979,178 and \$1,353,046, respectively, less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY09, Page County had approximately \$11.351 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a decrease of \$302,433 from the prior year.

	Capital Assets of Governmental Activities at Year End	
	June 30,	
	2009	2008
Land	\$ 799,562	789,562
Buildings and improvements	2,709,613	2,817,573
Equipment and vehicles	1,807,662	1,940,923
Infrastructure	6,034,428	5,932,384
Construction in progress	-	173,256
Total	<u>\$ 11,351,265</u>	<u>11,653,698</u>

Page County's depreciation expense totaled \$757,134 in FY09 and total accumulated depreciation was \$5,930,617 at June 30, 2009. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2009, Page County had \$875,000 in general obligation notes outstanding compared to \$940,000 at June 30, 2008. The County had a \$63,165 bank loan outstanding at June 30, 2009 compared to a \$120,000 bank loan outstanding at June 30, 2008.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Page County's outstanding debt of \$938,165 is significantly below its constitutional debt limit of approximately \$38.7 million. Additional information about the County's long-term debt is included in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Page County's elected and appointed officials and citizens considered many factors when setting the county budget, tax rates and fees that apply for the various county services. One of those factors is the economy. Unemployment in the County now stands at 8.0% versus 4.5% a year ago. This compares to the State's unemployment rate of 5.9% and the national rate of 10.0%.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are approximately \$9.4 million, a decrease of 7.9% from the final 2009 budget. Budgeted disbursements are expected to decrease approximately \$1,089,000, or 9.5%. The primary reasons for the decreases include FEMA receipts and disbursements included in the prior year and fewer capital projects budgeted in 2010. The County has added no major new programs or initiatives to the 2010 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$895,000 by the close of 2010.

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, 2009

	Governmental Activities
Assets	
Cash and pooled investments	\$ 5,339,635
Receivables:	
Property tax:	
Delinquent	16,933
Succeeding year	3,639,000
Interest and penalty on property tax	21,377
Accounts	14,057
Accrued interest	8,618
Loan	875,000
Due from other governments	402,194
Inventories	433,772
Capital assets (net of accumulated depreciation)	11,351,265
	22,101,851
Total assets	22,101,851
Liabilities	
Accounts payable	467,540
Salaries and benefits payable	155,983
Accrued interest payable	2,925
Due to other governments	149,363
Deferred revenue:	
Succeeding year property tax	3,639,000
Other	526,465
Long-term liabilities:	
Portion due or payable within one year:	
Capital loan notes	70,000
Compensated absences	111,652
Portion due or payable after one year:	
Capital loan notes	805,000
Bank loan	63,165
Compensated absences	229,091
	6,220,184
Total liabilities	6,220,184
Net Assets	
Invested in capital assets, net of related debt	11,288,100
Restricted for:	
Supplemental levy purposes	123,329
Mental health purposes	109,210
Secondary roads purposes	2,509,566
Other purposes	522,582
Unrestricted	1,328,880
	15,881,667
Total net assets	\$ 15,881,667

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2009

	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	\$ 1,508,724	109,330	16,568	-	(1,382,826)
Physical health and social services	654,821	47,130	323,655	-	(284,036)
Mental health	1,705,818	-	1,187,254	-	(518,564)
County environment and education	366,917	34,670	37,868	68,502	(225,877)
Roads and transportation	3,750,626	57,772	2,614,200	135,224	(943,430)
Governmental services to residents	413,038	226,968	76	-	(185,994)
Administration	963,213	52,640	15,358	-	(895,215)
Non-program	1,601	-	-	-	(1,601)
Interest on long-term debt	37,760	-	37,965	-	205
Total	\$ 9,402,518	528,510	4,232,944	203,726	(4,437,338)
General Revenues:					
Property and other county tax levied for general purposes					3,457,367
Penalty and interest on property tax					55,928
State tax credits					214,909
Local option sales tax					364,509
Unrestricted investment earnings					69,395
Gain on disposition of capital assets					55,769
Miscellaneous					33,701
Total general revenues					4,251,578
Change in net assets					(185,760)
Net assets beginning of year					16,067,427
Net assets end of year					\$ 15,881,667

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,558,077	298,977	104,923	2,922,140
Receivables:				
Property tax:				
Delinquent	12,729	3,329	875	-
Succeeding year	2,334,000	610,000	695,000	-
Interest and penalty on property tax	21,377	-	-	-
Accounts	10,193	39	350	3,475
Accrued interest	8,618	-	-	-
Loan	875,000	-	-	-
Due from other governments	61,426	34,144	3,931	235,629
Inventories	-	-	-	433,772
Total assets	\$ 4,881,420	946,489	805,079	3,595,016
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 34,100	70,862	2,700	359,878
Salaries and benefits payable	90,723	8,469	4,671	52,120
Due to other governments	3,357	141,717	-	4,289
Deferred revenue:				
Succeeding year property tax	2,334,000	610,000	695,000	-
Other	102,340	3,123	884	464,411
Total liabilities	2,564,520	834,171	703,255	880,698
Fund balances:				
Reserved for:				
Long-term loan receivable	875,000	-	-	-
Supplemental levy purposes	134,679	-	-	-
Unreserved, reported in:				
General fund	1,307,221	-	-	-
Special revenue funds	-	112,318	101,824	2,714,318
Total fund balances	2,316,900	112,318	101,824	2,714,318
Total liabilities and fund balances	\$ 4,881,420	946,489	805,079	3,595,016

See notes to financial statements.

Nonmajor	Total
455,518	5,339,635
-	16,933
-	3,639,000
-	21,377
-	14,057
-	8,618
-	875,000
67,064	402,194
-	433,772
<u>522,582</u>	<u>10,750,586</u>
-	467,540
-	155,983
-	149,363
-	3,639,000
-	570,758
<u>-</u>	<u>4,982,644</u>
-	875,000
-	134,679
-	1,307,221
522,582	3,451,042
<u>522,582</u>	<u>5,767,942</u>
<u>522,582</u>	<u>10,750,586</u>

Page County

Page County

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

June 30, 2009

Total governmental fund balances (page 19)	\$ 5,767,942
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$17,281,882 and the accumulated depreciation is \$5,930,617.	11,351,265
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	44,293
Long-term liabilities, including notes payable, bank loan payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,281,833)</u>
Net assets of governmental activities (page 16)	<u><u>\$ 15,881,667</u></u>

See notes to financial statements.

Page County

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

Year ended June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,289,746	550,600	807,249	40,000
Interest and penalty on property tax	47,930	-	-	-
Intergovernmental	529,741	1,219,359	57,882	2,749,424
Licenses and permits	228	-	24,805	1,513
Charges for service	342,679	-	-	26,118
Use of money and property	105,797	-	-	-
Miscellaneous	102,401	1,903	1,255	33,373
Total revenues	3,418,522	1,771,862	891,191	2,850,428
Expenditures:				
Operating:				
Public safety and legal services	1,411,782	-	91,461	-
Physical health and social services	596,726	-	60,331	-
Mental health	-	1,697,407	-	-
County environment and education	267,745	-	38,375	-
Roads and transportation	-	-	-	3,348,105
Governmental services to residents	403,170	-	3,207	-
Administration	821,530	-	-	-
Non-program	1,601	-	-	-
Debt service	102,965	-	-	-
Capital projects	-	-	-	149,375
Total expenditures	3,605,519	1,697,407	193,374	3,497,480
Excess (deficiency) of revenues over (under) expenditures	(186,997)	74,455	697,817	(647,052)
Other financing sources (uses):				
Operating transfers in	1,962	-	-	714,762
Operating transfers out	(13,400)	-	(714,762)	-
Total other financing sources (uses)	(11,438)	-	(714,762)	714,762
Net change in fund balances	(198,435)	74,455	(16,945)	67,710
Fund balances beginning of year	2,515,335	37,863	118,769	2,646,608
Fund balances end of year	\$ 2,316,900	112,318	101,824	2,714,318

See notes to financial statements.

Nonmajor	Total
132,930	3,820,525
-	47,930
18,370	4,574,776
-	26,546
2,764	371,561
754	106,551
76,229	215,161
<u>231,047</u>	<u>9,163,050</u>
1,332	1,504,575
-	657,057
-	1,697,407
38,386	344,506
-	3,348,105
5,183	411,560
43,444	864,974
-	1,601
-	102,965
68,502	217,877
<u>156,847</u>	<u>9,150,627</u>
<u>74,200</u>	<u>12,423</u>
13,400	730,124
(1,962)	(730,124)
<u>11,438</u>	<u>-</u>
85,638	12,423
<u>436,944</u>	<u>5,755,519</u>
<u>522,582</u>	<u>5,767,942</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, 2009

Net change in fund balances - Total governmental funds (page 23) \$ 12,423

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

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

Expenditures for capital assets	\$ 398,932	
Depreciation expense	<u>(757,134)</u>	(358,202)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 55,769

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	1,351	
Other	<u>(3,412)</u>	(2,061)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 121,835

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

Compensated absences	(15,729)	
Interest on long-term debt	<u>205</u>	<u>(15,524)</u>

Change in net assets of governmental activities (page 17) **\$ (185,760)**

See notes to financial statements.

Page County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:	
County Treasurer	\$ 945,024
Other County officials	17,929
Receivables:	
Property tax:	
Delinquent	81,948
Succeeding year	12,409,000
Accounts	17,421
Due from other governments	24,404
Total assets	13,495,726

Liabilities

Accounts payable	5,014
Salaries payable	8,807
Due to other governments	13,338,288
Trusts payable	132,058
Compensated absences	11,559
Total liabilities	13,495,726

Net assets	\$ -
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See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Page County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Page County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Page County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

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

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net 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, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

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, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 financial statements:

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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 acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net 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 and unspent grant proceeds.

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. 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.

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

Fund Equity – In the governmental fund financial statements, 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. During the year ended June 30, 2009, disbursements did not exceed the amount budgeted for any function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 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, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Debt Service	\$ 1,962
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	714,762
Conservation Land Acquisition	General	13,400
Total		<u>\$ 730,124</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, 2009 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 789,562	10,000	-	799,562
Construction in progress	173,256	142,780	(316,036)	-
Total capital assets not being depreciated	<u>962,818</u>	<u>152,780</u>	<u>(316,036)</u>	<u>799,562</u>
Capital assets being depreciated:				
Buildings and improvements	4,620,050	-	-	4,620,050
Equipment and vehicles	4,975,891	360,749	(336,245)	5,000,395
Infrastructure, road network	6,545,839	316,036	-	6,861,875
Total capital assets being depreciated	<u>16,141,780</u>	<u>676,785</u>	<u>(336,245)</u>	<u>16,482,320</u>
Less accumulated depreciation for:				
Buildings and improvements	1,802,477	107,960	-	1,910,437
Equipment and vehicles	3,034,968	435,182	(277,417)	3,192,733
Infrastructure, road network	613,455	213,992	-	827,447
Total accumulated depreciation	<u>5,450,900</u>	<u>757,134</u>	<u>(277,417)</u>	<u>5,930,617</u>
Total capital assets being depreciated, net	<u>10,690,880</u>	<u>(80,349)</u>	<u>(58,828)</u>	<u>10,551,703</u>
Governmental activities capital assets, net	<u>\$ 11,653,698</u>	<u>72,431</u>	<u>(374,864)</u>	<u>11,351,265</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 40,884
Physical health and social services	1,570
Mental health	7,347
County environment and education	17,660
Roads and transportation	590,881
Governmental services to residents	1,643
Administration	97,149
Total depreciation expense - governmental activities	<u>\$ 757,134</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 3,357
Special Revenue:		
Mental Health	Services	141,717
Secondary Roads	Services	4,289
		<u>146,006</u>
Total for governmental funds		<u>\$ 149,363</u>
Agency:		
County Assessor	Collections	\$ 435,909
Schools		7,261,780
Community Colleges		454,366
Corporations		4,387,041
Auto License and Use Tax		264,308
All other		534,884
Total for agency funds		<u>\$ 13,338,288</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	General Obligation Capital Loan Notes	Bank Loan	Compen- sated Absences	Total
Balance beginning of year	\$ 940,000	120,000	325,014	1,385,014
Increases	-	-	242,905	242,905
Decreases	65,000	56,835	227,176	349,011
Balance end of year	<u>875,000</u>	<u>63,165</u>	<u>340,743</u>	<u>1,278,908</u>
Due within one year	\$ 70,000	-	111,652	181,652

General Obligation Capital Loan Notes Payable

Details of the County's June 30, 2009 general obligation capital loan note indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	3.80%	\$ 70,000	35,095	105,095
2011	3.80	70,000	32,435	102,435
2012	3.85	70,000	29,775	99,775
2013	3.85	75,000	27,080	102,080
2014	3.90	55,000	24,192	79,192
2015-2019	4.00-4.15	315,000	86,033	401,033
2020-2022	4.20-4.25	220,000	18,803	238,803
Total		<u>\$ 875,000</u>	<u>253,413</u>	<u>1,128,413</u>

The Page County Landfill has agreed to pay the County the principal and interest on the capital loan notes as they become due. The County reports a loan receivable in the General Fund equal to the principal outstanding on the general obligation capital loan notes.

Bank Loan

In July 2007, the County entered into a loan agreement with the First National Bank of Shenandoah to borrow \$120,000 for the purchase of land by the County Conservation Board. The agreement requires four annual payments on July 3, 2008 through July 3, 2011 of \$34,251, including interest of 5.50% per annum. The Cy and Carolyn Rapp Charitable Trust are acting as guarantor on the loan. The County made the payment due July 3, 2009 prior to June 30, 2009 and, accordingly, the payments under the bank loan totaled \$68,502 during the year ended June 30, 2009, including principal of \$56,835 and interest of \$11,667.

(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 4.10% of their annual covered salary and the County is required to contribute 6.35% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$204,938, \$194,561 and \$187,409, 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 whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 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, 2009 were \$93,631.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 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 by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, 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 \$250,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 3,804,878	-	3,804,878
Interest and penalty on property tax	47,242	-	47,242
Intergovernmental	4,948,228	-	4,948,228
Licenses and permits	28,721	-	28,721
Charges for service	372,511	-	372,511
Use of money and property	116,689	288	116,401
Miscellaneous	349,906	7,477	342,429
Total receipts	9,668,175	7,765	9,660,410
Disbursements:			
Public safety and legal services	1,512,104	-	1,512,104
Physical health and social services	652,531	-	652,531
Mental health	1,714,385	-	1,714,385
County environment and education	350,874	-	350,874
Roads and transportation	2,997,822	-	2,997,822
Governmental services to residents	410,477	-	410,477
Administration	861,407	-	861,407
Non-program	1,601	-	1,601
Debt service	102,965	-	102,965
Capital projects	217,356	-	217,356
Total disbursements	8,821,522	-	8,821,522
Excess (deficiency) of receipts over (under) disbursements	846,653	7,765	838,888
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	846,653	7,765	838,888
Balance beginning of year	4,492,982	29,800	4,463,182
Balance end of year	\$ 5,339,635	37,565	5,302,070

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
3,787,208	3,787,208	17,670
31,200	31,200	16,042
4,084,793	5,670,752	(722,524)
38,057	55,057	(26,336)
330,230	334,730	37,781
109,365	218,278	(101,877)
143,115	148,115	194,314
<u>8,523,968</u>	<u>10,245,340</u>	<u>(584,930)</u>
1,562,403	1,564,753	52,649
720,578	718,540	66,009
1,750,000	1,750,000	35,615
320,442	352,912	2,038
3,386,000	3,977,000	979,178
421,287	434,756	24,279
912,608	948,220	86,813
5,000	5,000	3,399
103,065	103,065	100
545,000	1,570,402	1,353,046
<u>9,726,383</u>	<u>11,424,648</u>	<u>2,603,126</u>
(1,202,415)	(1,179,308)	2,018,196
-	-	-
(1,202,415)	(1,179,308)	2,018,196
<u>3,857,667</u>	<u>4,848,058</u>	<u>(384,876)</u>
<u>2,655,252</u>	<u>3,668,750</u>	<u>1,633,320</u>

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Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,668,175	(505,125)	9,163,050
Expenditures	8,821,522	329,105	9,150,627
Net	846,653	(834,230)	12,423
Beginning fund balances	4,492,982	1,262,537	5,755,519
Ending fund balances	\$ 5,339,635	428,307	5,767,942

See accompanying independent auditor's report.

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Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,698,265. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements did not exceed the amount budgeted in any function.

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Other Supplementary Information

Page County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2009

	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	\$ 44,222	313,711	3,953	41
Accounts receivable	-	-	-	-
Due from other governments	-	67,064	-	-
Total assets	\$ 44,222	380,775	3,953	41
Liabilities and Fund Balances				
Liabilities:				
None	\$ -	-	-	-
Fund balances:				
Unreserved	44,222	380,775	3,953	41
Total liabilities and fund balances	\$ 44,222	380,775	3,953	41

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Total
37,565	42,820	5,249	7,957	455,518
-	-	-	-	-
-	-	-	-	67,064
37,565	42,820	5,249	7,957	522,582
-	-	-	-	-
37,565	42,820	5,249	7,957	522,582
37,565	42,820	5,249	7,957	522,582

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

Year ended June 30, 2009

	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management
Revenues:			
Property and other county tax	\$ -	132,930	-
Intergovernmental	17,630	-	-
Charges for service	-	-	2,764
Use of money and property	390	-	76
Miscellaneous	-	-	-
Total revenues	18,020	132,930	2,840
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	14,523	23,863	-
Governmental services to residents	-	-	5,183
Administration	-	43,444	-
Capital projects	-	-	-
Total expenditures	14,523	67,307	5,183
Excess (deficiency) of revenues over (under) expenditures	3,497	65,623	(2,343)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	3,497	65,623	(2,343)
Fund balances beginning of year	40,725	315,152	6,296
Fund balances end of year	\$ 44,222	380,775	3,953

See accompanying independent auditor's report.

Special Revenue						
County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
-	-	-	-	-	-	132,930
-	-	-	-	740	-	18,370
-	-	-	-	-	-	2,764
-	288	-	-	-	-	754
-	7,477	68,727	-	25	-	76,229
-	7,765	68,727	-	765	-	231,047
-	-	-	-	1,332	-	1,332
-	-	-	-	-	-	38,386
-	-	-	-	-	-	5,183
-	-	-	-	-	-	43,444
-	-	68,502	-	-	-	68,502
-	-	68,502	-	1,332	-	156,847
-	7,765	225	-	(567)	-	74,200
-	-	13,400	-	-	-	13,400
-	-	-	-	-	(1,962)	(1,962)
-	-	13,400	-	-	(1,962)	11,438
-	7,765	13,625	-	(567)	(1,962)	85,638
41	29,800	29,195	5,249	8,524	1,962	436,944
41	37,565	42,820	5,249	7,957	-	522,582

Page County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	9,899	120,670	125,711
Other County officials	17,929	-	-	-
Receivables:				
Property tax:				
Delinquent	-	669	1,778	39,069
Succeeding year	-	123,000	326,000	7,097,000
Accounts	389	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 18,318	133,568	448,448	7,261,780
Liabilities				
Accounts payable	\$ -	-	411	-
Salaries and benefits payable	-	-	6,055	-
Due to other governments	6,351	133,568	435,909	7,261,780
Trusts payable	11,967	-	-	-
Compensated absences	-	-	6,073	-
Total liabilities	\$ 18,318	133,568	448,448	7,261,780

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
6,933	64,199	2,592	264,308	350,712	945,024
-	-	-	-	-	17,929
2,433	37,842	149	-	8	81,948
445,000	4,285,000	132,000	-	1,000	12,409,000
-	-	-	-	17,032	17,421
-	-	-	-	24,404	24,404
454,366	4,387,041	134,741	264,308	393,156	13,495,726
-	-	-	-	4,603	5,014
-	-	-	-	2,752	8,807
454,366	4,387,041	134,741	264,308	260,224	13,338,288
-	-	-	-	120,091	132,058
-	-	-	-	5,486	11,559
454,366	4,387,041	134,741	264,308	393,156	13,495,726

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 16,892	132,306	401,291	7,088,462
Additions:				
Property and other county tax	-	123,645	327,137	7,113,431
E911 surcharge	-	-	-	-
State tax credits	-	7,515	16,482	426,328
Drivers license fees	-	-	-	-
Office fees and collections	296,587	-	5,133	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	106,926	-	-	-
Miscellaneous	-	-	150	-
Total additions	403,513	131,160	348,902	7,539,759
Deductions:				
Agency remittances:				
To other funds	172,235	-	-	-
To other governments	124,664	129,898	301,745	7,366,441
Trusts paid out	105,188	-	-	-
Total deductions	402,087	129,898	301,745	7,366,441
Balances end of year	\$ 18,318	133,568	448,448	7,261,780

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
391,761	4,217,280	132,651	255,590	389,032	13,025,265
446,480	4,294,158	133,113	-	622	12,438,586
-	-	-	-	99,341	99,341
23,528	213,917	8,719	-	100	696,589
-	-	-	107,333	-	107,333
-	-	-	-	-	301,720
-	-	-	-	2,942	2,942
-	-	-	3,006,792	-	3,006,792
-	-	-	-	11,069	11,069
-	-	-	-	199,820	306,746
-	-	-	-	596,271	596,421
470,008	4,508,075	141,832	3,114,125	910,165	17,567,539
-	-	-	141,128	-	313,363
407,403	4,338,314	139,742	2,964,279	749,223	16,521,709
-	-	-	-	156,818	262,006
407,403	4,338,314	139,742	3,105,407	906,041	17,097,078
454,366	4,387,041	134,741	264,308	393,156	13,495,726

Page County

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

For the Last Nine Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 3,820,525	3,744,417	3,722,238	3,549,169
Interest and penalty on property tax	47,930	41,503	46,317	39,989
Intergovernmental	4,574,776	4,814,938	4,434,420	4,411,120
Licenses and permits	26,546	20,867	25,383	32,882
Charges for service	371,561	347,495	354,398	416,713
Use of money and property	106,551	135,709	134,846	112,284
Miscellaneous	215,161	166,259	432,316	93,121
Total	\$ 9,163,050	9,271,188	9,149,918	8,655,278
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,504,575	1,458,940	1,378,983	1,256,693
Physical health and social services	657,057	710,624	668,433	657,093
Mental health	1,697,407	1,836,621	1,533,478	1,602,544
County environment and education	344,506	289,100	266,756	242,668
Roads and transportation	3,348,105	3,193,037	3,067,585	3,271,749
Governmental services to residents	411,560	372,113	325,290	445,144
Administration	864,974	891,553	764,118	711,692
Non-program	1,601	3,351	19,890	1,271
Debt service	102,965	107,873	-	-
Capital projects	217,877	368,593	805,730	642,983
Total	\$ 9,150,627	9,231,805	8,830,263	8,831,837

See accompanying independent auditor's report.

Modified Accrual Basis				
2005	2004	2003	2002	2001
3,460,552	3,519,180	3,176,930	2,640,602	2,520,751
43,629	42,423	41,588	43,522	36,863
4,289,460	4,574,062	4,543,706	4,502,131	4,081,019
38,555	47,942	19,579	17,854	14,417
369,184	353,299	321,437	286,987	258,686
75,678	67,893	103,757	155,304	278,982
54,581	128,361	94,663	122,990	42,254
8,331,639	8,733,160	8,301,660	7,769,390	7,232,972
1,219,203	1,231,967	1,254,344	1,220,497	1,071,756
945,707	699,962	706,786	380,171	391,274
1,087,495	1,407,163	1,363,325	1,306,859	1,213,690
232,319	202,131	267,954	243,979	219,447
3,313,627	3,156,284	2,808,527	3,069,208	3,483,821
340,557	307,257	289,840	292,679	273,806
711,962	781,176	1,036,824	759,974	758,644
2,470	927	6,574	12,092	9,757
-	-	114,700	108,700	107,500
348,383	862,467	656,163	968,513	369,916
8,201,723	8,649,334	8,505,037	8,362,672	7,899,611

Schedule 6

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Natural Resources Conservation Service:			
Emergency Watershed Protection Program	10.923	69-6114-9	<u>43,491</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>\$ 10,353</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO73(80)--8J-73	<u>135,224</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Belt Performance Grant	20.609	09-406 Task 130	<u>3,000</u>
U.S. Department of Health and Human Services:			
Visiting Nurses Association of Pottawattamie County:			
Centers for Disease Control and Prevention - Public Health Emergency Preparedness	93.069	5889BT04-13	<u>17,268</u>
Ringgold County Public Health:			
Childhood Immunization Grants	93.268	5888I460	1,400
Childhood Immunization Grants	93.268	5889I460	<u>4,463</u>
			<u>5,863</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>9,600</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>16</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,720</u>
Foster Care - Title IV-E	93.658		<u>5,734</u>
Adoption Assistance	93.659		<u>1,390</u>

Page County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2009

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:			
State Children's Insurance Program	93.767		79
Medical Assistance Program	93.778		12,592
Social Services Block Grant	93.667		6,295
Social Services Block Grant	93.667		76,266
			82,561
Iowa Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889	5888EM173	954
Taylor County Public Health Agency:			
Maternal and Child Health Services Block Grant to the States	93.994	5888MH25	7,659
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1705-DR-IA	85,244
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1737-DR-IA	13,416
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	175,494
			274,154
Emergency Management Performance Grants	97.042		15,769
Total indirect			584,936
Total			\$ 628,427

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

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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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 27, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Page County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Page County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Page County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Page County's financial statements that is more than inconsequential will not be prevented or detected by Page County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Page County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-C-09 are material weaknesses.

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 an immaterial instance of non-compliance or other matters that is 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

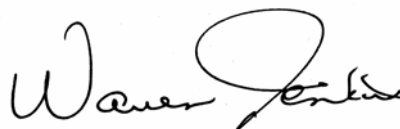
Page County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Page County's responses and, accordingly, we express no opinion on them.

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

January 27, 2010

**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

David A. Vaudt, CPA
Auditor of State

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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 its major federal programs for the year ended June 30, 2009. 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, 2009.

Internal Control Over Compliance

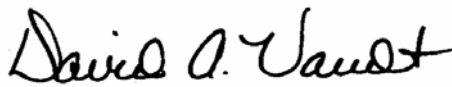
The management of Page County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Page County's internal control 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Page County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance exists when the design or operation of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

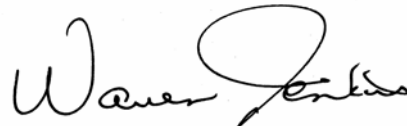
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

January 27, 2010

Page County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (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) The major programs were as follows:
 - CFDA Number 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
 - CFDA Number 20.205 Highway Planning and Construction
- (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, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 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.	Recorder
(3) Bank reconciliations are not reviewed periodically for propriety by an independent person who does not sign checks, handle or record cash.	Recorder

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 – We segregate the duties of receipting to the extent possible with our current staff. In March 2009, I began keeping a mail receipt listing three or more random days per month, with the motor vehicle staff verifying the data entry date and the deposit date for tax receipts and the tax staff verifying the same information for the motor vehicle receipts. Effective July 1, 2009, I assigned the review process to a driver’s license clerk who rarely handles tax or motor vehicle receipts. In both motor vehicle and tax departments, one person will count the cash and list the checks, and a different person will handle the paperwork. They will then confirm the funds and reports are in balance. The following morning the cash and checks are again reviewed by a different person to ensure the cash and checks agree with the reports and then the money is given to the Treasurer who prepares the deposits and takes them to the bank. The carbon receipt is date stamped and initialed by the bank teller and is returned to the deputy assigned to record and complete the process.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

County Sheriff – The office secretary, chief deputy and sheriff all assist in opening mail, collecting money, depositing money, posting and doing daily reconciliations.

Due to the small office staff doing the above jobs, we are unable to do each of the above noted items each day.

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-09 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 deficiencies in the County’s computer based systems were noted:

The County does not have written policies for 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 for an alternative power source to improve the County’s control over computer based systems. Also, a written disaster recovery plan should be developed covering information technology issues.

Response – Our emergency management director continues to work on securing a generator for the courthouse. We will also do our best to develop a written disaster recovery plan.

Conclusion – Response accepted.

II-C-09 Financial Reporting – During the audit, we identified material amounts of salaries payable, receivables and deferred revenue not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all salaries payable, receivables and deferred revenue are identified and included in the County’s financial statements.

Response – The salaries payable error was due to miscalculating the number of days in the prior year to be accrued. We will carefully watch this and consult with other departments to make sure we are using the same information. The receivables and deferred revenue will be reviewed more closely in the future.

Conclusion – Response accepted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-D-09 Timesheets – The County Engineer does not submit a timesheet to the Board of Supervisors.

Recommendation – The Board of Supervisors should receive and approve a timesheet for the County Engineer. The timesheet should support all hours worked and leave taken.

Response – We will do our best to see the Engineer prepares an itemized timesheet as other employees do. We will work with Montgomery County on this.

Conclusion – Response accepted.

II-E-09 Procurement Policy – The County does not have a written policy regarding bidding procedures to be followed.

Recommendation – The County should adopt a policy outlining County bidding procedures to ensure good business practices are followed by all departments.

Response – We will work on adopting a bidding policy for all departments to follow. We feel this should be done to avoid the appearance of favoritism and would be a good business practice.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amount budgeted in any function.

IV-B-09 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-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted

IV-D-09 Business Transactions – The following transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Rick Dailey, Secondary Roads employee	Mowing	\$ 200
Charlie Spencer, Chairman of the Conservation Board, owner of Spencers	Office supplies	627

In accordance with Chapter 331.342(10) of the Code of Iowa, the above transactions for mowing and office supplies do not appear to represent conflicts of interest since the total transactions with each individual were less than \$1,500 during the fiscal year.

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

The publication of claims did not include the reason for the claim as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should publish the reason for the claims as required.

Response – The Board feels the listing by fund, vendor and amount is adequate for publication. The list is also posted on our County website. The Auditor's Office is always available and willing to answer any questions regarding these transactions. We are required by law to publish in three newspapers, and our costs are already extremely high. As good stewards of the County's money, we feel the publication being done is adequate. We still refer to our County Attorney opinion regarding this issue.

Conclusion – Response acknowledged. As discussed, the County Attorney's opinion was based on Code of Iowa language which has subsequently been amended. Chapter 349.18 of the Code of Iowa was amended in 2006 and now expressly requires the reason for the claim to be published. Accordingly, the County should publish the reason for the claims in accordance with Chapter 349.18 of the Code of Iowa.

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-09 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-I-09 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, 2009 for the County Extension Office did not exceed the amount budgeted.

Supporting Documentation – One disbursement to Bank Iowa to purchase Worlds of Fun tickets and cash for related expenses for a youth trip was not properly supported.

Recommendation – Proper documentation should be maintained for all claims, including documentation of the individuals who participated in the trip and invoices to support gas or other related trip expenses. Excess cash, if any, should be returned to the County Extension Education Fund.

Response – In the future, all receipts from vendors and any excess cash will be returned to the Extension office for reimbursement of the check and reconciliation. The Council will write up a trip report and list all the members who participate.

Conclusion – Response accepted.

Disbursement Approval – Certain claims for the County Extension Office were paid prior to Council approval. This procedure weakens the control the Council has over disbursements.

Recommendation – The Council should examine supporting documentation and approve claims prior to payment.

Response – The staff and 4-H volunteers will make sure to ask for approval of items at the council meeting before claims are made. For example, the council will approve \$500 for the food stand supplies or \$1,200 for the 4-H horse show the month before the check is written. A copy of the minutes will be stapled to the check. All receipts from vendors and any excess cash will be returned.

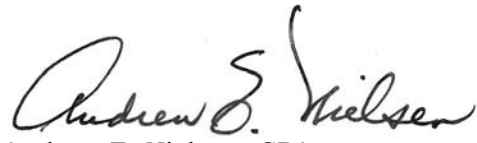
Conclusion – Response accepted.

Page County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Melissa M. Wellhausen, CPA, Senior Auditor
Lori M. Dinville, Staff Auditor
Jessica P. V. Green, Assistant Auditor
Daniel T. Schneider, Intern Auditor

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