



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

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NEWS RELEASE

FOR RELEASE _____

April 1, 2003

Contact: Andy Nielsen
515/281-5515

The Office of Auditor of State today released an audit report on Page County, Iowa.

The County had local tax revenue of \$13,589,008 for the year ended June 30, 2002, which included \$1,041,682 in tax credits from the state. The County forwarded \$11,058,997 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,530,011 of the local tax revenue to finance County operations, a six percent increase from the prior year. Other revenues included \$4,154,274 from state grants and reimbursements, including indirect federal funding, \$75,309 from direct federal grants and entitlements, \$309,955 from local option sales tax and \$126,920 in interest on investments.

Expenditures for County operations totaled \$8,362,672, a six percent increase from the prior year. Expenditures included \$3,069,208 for roads and transportation, \$1,306,859 for mental health and \$1,211,702 for public safety.

A copy of the audit report is available for review in the office of the Auditor of State and the County Auditor's office.

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PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

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Page County

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------------------|----------------------|---------------------|
| James Richardson | Board of Supervisors | Jan 2003 |
| Robert Anderson | Board of Supervisors | Jan 2005 |
| Elaine Armstrong | Board of Supervisors | Jan 2005 |
| Judy Clark | County Auditor | Jan 2005 |
| Connie Burton | County Treasurer | Jan 2003 |
| Brenda Esaias | County Recorder | Jan 2003 |
| Mike Williams | County Sheriff | Jan 2005 |
| Verd Bailey | County Attorney | Resigned |
| Richard Davidson (Appointed) | County Attorney | Nov 2002 |
| Donald Eugene Ripley | County Assessor | Jan 2004 |

Page County



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Independent Auditor's Report

To the Officials of Page County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Page County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Page County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Page County at June 30, 2002, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Page County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our reports dated January 14, 2003 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 grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the year ended June 30, 2001 (none of which are presented herein) and expressed a qualified opinion on those financial statements for the effects of the omission of the materials and supplies inventory, pertaining primarily to the Special Revenue Funds. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the two years ended June 30, 2000 (none of which are presented herein) and expressed a qualified opinion on those financial statements for the effects of the omission of the general fixed assets account group and the omission of the materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The supplemental information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information, has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

January 14, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Financial Statements

Page County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

| | Governmental Fund Types | | |
|---|-------------------------|--------------------|-----------------|
| | General | Special Revenue | Debt Service |
| Assets and Other Debits | | | |
| Cash and pooled investments: | | | |
| County Treasurer | \$ 1,135,853 | 2,612,572 | 10,196 |
| Other County officials | - | - | - |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 4,791 | 2,417 | 328 |
| Succeeding year | 1,464,000 | 1,152,000 | 101,000 |
| Interest and penalty on property tax | 7,051 | - | - |
| Accounts | 162,254 | 41,416 | - |
| Accrued interest | 7,576 | - | - |
| Due from other funds (note 3) | 24,182 | 270 | - |
| Due from other governments | 36,987 | 318,457 | - |
| Prepaid insurance | 16,996 | 16,021 | - |
| Property and equipment (note 4) | - | - | - |
| Amount available in Debt Service Fund | - | - | - |
| Amount to be provided for retirement of general long-term debt | - | - | - |
| Total assets and other debits | \$ 2,859,690 | 4,143,153 | 111,524 |

| Fiduciary Fund Type | Account Groups | | Total (Memorandum Only) |
|------------------------|----------------------------|------------------------------|-------------------------------|
| | General Fixed Assets | General Long-Term Debt | |
| Trust and Agency | | | |
| 639,155 | - | - | 4,397,776 |
| 20,334 | - | - | 20,334 |
| 40,567 | - | - | 48,103 |
| 9,698,000 | - | - | 12,415,000 |
| - | - | - | 7,051 |
| 25,941 | - | - | 229,611 |
| - | - | - | 7,576 |
| - | - | - | 24,452 |
| - | - | - | 355,444 |
| - | - | - | 33,017 |
| - | 9,424,283 | - | 9,424,283 |
| - | - | 10,196 | 10,196 |
| - | - | 254,345 | 254,345 |
| 10,423,997 | 9,424,283 | 264,541 | 27,227,188 |

Page County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

| | Governmental Fund Types | | |
|---|-------------------------|--------------------|-----------------|
| | General | Special Revenue | Debt Service |
| Liabilities, Fund Equity and Other Credits | | | |
| Liabilities: | | | |
| Accounts payable | \$ 26,266 | 121,476 | - |
| Salaries and benefits payable | 26,265 | 27,820 | - |
| Due to other funds (note 3) | - | - | - |
| Due to other governments (note 5) | 2,413 | 77,448 | - |
| Trusts payable | - | - | - |
| Deferred revenue: | | | |
| Succeeding year property tax | 1,464,000 | 1,152,000 | 101,000 |
| Other | 14,581 | 80,155 | 328 |
| Bonds payable (note 6) | - | - | - |
| Compensated absences | 25,661 | 31,646 | - |
| Total liabilities | 1,559,186 | 1,490,545 | 101,328 |
| Fund equity and other credits: | | | |
| Investment in general fixed assets | - | - | - |
| Fund balances: | | | |
| Reserved for: | | | |
| Prepaid insurance | 16,996 | 16,021 | - |
| Debt service | - | - | 10,196 |
| Unreserved | 1,283,508 | 2,636,587 | - |
| Total fund equity and other credits | 1,300,504 | 2,652,608 | 10,196 |
| Total liabilities, fund equity and other credits | \$ 2,859,690 | 4,143,153 | 111,524 |

See notes to financial statements.

| Fiduciary Fund Type | Account Groups | | Total (Memorandum Only) |
|------------------------|----------------------------|------------------------------|-------------------------------|
| | General Fixed Assets | General Long-Term Debt | |
| Trust and Agency | | | |
| 2,813 | - | - | 150,555 |
| 1,736 | - | - | 55,821 |
| 24,452 | - | - | 24,452 |
| 10,343,961 | - | - | 10,423,822 |
| 27,478 | - | - | 27,478 |
| - | - | - | 2,717,000 |
| - | - | - | 95,064 |
| - | - | 110,000 | 110,000 |
| 3,784 | - | 154,541 | 215,632 |
| 10,404,224 | - | 264,541 | 13,819,824 |
| - | 9,424,283 | - | 9,424,283 |
| - | - | - | 33,017 |
| - | - | - | 10,196 |
| 19,773 | - | - | 3,939,868 |
| 19,773 | 9,424,283 | - | 13,407,364 |
| 10,423,997 | 9,424,283 | 264,541 | 27,227,188 |

Page County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

| | Governmental Fund | |
|---|---------------------|------------------|
| | General | Special Revenue |
| Revenues: | | |
| Property and other County tax | \$ 1,612,570 | 928,347 |
| Interest and penalty on property tax | 43,522 | - |
| Intergovernmental | 381,509 | 4,112,116 |
| Licenses and permits | 310 | 17,544 |
| Charges for service | 262,421 | 24,566 |
| Use of money and property | 153,168 | 1,373 |
| Miscellaneous | 49,345 | 69,852 |
| Total revenues | <u>2,502,845</u> | <u>5,153,798</u> |
| Expenditures: | | |
| Operating: | | |
| Public safety | 1,211,702 | - |
| Court services | 8,795 | - |
| Physical health and education | 120,000 | 46,643 |
| Mental health | - | 1,306,859 |
| Social services | 248,528 | - |
| County environment | 165,774 | 43,205 |
| Roads and transportation | - | 3,069,208 |
| State and local government services | 286,499 | 6,180 |
| Interprogram services | 686,728 | 73,246 |
| Non-program | 12,092 | - |
| Debt service | - | - |
| Capital projects | - | 968,513 |
| Total expenditures | <u>2,740,118</u> | <u>5,513,854</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(237,273)</u> | <u>(360,056)</u> |
| Other financing sources (uses): | | |
| Sale of land | 229,825 | - |
| Operating transfers in | - | 802,274 |
| Operating transfers out | (15,400) | (802,274) |
| Total other financing sources (uses) | <u>214,425</u> | <u>-</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>(22,848)</u> | <u>(360,056)</u> |
| Fund balances beginning of year | 1,306,356 | 2,996,644 |
| Increase in reserve for prepaid insurance | 16,996 | 16,020 |
| Fund balances end of year | <u>\$ 1,300,504</u> | <u>2,652,608</u> |

See notes to financial statements.

| <u>Types</u> | <u>Fiduciary Fund Type</u> | <u>Total</u> |
|-------------------------|--------------------------------|------------------------------|
| <u>Debt Service</u> | <u>Expendable Trust</u> | <u>(Memorandum Only)</u> |
| 99,685 | - | 2,640,602 |
| - | - | 43,522 |
| 8,506 | - | 4,502,131 |
| - | - | 17,854 |
| - | - | 286,987 |
| 763 | - | 155,304 |
| - | 3,793 | 122,990 |
| 108,954 | 3,793 | 7,769,390 |
| - | - | 1,211,702 |
| - | - | 8,795 |
| - | - | 166,643 |
| - | - | 1,306,859 |
| - | - | 248,528 |
| - | - | 208,979 |
| - | - | 3,069,208 |
| - | - | 292,679 |
| - | - | 759,974 |
| - | - | 12,092 |
| 108,700 | - | 108,700 |
| - | - | 968,513 |
| 108,700 | - | 8,362,672 |
| 254 | 3,793 | (593,282) |
| - | - | 229,825 |
| - | 15,400 | 817,674 |
| - | - | (817,674) |
| - | 15,400 | 229,825 |
| 254 | 19,193 | (363,457) |
| 9,942 | 580 | 4,313,522 |
| - | - | 33,016 |
| 10,196 | 19,773 | 3,983,081 |

Page County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Fund

Year ended June 30, 2002

| | Actual | Less Funds not Required to be Budgeted |
|---|---------------------|---|
| Receipts: | | |
| Property and other County tax | \$ 2,645,124 | - |
| Interest and penalty on property tax | 48,195 | - |
| Intergovernmental | 4,467,675 | - |
| Licenses and permits | 18,369 | - |
| Charges for service | 283,296 | - |
| Use of money and property | 169,715 | 341 |
| Miscellaneous | 123,899 | - |
| Total receipts | <u>7,756,273</u> | <u>341</u> |
| Disbursements: | | |
| Public safety | 1,191,301 | - |
| Court services | 8,265 | - |
| Physical health and education | 164,099 | - |
| Mental health | 1,284,240 | - |
| Social services | 243,665 | - |
| County environment | 212,496 | - |
| Roads and transportation | 3,262,365 | - |
| State and local government services | 291,188 | - |
| Interprogram services | 724,164 | - |
| Non-program | 12,092 | - |
| Debt service | 108,700 | - |
| Capital projects | 988,501 | 8,537 |
| Total disbursements | <u>8,491,076</u> | <u>8,537</u> |
| Deficiency of receipts under disbursements | (734,803) | (8,196) |
| Other financing sources, net | <u>69,005</u> | - |
| Deficiency of receipts and other financing sources under disbursements | (665,798) | (8,196) |
| Balance beginning of year | <u>4,444,192</u> | <u>21,966</u> |
| Balance end of year | <u>\$ 3,778,394</u> | <u>13,770</u> |

See notes to financial statements.

| Net | Amended Budget | Variance - Favorable (Unfavorable) | Net as % of Amended Budget |
|------------------|-------------------|------------------------------------|----------------------------|
| 2,645,124 | 2,692,085 | (46,961) | 98% |
| 48,195 | 20,350 | 27,845 | 237% |
| 4,467,675 | 5,463,317 | (995,642) | 82% |
| 18,369 | 24,937 | (6,568) | 74% |
| 283,296 | 312,315 | (29,019) | 91% |
| 169,374 | 219,400 | (50,026) | 77% |
| 123,899 | 27,705 | 96,194 | 447% |
| <u>7,755,932</u> | <u>8,760,109</u> | <u>(1,004,177)</u> | <u>89%</u> |
| 1,191,301 | 1,201,227 | 9,926 | 99% |
| 8,265 | 9,040 | 775 | 91% |
| 164,099 | 165,851 | 1,752 | 99% |
| 1,284,240 | 1,609,196 | 324,956 | 80% |
| 243,665 | 293,404 | 49,739 | 83% |
| 212,496 | 225,427 | 12,931 | 94% |
| 3,262,365 | 4,138,000 | 875,635 | 79% |
| 291,188 | 303,288 | 12,100 | 96% |
| 724,164 | 817,675 | 93,511 | 89% |
| 12,092 | 15,000 | 2,908 | 81% |
| 108,700 | 108,900 | 200 | 100% |
| 979,964 | 1,900,000 | 920,036 | 52% |
| <u>8,482,539</u> | <u>10,787,008</u> | <u>2,304,469</u> | <u>79%</u> |
| (726,607) | (2,026,899) | | |
| <u>69,005</u> | - | | |
| (657,602) | (2,026,899) | | |
| <u>4,422,226</u> | <u>8,819,694</u> | | |
| <u>3,764,624</u> | <u>6,792,795</u> | | |

Page County

Page County

Notes to Financial Statements

June 30, 2002

(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.

A. Reporting Entity

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

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

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

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

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

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

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are 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 expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Fiduciary Funds

Trust Funds - The Trust Funds are used to account for assets held by the County in a trustee capacity. These include Expendable Trust Funds which are accounted for in essentially the same manner as Governmental Funds.

Agency Funds - The 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets - This account group is established to account for the general fixed assets of the County.

General Long-Term Debt - This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this Account Group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and 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. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

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.

E. Assets, Liabilities and Fund Equity

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

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

Property Tax Receivable - Property tax in Governmental Funds are 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 that 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 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, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

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 and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

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.

General Fixed Assets - General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

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 represent 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 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, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused compensatory time and vacation hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of compensatory time and vacation payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

F. Budgets and Budgetary Accounting

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 12 major classes of expenditures known as service areas not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and the expendable trust fund. Although the budget document presents service area disbursements by fund, the legal

level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

| | Governmental Fund Types | | | | | |
|---|-------------------------|---------------------|------------------------|-----------------|---------------------|------------------------|
| | General | | | Special Revenue | | |
| | Cash Basis | Accrual Adjustments | Modified Accrual Basis | Cash Basis | Accrual Adjustments | Modified Accrual Basis |
| Revenues | \$ 2,507,636 | (4,791) | 2,502,845 | 5,135,886 | 17,912 | 5,153,798 |
| Expenditures | 2,708,031 | 32,087 | 2,740,118 | 5,672,884 | (159,030) | 5,513,854 |
| Net | (200,395) | (36,878) | (237,273) | (536,998) | 176,942 | (360,056) |
| Other financing sources (uses) | 53,605 | 160,820 | 214,425 | - | - | - |
| Beginning fund balances | 1,282,643 | 23,713 | 1,306,356 | 3,149,570 | (152,926) | 2,996,644 |
| Increase in reserve for prepaid insurance | - | 16,996 | 16,996 | - | 16,020 | 16,020 |
| Ending fund balances | \$ 1,135,853 | 164,651 | 1,300,504 | 2,612,572 | 40,036 | 2,652,608 |

| | Governmental Fund Types | | | | | |
|---|-------------------------|---------------------|------------------------|-----------------------|---------------------|------------------------|
| | Debt Service | | | Expendable Trust Fund | | |
| | Cash Basis | Accrual Adjustments | Modified Accrual Basis | Cash Basis | Accrual Adjustments | Modified Accrual Basis |
| Revenues | \$ 108,958 | (4) | 108,954 | 3,793 | - | 3,793 |
| Expenditures | 108,700 | - | 108,700 | 1,461 | (1,461) | - |
| Net | 258 | (4) | 254 | 2,332 | 1,461 | 3,793 |
| Other financing sources (uses) | - | - | - | 15,400 | - | 15,400 |
| Beginning fund balances | 9,938 | 4 | 9,942 | 2,041 | (1,461) | 580 |
| Increase in reserve for prepaid insurance | - | - | - | - | - | - |
| Ending fund balances | \$ 10,196 | - | 10,196 | 19,773 | - | 19,773 |

| | Total | | |
|---|---------------------|-----------------------------|------------------------------|
| | Cash Basis | Accrual Adjust- ments | Modified Accrual Basis |
| Revenues | \$ 7,756,273 | 13,117 | 7,769,390 |
| Expenditures | 8,491,076 | (128,404) | 8,362,672 |
| Net | (734,803) | 141,521 | (593,282) |
| Other financing sources (uses) | 69,005 | 160,820 | 229,825 |
| Beginning fund balances | 4,444,192 | (130,670) | 4,313,522 |
| Increase in reserve for prepaid insurance | - | 33,016 | 33,016 |
| Ending fund balances | <u>\$ 3,778,394</u> | <u>171,671</u> | <u>3,983,081</u> |

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2002 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 Number 3.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2002 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|--------------------------------------|------------------|
| General | Trust and Agency: | |
| | County Recorder | \$ 6,712 |
| | County Sheriff | 8,587 |
| | Auto License and Use Tax | <u>8,883</u> |
| | | 24,182 |
| Special Revenue: | | |
| County Recorder's Records Management | Trust and Agency: County Recorder | <u>270</u> |
| Total | | <u>\$ 24,452</u> |

(4) Property and Equipment

A summary of property and equipment comprising general fixed assets at June 30, 2002 is as follows:

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
|-----------|---------------------------------|----------------|----------------|---------------------------|
| Land | \$ 654,300 | - | 10,000 | 644,300 |
| Buildings | 4,202,139 | 7,541 | 105,266 | 4,104,414 |
| Equipment | 4,717,414 | 486,704 | 528,549 | 4,675,569 |
| Total | <u>\$ 9,573,853</u> | <u>494,245</u> | <u>643,815</u> | <u>9,424,283</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 | <u>\$ 2,413</u> |
| Special Revenue: | | |
| Secondary Roads | Services | 94 |
| Mental Health | | <u>77,354</u> |
| | | <u>77,448</u> |
| Trust and Agency: | | |
| Agricultural Extension | Collections | |
| Education | | 127,352 |
| County Assessor | | 192,763 |
| Schools | | 6,217,626 |
| Community Colleges | | 329,190 |
| Corporations | | 3,001,293 |
| Townships | | 107,172 |
| Auto License and Use Tax | | 225,124 |
| Emergency Management Services | | 13,156 |
| E911 | | 99,902 |
| All other | | <u>30,383</u> |
| | | <u>10,343,961</u> |
| Total | | <u>\$ 10,423,822</u> |

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

| | General Obligation Bonds | Compen- sated Absences | Total |
|---------------------------|--------------------------------|------------------------------|---------|
| Balance beginning of year | \$ 210,000 | 144,583 | 354,583 |
| Additions | - | 9,958 | 9,958 |
| Reductions | 100,000 | - | 100,000 |
| Balance end of year | \$ 110,000 | 154,541 | 264,541 |

Bonds Payable

A summary of the County's June 30, 2002 general obligation bonded indebtedness is as follows:

| Year Ending June 30, | Interest Rate | Principal | Interest | Total |
|----------------------------|------------------|------------|----------|---------|
| 2003 | 4.00% | \$ 110,000 | 4,400 | 114,400 |

During the year ended June 30, 2002, the County retired \$100,000 of bonds.

(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.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$152,230, \$146,444, and \$145,136, respectively, equal to the required contributions for each year.

(8) Risk Management

Page County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in

August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$67,016.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that 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 that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company 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 claims 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 \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Page County

Supplemental Information

Schedule 1

Page County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

| | | |
|---|----------------|--------------|
| Property and other County tax: | | |
| Property tax | \$ 1,426,369 | |
| Local option sales tax | 103,313 | |
| Utility tax replacement excise tax | 81,318 | |
| Other | <u>1,570</u> | \$ 1,612,570 |
| Interest and penalty on property tax | | 43,522 |
| Intergovernmental: | | |
| State shared revenues: | | |
| Franchise tax | <u>10,174</u> | |
| State grants and reimbursements including indirect federal funding: | | |
| Human services administrative reimbursement | 37,173 | |
| Other | <u>41,285</u> | |
| | <u>78,458</u> | |
| State tax replacements: | | |
| State tax credits | 128,540 | |
| State allocation | <u>101,227</u> | |
| | <u>229,767</u> | |
| Contributions and reimbursements from other governmental units: | | |
| Prisoner care | 15,700 | |
| Other | <u>47,410</u> | |
| | <u>63,110</u> | 381,509 |
| Licenses and permits | | 310 |
| Charges for service: | | |
| Office fees and collections: | | |
| County Recorder | 83,620 | |
| County Sheriff | 43,774 | |
| Auto license, use tax, postage and driver's license fees | 113,101 | |
| Camping fees | 9,232 | |
| Other | <u>12,694</u> | 262,421 |
| Use of money and property: | | |
| Interest on investments | 124,784 | |
| Other | <u>28,384</u> | 153,168 |

Page County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

| | |
|---|---------------------|
| Revenues (continued): | |
| Miscellaneous | 49,345 |
| Total revenues | <u>2,502,845</u> |
| Expenditures: | |
| Operating: | |
| Public safety | 1,211,702 |
| Court services | 8,795 |
| Physical health and education | 120,000 |
| Social services | 248,528 |
| County environment | 165,774 |
| State and local government services | 286,499 |
| Interprogram services | 686,728 |
| Non-program | 12,092 |
| Total expenditures | <u>2,740,118</u> |
| Deficiency of revenues under expenditures | <u>(237,273)</u> |
| Other financing sources (uses): | |
| Sale of land | 229,825 |
| Operating transfers out: | |
| Expendable Trust: | |
| Conservation Land Acquisition Trust | (15,400) |
| Total other financing sources (uses) | <u>214,425</u> |
| Deficiency of revenues and other financing sources under expenditures and other financing uses | (22,848) |
| Fund balance beginning of year | 1,306,356 |
| Increase in reserve for prepaid insurance | 16,996 |
| Fund balance end of year | <u>\$ 1,300,504</u> |

See accompanying independent auditor's report.

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General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

| | | |
|-------------------------------|----------------|--|
| Uniformed patrol services | \$ 421,751 | |
| Law enforcement communication | 30,000 | |
| Adult correction services | 315,879 | |
| Administration | 129,766 | |
| | <u>897,396</u> | |

Legal services:

| | | |
|----------------------|----------------|--|
| Criminal prosecution | 277,407 | |
| Medical examinations | 11,675 | |
| | <u>289,082</u> | |

Emergency services:

| | | |
|----------------------|---------------|--------------|
| Ambulance services | 5,224 | |
| Emergency management | 20,000 | |
| | <u>25,224</u> | \$ 1,211,702 |

Court Services Service Area:

Assistance to district court system:

| | | |
|-------------------------------|-------|--|
| Research and other assistance | 6,437 | |
|-------------------------------|-------|--|

Court proceedings:

| | | |
|----------------------|---|--|
| Juries and witnesses | 5 | |
|----------------------|---|--|

Juvenile justice administration:

| | | |
|--|--------------|-------|
| Court-appointed attorneys and court costs for juveniles | <u>2,353</u> | 8,795 |
|--|--------------|-------|

Physical Health and Education Service Area:

Physical health services:

| | | |
|-------------------------------------|--------|--|
| Personal and family health services | 85,000 | |
|-------------------------------------|--------|--|

Educational services:

| | | |
|------------------|---------------|---------|
| Fair & 4-H clubs | <u>35,000</u> | 120,000 |
|------------------|---------------|---------|

Page County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:

Services to the poor:

| | | |
|--------------------------|----------------|--|
| Administration | 58,630 | |
| General welfare services | 73,747 | |
| | <u>132,377</u> | |

Services to military veterans:

| | | |
|------------------------------|---------------|--|
| Administration | 4,015 | |
| General services to veterans | 12,760 | |
| | <u>16,775</u> | |

Children's and family services:

| | | |
|----------------------------|---------------|--|
| Youth guidance | 31,029 | |
| Family protection services | 3,744 | |
| | <u>34,773</u> | |

Services to other adults:

| | | |
|-------------------------|---------------|--|
| Services to the elderly | 7,199 | |
| Other social services | 3,000 | |
| | <u>10,199</u> | |

Chemical dependency:

| | | |
|---------------------|---------------|---------|
| Treatment services | 49,354 | |
| Preventive services | 5,050 | |
| | <u>54,404</u> | 248,528 |

County Environment Service Area:

Conservation and recreation services:

| | | |
|--------------------------------------|----------------|--|
| Administration | 116,438 | |
| Maintenance and operations | 32,029 | |
| Recreation and environment education | 16,737 | |
| | <u>165,204</u> | |

Animal control:

| | | |
|-----------------|----|--|
| Animal bounties | 70 | |
|-----------------|----|--|

County development:

| | | |
|----------------------|------------|---------|
| Economic development | <u>500</u> | 165,774 |
|----------------------|------------|---------|

Schedule 2

Page County

General Fund

Statement of Expenditures

Year ended June 30, 2002

State and Local Government Services Service Area:

Representation services:

| | | |
|--------------------------|---------------|--|
| Elections administration | 49,786 | |
| Local elections | 19,182 | |
| | <u>68,968</u> | |

State administrative services:

| | | |
|---|----------------|---------|
| Motor vehicle registrations and licensing | 111,276 | |
| Recording of public documents | 106,255 | |
| | <u>217,531</u> | 286,499 |

Interprogram Services Service Area:

Policy and administration:

| | | |
|------------------------------------|----------------|--|
| General County management | 117,348 | |
| Administrative management services | 130,866 | |
| Treasury management services | 132,403 | |
| Other policy and administration | 27,261 | |
| | <u>407,878</u> | |

Central services:

| | | |
|--------------------------|----------------|--|
| General services | 149,457 | |
| Data processing services | 77,694 | |
| | <u>227,151</u> | |

Risk management services:

| | | |
|------------------------------|---------------|---------|
| Safety of workplace | 34,345 | |
| Fidelity of public officials | 17,354 | |
| | <u>51,699</u> | 686,728 |

Non-program Service Area:

| | | |
|------------------------|--|---------------|
| County farm operations | | <u>12,092</u> |
|------------------------|--|---------------|

| | | |
|-------|--|---------------------|
| Total | | <u>\$ 2,740,118</u> |
|-------|--|---------------------|

See accompanying independent auditor's report.

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Page County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

| | Rural Services | Secondary Roads |
|--|-------------------|--------------------|
| Assets | | |
| Cash and pooled investments | \$ 99,751 | 1,490,109 |
| Receivables: | | |
| Property tax: | | |
| Delinquent | 549 | - |
| Succeeding year | 581,000 | - |
| Accounts | 490 | 28,581 |
| Due from other funds | - | - |
| Due from other governments | 28,622 | 289,163 |
| Prepaid insurance | 105 | 15,916 |
| | \$ 710,517 | 1,823,769 |
| Liabilities and Fund Equity | | |
| Liabilities: | | |
| Accounts payable | \$ 2,794 | 60,034 |
| Salaries and benefits payable | 550 | 23,622 |
| Due to other governments | - | 94 |
| Deferred revenue: | | |
| Succeeding year property tax | 581,000 | - |
| Other | 548 | 77,746 |
| Compensated absences | 188 | 28,639 |
| Total liabilities | 585,080 | 190,135 |
| Fund equity: | | |
| Fund balances: | | |
| Reserved for prepaid insurance | 105 | 15,916 |
| Unreserved | 125,332 | 1,617,718 |
| Total fund equity | 125,437 | 1,633,634 |
| Total liabilities and fund equity | \$ 710,517 | 1,823,769 |

See accompanying independent auditor's report.

| Mental Health | Resource Enhancement and Protection | Local Option Sales Tax | County Recorder's Records Management | Drainage Districts | Special Law Enforcement | Sheriff Special Investigation | Total |
|------------------|-------------------------------------|------------------------|--------------------------------------|--------------------|-------------------------|-------------------------------|------------------|
| 687,135 | 55,181 | 235,659 | 15,831 | 13,770 | 9,887 | 5,249 | 2,612,572 |
| 1,868 | - | - | - | - | - | - | 2,417 |
| 571,000 | - | - | - | - | - | - | 1,152,000 |
| 12,345 | - | - | - | - | - | - | 41,416 |
| - | - | - | 270 | - | - | - | 270 |
| 672 | - | - | - | - | - | - | 318,457 |
| - | - | - | - | - | - | - | 16,021 |
| 1,273,020 | 55,181 | 235,659 | 16,101 | 13,770 | 9,887 | 5,249 | 4,143,153 |
| 58,648 | - | - | - | - | - | - | 121,476 |
| 3,648 | - | - | - | - | - | - | 27,820 |
| 77,354 | - | - | - | - | - | - | 77,448 |
| 571,000 | - | - | - | - | - | - | 1,152,000 |
| 1,861 | - | - | - | - | - | - | 80,155 |
| 2,819 | - | - | - | - | - | - | 31,646 |
| 715,330 | - | - | - | - | - | - | 1,490,545 |
| - | - | - | - | - | - | - | 16,021 |
| 557,690 | 55,181 | 235,659 | 16,101 | 13,770 | 9,887 | 5,249 | 2,636,587 |
| 557,690 | 55,181 | 235,659 | 16,101 | 13,770 | 9,887 | 5,249 | 2,652,608 |
| 1,273,020 | 55,181 | 235,659 | 16,101 | 13,770 | 9,887 | 5,249 | 4,143,153 |

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

| | Rural Services | Secondary Roads | Mental Health |
|--|-------------------|--------------------|------------------|
| Revenues: | | | |
| Property and other County Tax: | | | |
| Property tax | \$ 535,060 | - | 142,090 |
| Local option sales tax | 120,144 | 40,000 | - |
| Utility tax replacement excise tax | 36,231 | - | 8,100 |
| Other | 65 | - | 159 |
| | <u>691,500</u> | <u>40,000</u> | <u>150,349</u> |
| Intergovernmental: | | | |
| State shared revenues: | | | |
| Road use tax | - | 2,475,941 | - |
| State grants and reimbursements including indirect federal funding: | | | |
| Social services block grant | - | - | 88,590 |
| Highway planning and construction | - | 443,056 | - |
| Other | 18,108 | 269,752 | 170,562 |
| | <u>18,108</u> | <u>712,808</u> | <u>259,152</u> |
| State tax replacements: | | | |
| State tax credits | 49,512 | - | 12,806 |
| Mental health property tax relief | - | - | 482,548 |
| | <u>49,512</u> | <u>-</u> | <u>495,354</u> |
| Direct federal grants and entitlements | - | 75,309 | - |
| Contributions and reimbursements from other governmental units | - | 10,020 | 54 |
| | <u>67,620</u> | <u>3,274,078</u> | <u>754,560</u> |
| Licenses and permits | <u>16,004</u> | <u>1,540</u> | <u>-</u> |
| Charges for service: | | | |
| Road maintenance | - | 20,481 | - |
| Document management fee | - | - | - |
| | <u>-</u> | <u>20,481</u> | <u>-</u> |

| Resource | Local Option | County | Drainage | Special | Sheriff | Total |
|----------------|--------------|------------|-----------|-------------|---------------|-----------|
| Enhancement | Sales Tax | Recorder's | Districts | Law | Special | |
| and Protection | | Records | | Enforcement | Investigation | |
| | | Management | | | | |
| - | - | - | - | - | - | 677,150 |
| - | 46,498 | - | - | - | - | 206,642 |
| - | - | - | - | - | - | 44,331 |
| - | - | - | - | - | - | 224 |
| - | 46,498 | - | - | - | - | 928,347 |
| - | - | - | - | - | - | 2,475,941 |
| - | - | - | - | - | - | 88,590 |
| - | - | - | - | - | - | 443,056 |
| 7,221 | - | - | - | 4,587 | 4,050 | 474,280 |
| 7,221 | - | - | - | 4,587 | 4,050 | 1,005,926 |
| - | - | - | - | - | - | 62,318 |
| - | - | - | - | - | - | 482,548 |
| - | - | - | - | - | - | 544,866 |
| - | - | - | - | - | - | 75,309 |
| - | - | - | - | - | - | 10,074 |
| 7,221 | - | - | - | 4,587 | 4,050 | 4,112,116 |
| - | - | - | - | - | - | 17,544 |
| - | - | - | - | - | - | 20,481 |
| - | - | 4,085 | - | - | - | 4,085 |
| - | - | 4,085 | - | - | - | 24,566 |

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

| | Rural Services | Secondary Roads | Mental Health |
|---|-------------------|--------------------|------------------|
| Revenues (continued): | | | |
| Use of money and property: | | | |
| Interest on investments | - | - | - |
| Miscellaneous | 235 | 67,365 | 2,252 |
| Total revenues | <u>775,359</u> | <u>3,403,464</u> | <u>907,161</u> |
| Expenditures: | | | |
| Operating: | | | |
| Physical Health and Education Service Area: | | | |
| Personal and family health services | 1,500 | - | - |
| Sanitation | 45,143 | - | - |
| | <u>46,643</u> | - | - |
| Mental Health Service Area: | | | |
| Persons with mental health problems - mental illness: | | | |
| Information and education | - | - | 7,916 |
| General administration | - | - | 217,595 |
| Treatment services | - | - | 55,145 |
| Institutional, hospital, and commitment services | - | - | 30,370 |
| | - | - | <u>311,026</u> |
| Persons with chronic mental illness: | | | |
| Information and education | - | - | 7,738 |
| Coordination services | - | - | 1,022 |
| Personal and environmental support | - | - | 3,993 |
| Treatment services | - | - | 104,391 |
| Vocational and day services | - | - | 2,471 |
| Licensed or certified living arrangements | - | - | 39,352 |
| Institutional, hospital, and commitment services | - | - | 73,191 |
| | - | - | <u>232,158</u> |
| Persons with mental retardation: | | | |
| Information and education | - | - | 148 |
| Coordination services | - | - | 17,917 |
| Personal and environmental support | - | - | 91,784 |
| Vocational day services | - | - | 283,600 |
| Licensed or certified living arrangements | - | - | 200,975 |
| Institutional, hospital, and commitment services | - | - | 133,516 |
| | - | - | <u>727,940</u> |

| Resource Enhancement and Protection | Local Option Sales Tax | County Recorder's Records Management | Drainage Districts | Special Law Enforcement | Sheriff Special Investigation | Total |
|---|---------------------------|---|-----------------------|-------------------------------|-------------------------------------|-----------|
| 750 | - | 282 | 341 | - | - | 1,373 |
| - | - | - | - | - | - | 69,852 |
| 7,971 | 46,498 | 4,367 | 341 | 4,587 | 4,050 | 5,153,798 |
| - | - | - | - | - | - | 1,500 |
| - | - | - | - | - | - | 45,143 |
| - | - | - | - | - | - | 46,643 |
| - | - | - | - | - | - | 7,916 |
| - | - | - | - | - | - | 217,595 |
| - | - | - | - | - | - | 55,145 |
| - | - | - | - | - | - | 30,370 |
| - | - | - | - | - | - | 311,026 |
| - | - | - | - | - | - | 7,738 |
| - | - | - | - | - | - | 1,022 |
| - | - | - | - | - | - | 3,993 |
| - | - | - | - | - | - | 104,391 |
| - | - | - | - | - | - | 2,471 |
| - | - | - | - | - | - | 39,352 |
| - | - | - | - | - | - | 73,191 |
| - | - | - | - | - | - | 232,158 |
| - | - | - | - | - | - | 148 |
| - | - | - | - | - | - | 17,917 |
| - | - | - | - | - | - | 91,784 |
| - | - | - | - | - | - | 283,600 |
| - | - | - | - | - | - | 200,975 |
| - | - | - | - | - | - | 133,516 |
| - | - | - | - | - | - | 727,940 |

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

| | Rural Services | Secondary Roads | Mental Health |
|---|-------------------|--------------------|------------------|
| Expenditures (continued): | | | |
| Operating: | | | |
| Mental Health Service Area: | | | |
| Persons with other developmental disabilities: | | | |
| Information and education | - | - | 11 |
| Coordination services | - | - | 899 |
| Vocational and day services | - | - | 20,842 |
| Licensed or certified living arrangements | - | - | 13,983 |
| | - | - | <u>35,735</u> |
| | - | - | <u>1,306,859</u> |
| County Environment Service Area: | | | |
| Environment quality: | | | |
| Weed eradication | 8,071 | - | - |
| County development: | | | |
| Land use and building controls | 134 | - | - |
| Economic development | 35,000 | - | - |
| | <u>35,134</u> | - | - |
| | <u>43,205</u> | - | - |
| Roads and Transportation Service Area: | | | |
| Secondary roads administration and engineering: | | | |
| Administration | - | 319,117 | - |
| Engineering | - | 317,541 | - |
| | - | <u>636,658</u> | - |
| Roadway maintenance: | | | |
| Bridges and culverts | - | 212,008 | - |
| Roads | - | 1,246,038 | - |
| Snow and ice control | - | 38,271 | - |
| Traffic controls | - | 78,079 | - |
| Road clearing | - | 149,188 | - |
| | - | <u>1,723,584</u> | - |
| General roadway: | | | |
| Equipment | - | 253,678 | - |
| Equipment operations | - | 429,423 | - |
| Tools, materials, and supplies | - | 18,318 | - |
| Real estate and buildings | - | 7,547 | - |
| | - | <u>708,966</u> | - |
| | - | <u>3,069,208</u> | - |

| Resource Enhancement and Protection | Local Option Sales Tax | County Recorder's Records Management | Drainage Districts | Special Law Enforcement | Sheriff Special Investigation | Total |
|---|---------------------------|---|-----------------------|-------------------------------|-------------------------------------|-----------|
| - | - | - | - | - | - | 11 |
| - | - | - | - | - | - | 899 |
| - | - | - | - | - | - | 20,842 |
| - | - | - | - | - | - | 13,983 |
| - | - | - | - | - | - | 35,735 |
| - | - | - | - | - | - | 1,306,859 |
| - | - | - | - | - | - | 8,071 |
| - | - | - | - | - | - | 134 |
| - | - | - | - | - | - | 35,000 |
| - | - | - | - | - | - | 35,134 |
| - | - | - | - | - | - | 43,205 |
| - | - | - | - | - | - | 319,117 |
| - | - | - | - | - | - | 317,541 |
| - | - | - | - | - | - | 636,658 |
| - | - | - | - | - | - | 212,008 |
| - | - | - | - | - | - | 1,246,038 |
| - | - | - | - | - | - | 38,271 |
| - | - | - | - | - | - | 78,079 |
| - | - | - | - | - | - | 149,188 |
| - | - | - | - | - | - | 1,723,584 |
| - | - | - | - | - | - | 253,678 |
| - | - | - | - | - | - | 429,423 |
| - | - | - | - | - | - | 18,318 |
| - | - | - | - | - | - | 7,547 |
| - | - | - | - | - | - | 708,966 |
| - | - | - | - | - | - | 3,069,208 |

Page County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

| | Rural Services | Secondary Roads | Mental Health |
|---|-------------------|--------------------|------------------|
| Expenditures (continued): | | | |
| Operating: | | | |
| State and Local Government Services Service Area: | | | |
| Representation services: | | | |
| Township officials | 1,180 | - | - |
| State administrative services: | | | |
| Recording of public documents | - | - | - |
| | <u>1,180</u> | <u>-</u> | <u>-</u> |
| Interprogram Services Service Area: | | | |
| General services | - | - | - |
| Capital Projects Service Area: | | | |
| Roadway construction | - | 959,976 | - |
| Other capital projects | - | - | - |
| | <u>-</u> | <u>959,976</u> | <u>-</u> |
| Total expenditures | <u>91,028</u> | <u>4,029,184</u> | <u>1,306,859</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>684,331</u> | <u>(625,720)</u> | <u>(399,698)</u> |
| Other financing sources (uses): | | | |
| Operating transfers in (out): | | | |
| Special Revenue: | | | |
| Rural Services | - | 802,274 | - |
| Secondary Roads | (802,274) | - | - |
| Total other financing sources (uses) | <u>(802,274)</u> | <u>802,274</u> | <u>-</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>(117,943)</u> | <u>176,554</u> | <u>(399,698)</u> |
| Fund balances beginning of year | 243,275 | 1,441,165 | 957,388 |
| Increase in reserve for prepaid insurance | 105 | 15,915 | - |
| Fund balances end of year | <u>\$ 125,437</u> | <u>1,633,634</u> | <u>557,690</u> |

See accompanying independent auditor's report.

| Resource Enhancement and Protection | Local Option Sales Tax | County Recorder's Records Management | Drainage Districts | Special Law Enforcement | Sheriff Special Investigation | Total |
|---|---------------------------|---|-----------------------|-------------------------------|-------------------------------------|-----------|
| - | - | - | - | - | - | 1,180 |
| - | - | 5,000 | - | - | - | 5,000 |
| - | - | 5,000 | - | - | - | 6,180 |
| - | 73,246 | - | - | - | - | 73,246 |
| - | - | - | - | - | - | 959,976 |
| - | - | - | 8,537 | - | - | 8,537 |
| - | - | - | 8,537 | - | - | 968,513 |
| - | 73,246 | 5,000 | 8,537 | - | - | 5,513,854 |
| 7,971 | (26,748) | (633) | (8,196) | 4,587 | 4,050 | (360,056) |
| - | - | - | - | - | - | 802,274 |
| - | - | - | - | - | - | (802,274) |
| - | - | - | - | - | - | - |
| 7,971 | (26,748) | (633) | (8,196) | 4,587 | 4,050 | (360,056) |
| 47,210 | 262,407 | 16,734 | 21,966 | 5,300 | 1,199 | 2,996,644 |
| - | - | - | - | - | - | 16,020 |
| 55,181 | 235,659 | 16,101 | 13,770 | 9,887 | 5,249 | 2,652,608 |

Page County

Page County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

| | | | |
|------------------------------------|----|------------|-----------|
| Property tax | \$ | 94,200 | |
| Utility tax replacement excise tax | | 5,382 | |
| Other | | <u>103</u> | \$ 99,685 |

Intergovernmental:

State tax replacements:

| | | | |
|-------------------|--|--|-------|
| State tax credits | | | 8,506 |
|-------------------|--|--|-------|

Use of money and property:

| | | | |
|-------------------------|--|--|----------------|
| Interest on investments | | | <u>763</u> |
| Total revenues | | | <u>108,954</u> |

Expenditures:

Debt Service Service Area:

| | | | |
|---------------------|--|------------|----------------|
| Bonds redeemed | | 100,000 | |
| Interest paid | | 8,400 | |
| Bond registrar fees | | <u>300</u> | <u>108,700</u> |

| | | | |
|--------------------------------------|--|--|-----|
| Excess of revenues over expenditures | | | 254 |
|--------------------------------------|--|--|-----|

| | | | |
|--------------------------------|--|--|--------------|
| Fund balance beginning of year | | | <u>9,942</u> |
|--------------------------------|--|--|--------------|

| | | | |
|--------------------------|--|--|-------------------------|
| Fund balance end of year | | | <u><u>\$ 10,196</u></u> |
|--------------------------|--|--|-------------------------|

See accompanying independent auditor's report.

Page County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

| | Expendable Trust | | |
|--|----------------------------------|--------------------|-------------------|
| | Conservation Land Acquisition | County Offices | |
| | | County Recorder | County Sheriff |
| Assets | | | |
| Cash and pooled investments: | | | |
| County Treasurer | \$ 19,773 | - | - |
| Other County officials | | 10,580 | 9,754 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | - | - | - |
| Succeeding year | - | - | - |
| Accounts | - | 1,132 | - |
| Total assets | \$ 19,773 | 11,712 | 9,754 |
| Liabilities and Fund Equity | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | - | - |
| Salaries and benefits payable | - | - | - |
| Due to other funds | - | 6,982 | 8,587 |
| Due to other governments | - | 4,228 | 3 |
| Trusts payable | - | 502 | 1,164 |
| Compensated absences | - | - | - |
| Total liabilities | - | 11,712 | 9,754 |
| Fund equity: | | | |
| Unreserved fund balance | 19,773 | - | - |
| Total liabilities and fund equity | \$ 19,773 | 11,712 | 9,754 |

| Agency Funds | | | | | | |
|--|--------------------|------------------|-----------------------|------------------|----------------|-----------------------------|
| Agricultural Extension Education | County Assessor | Schools | Community Colleges | Corporations | Townships | Auto License and Use Tax |
| 9,968 | 74,008 | 107,667 | 9,141 | 41,599 | 2,103 | 234,007 |
| - | - | - | - | - | - | - |
| 384 | 407 | 19,959 | 1,049 | 18,694 | 69 | - |
| 117,000 | 124,000 | 6,090,000 | 319,000 | 2,941,000 | 105,000 | - |
| - | - | - | - | - | - | - |
| 127,352 | 198,415 | 6,217,626 | 329,190 | 3,001,293 | 107,172 | 234,007 |
| - | 432 | - | - | - | - | - |
| - | 1,436 | - | - | - | - | - |
| - | - | - | - | - | - | 8,883 |
| 127,352 | 192,763 | 6,217,626 | 329,190 | 3,001,293 | 107,172 | 225,124 |
| - | - | - | - | - | - | - |
| - | 3,784 | - | - | - | - | - |
| 127,352 | 198,415 | 6,217,626 | 329,190 | 3,001,293 | 107,172 | 234,007 |
| - | - | - | - | - | - | - |
| 127,352 | 198,415 | 6,217,626 | 329,190 | 3,001,293 | 107,172 | 234,007 |

Page County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

| | Agency Funds | | |
|--|--|-------------------------------------|------------------------|
| | Brucellosis and Tuberculosis Eradication | Emergency Management Services | Special Assessments |
| Assets | | | |
| Cash and pooled investments: | | | |
| County Treasurer | 39 | 13,669 | - |
| Other County officials | - | - | - |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 5 | - | - |
| Succeeding year | 2,000 | - | - |
| Accounts | - | - | - |
| Total assets | 2,044 | 13,669 | - |
| Liabilities and Fund Equity | | | |
| Liabilities: | | | |
| Accounts payable | - | 213 | - |
| Salaries and benefits payable | - | 300 | - |
| Due to other funds | - | - | - |
| Due to other governments | 2,044 | 13,156 | - |
| Trusts payable | - | - | - |
| Compensated absences | - | - | - |
| Total liabilities | 2,044 | 13,669 | - |
| Fund equity: | | | |
| Unreserved fund balance | - | - | - |
| Total liabilities and fund equity | 2,044 | 13,669 | - |

See accompanying independent auditor's report.

| Tax Sale Redemption | E911 | Advance Tax | Total |
|------------------------|---------|----------------|------------|
| 25,812 | 77,261 | 24,108 | 639,155 |
| - | - | - | 20,334 |
| - | - | - | 40,567 |
| - | - | - | 9,698,000 |
| - | 24,809 | - | 25,941 |
| 25,812 | 102,070 | 24,108 | 10,423,997 |
| - | 2,168 | - | 2,813 |
| - | - | - | 1,736 |
| - | - | - | 24,452 |
| - | 99,902 | 24,108 | 10,343,961 |
| 25,812 | - | - | 27,478 |
| - | - | - | 3,784 |
| 25,812 | 102,070 | 24,108 | 10,404,224 |
| - | - | - | 19,773 |
| 25,812 | 102,070 | 24,108 | 10,423,997 |

Page County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

| | <u>County Offices</u> | | <u>Agricultural</u> |
|------------------------------------|------------------------|-----------------------|----------------------------|
| | <u>County Recorder</u> | <u>County Sheriff</u> | <u>Extension Education</u> |
| Assets and Liabilities | | | |
| Balances beginning of year | \$ 12,300 | 11,429 | 132,253 |
| Additions: | | | |
| Property and other County tax | - | - | 125,334 |
| E911 surcharge | - | - | - |
| State tax credits | - | - | 11,074 |
| State allocation | - | - | - |
| Drivers license fees | - | - | - |
| Office fees and collections | 181,300 | 66,138 | - |
| Auto licenses, use tax and postage | - | - | - |
| Assessments | - | - | - |
| Trusts | - | 64,138 | - |
| Miscellaneous | - | 107 | - |
| Total additions | 181,300 | 130,383 | 136,408 |
| Deductions: | | | |
| Agency Remittances: | | | |
| To other funds | 90,179 | 64,584 | - |
| To other governments | 71,450 | 177 | 141,309 |
| Trusts paid out | 20,259 | 67,297 | - |
| Total deductions | 181,888 | 132,058 | 141,309 |
| Balances end of year | \$ 11,712 | 9,754 | 127,352 |

| County Assessor | Schools | Community Colleges | Corporations | Townships | Auto License and Use Tax |
|-----------------|-----------|--------------------|--------------|-----------|--------------------------|
| 181,611 | 5,952,050 | 274,907 | 3,082,250 | 98,425 | 260,963 |
| 132,190 | 6,469,410 | 336,680 | 3,038,852 | 111,969 | - |
| - | - | - | - | - | - |
| 11,145 | 527,399 | 23,921 | 259,638 | 8,950 | - |
| 2,528 | - | - | - | - | - |
| - | - | - | - | - | 43,803 |
| - | - | - | - | - | - |
| - | - | - | - | - | 3,190,335 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,754 | - | - | - | - | - |
| 148,617 | 6,996,809 | 360,601 | 3,298,490 | 120,919 | 3,234,138 |
| - | - | - | - | - | 113,624 |
| 131,813 | 6,731,233 | 306,318 | 3,379,447 | 112,172 | 3,147,470 |
| - | - | - | - | - | - |
| 131,813 | 6,731,233 | 306,318 | 3,379,447 | 112,172 | 3,261,094 |
| 198,415 | 6,217,626 | 329,190 | 3,001,293 | 107,172 | 234,007 |

Page County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

| | <u>Brucellosis and Tuberculosis Eradication</u> | <u>Emergency Management Services</u> | <u>Special Assessments</u> |
|------------------------------------|---|--|--------------------------------|
| Assets and Liabilities | | | |
| Balances beginning of year | <u>2,047</u> | <u>15,091</u> | <u>583</u> |
| Additions: | | | |
| Property and other County tax | 2,244 | - | - |
| E911 surcharge | - | - | - |
| State tax credits | 191 | - | - |
| State allocation | - | - | - |
| Drivers license fees | - | - | - |
| Office fees and collections | - | - | - |
| Auto licenses, use tax and postage | - | - | - |
| Assessments | - | - | 2,175 |
| Trusts | - | - | - |
| Miscellaneous | - | 20,000 | - |
| Total additions | <u>2,435</u> | <u>20,000</u> | <u>2,175</u> |
| Deductions: | | | |
| Agency Remittances: | | | |
| To other funds | - | - | - |
| To other governments | 2,438 | 21,422 | 2,758 |
| Trusts paid out | - | - | - |
| Total deductions | <u>2,438</u> | <u>21,422</u> | <u>2,758</u> |
| Balances end of year | <u>2,044</u> | <u>13,669</u> | <u>-</u> |

See accompanying independent auditor's report.

| Tax Sale Redemption | E911 | Advance Tax | Total |
|------------------------|---------|----------------|------------|
| 14,684 | 80,821 | 29,282 | 10,148,696 |
| - | - | - | 10,216,679 |
| - | 107,749 | - | 107,749 |
| - | - | - | 842,318 |
| - | - | - | 2,528 |
| - | - | - | 43,803 |
| - | - | - | 247,438 |
| - | - | - | 3,190,335 |
| - | - | - | 2,175 |
| 95,122 | - | 35,393 | 194,653 |
| - | 2,662 | - | 25,523 |
| 95,122 | 110,411 | 35,393 | 14,873,201 |
| - | - | - | 268,387 |
| - | 89,162 | 40,567 | 14,177,736 |
| 83,994 | - | - | 171,550 |
| 83,994 | 89,162 | 40,567 | 14,617,673 |
| 25,812 | 102,070 | 24,108 | 10,404,224 |

Schedule 8

Page County

Comparison of Taxes and Intergovernmental Revenues

| | Years ended June 30, | | | |
|---|----------------------|------------------|------------------|------------------|
| | 2002 | 2001 | 2000 | 1999 |
| Property and other taxes: | | | | |
| Property taxes | \$ 2,197,719 | 2,069,391 | 2,312,816 | 2,553,183 |
| Local option sales tax | 309,955 | 325,164 | 367,578 | 278,145 |
| Utility tax replacement excise tax | 131,031 | 124,929 | - | - |
| Other | 1,897 | 1,267 | 1,357 | 2,106 |
| | <u>2,640,602</u> | <u>2,520,751</u> | <u>2,681,751</u> | <u>2,833,434</u> |
| Intergovernmental: | | | | |
| State shared revenues: | | | | |
| Franchise tax | 10,174 | 24,975 | 42,554 | 21,155 |
| Road use tax | 2,475,941 | 2,374,315 | 2,408,845 | 2,021,580 |
| State grants and reimbursements including indirect federal funding: | | | | |
| Human services administrative reimbursement | 37,173 | 43,015 | 53,296 | 64,251 |
| Social services block grant | 88,590 | 88,617 | 90,019 | 114,938 |
| Public assistance grants | - | - | - | 21,205 |
| Highway planning and construction grants | 443,056 | - | 405,498 | - |
| Other | 515,565 | 310,673 | 487,620 | 514,102 |
| State tax replacements: | | | | |
| State tax credits | 199,364 | 193,421 | 212,718 | 263,450 |
| State allocation | 101,227 | 108,184 | 108,495 | 108,367 |
| Mental health property tax relief | 482,548 | 482,548 | 561,096 | 548,211 |
| Direct federal grants and entitlements: | | | | |
| Other | 75,309 | 242,286 | 745,997 | 275,224 |
| Contributions and reimbursements from other governmental units | 73,184 | 207,995 | 98,150 | 138,837 |
| | <u>4,502,131</u> | <u>4,076,029</u> | <u>5,214,288</u> | <u>4,091,320</u> |
| Total | <u>\$ 7,142,733</u> | <u>6,596,780</u> | <u>7,896,039</u> | <u>6,924,754</u> |

See accompanying independent auditor's report.

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

| Grantor / Program | CFDA Number | Agency or Pass-through Number | Program Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| Direct: | | | |
| U.S. Department of Agriculture: | | | |
| Soil and Water Conservation | 10.902 | 69-6114-0-2 | \$ 75,309 |
| Soil and Water Conservation | 10.902 | 69-6114-0-8 | 69,002 |
| Soil and Water Conservation | 10.902 | 69-6114-1-9 | 8,744 |
| Total direct | | | 153,055 |
| Indirect: | | | |
| U.S. Department of Agriculture: | | | |
| Iowa Department of Human Services: | | | |
| Human Services Administrative | | | |
| Reimbursements: | | | |
| State Administrative Matching Grants for | | | |
| Food Stamp Program | 10.561 | | 6,099 |
| U.S. Department of Health and Human Services: | | | |
| Iowa Department of Human Services: | | | |
| Human Services Administrative Reimbursements: | | | |
| Temporary Assistance for Needy Families | 93.558 | | 9,536 |
| Refugee and Entrant Assistance - State | | | |
| Administered Programs | 93.566 | | 42 |
| Child Care Mandatory and Matching Funds | | | |
| of the Child Care and Development Fund | 93.596 | | 1,241 |
| Foster Care - Title IV-E | 93.658 | | 3,202 |
| Adoption Assistance | 93.659 | | 1,087 |
| Medical Assistance Program | 93.778 | | 9,696 |
| Social Services Block Grant | 93.667 | | 6,269 |
| Social Services Block Grant | 93.667 | | 88,590 |
| | | | 94,859 |
| Iowa Department of Public Health: | | | |
| Rural Health Outreach and Rural Network | | | |
| Development Program | 93.912 | 5882C073 | 8,652 |

Schedule 9

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

| Grantor / Program | CFDA Number | Agency or Pass-through Number | Program Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| Indirect (continued): | | | |
| Environmental Protection Agency: | | | |
| Iowa Department of Public Health: | | | |
| Linn County Public Health: | | | |
| State Indoor Radon Grants | 66.032 | 5881RC01 | 2,846 |
| U. S. Department of Transportation: | | | |
| Iowa Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | BROS-CO73(55)--8J-73 | 384,402 |
| Highway Planning and Construction | 20.205 | BROS-CO73(33)--8J-73 | 58,654 |
| | | | 443,056 |
| U. S. Department of Justice: | | | |
| Governor's Office on Drug Control Policy: | | | |
| Rural Domestic Violence and Child Victimization | | | |
| Enforcement Grant Program | 16.589 | 98RDV-002B | 26,716 |
| Total indirect | | | 607,032 |
| Total | | | \$ 760,087 |

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 general purpose financial statements.

See accompanying independent auditor's report.



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

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**Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting**

To the Officials of Page County:

We have audited the general purpose financial statements of Page County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 14, 2003. Our report expressed a qualified opinion on the financial statements due to the omission of the materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Page County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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. Prior year statutory comments have all been resolved.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-02 is a material weakness. Prior year reportable conditions have been resolved, except for item II-A-02.

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. 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.

January 14, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance**

Page County



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David A. Vaudt, CPA
Auditor of State

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Page County:

Compliance

We have audited the compliance of Page County, Iowa, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. Page County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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, Chapter 11 of the Code of Iowa, 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 provisions 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 that 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 its major federal program for the year ended June 30, 2002.

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

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

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

January 14, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Page County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

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

- (a) A qualified opinion was issued on the financial statements for the effect of the omission of the materials and supplies inventory, pertaining primarily to the Special Revenue Funds.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The County's major program was 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.

Page County
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2002

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that 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:

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

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

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Responses:

County Treasurer - Daily reconciling is done by different people in the office. The tax balancing is traded off monthly. The auto balancing is sometimes done by different people. (Chris usually does it but Sandy frequently helps.) I will have someone else open the mail at least weekly. We all collect receipts and do posting. At least once a week someone else does depositing.

County Sheriff - The Sheriff, Mike Williams, and Chief Deputy, Loren Pierce, will assist the Secretary, Susan Furst with these duties.

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

Conclusion - Responses accepted.

- II-B-02 County Vehicle Use Policy - The County owns vehicles for use by various employees while on County business. The County has established a formal policy to regulate the use of these vehicles, but it is not specific to incidental personal use or additional compensation for employees required by IRS regulations.

Recommendation - The County should revise its written policy regulating the use of County vehicles. The policy should include provisions for incidental personal use, commuting assignment of vehicles, documentation required, restricted vehicle uses and compensation for employees. The policy should be applied consistently for all County employees.

Response - We will establish a policy for vehicle use and follow the IRS rules.

Conclusion - Response accepted.

- II-C-02 Inventory Records - Detailed inventory records at year end are not maintained for secondary roads department materials and supplies.

Recommendation - A system should be developed to provide detailed records of secondary roads department materials and supplies inventory at the end of the year.

Response - We will encourage the County Engineer to have the responsible employees do the secondary roads department materials and supplies inventory so we will meet the audit requirements next year.

Conclusion - Response accepted.

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over the major program were identified.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

However, the County did not file a new depository resolution at the time that First Federal Lincoln Bank became Tier One Bank.

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

Response - A new depository resolution will be filed at once.

Conclusion - Response accepted.

IV-B-02 Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted.

Although disbursements did not exceed the amounts appropriated in the various departments at June 30, 2002, the final appropriation resolution amendment was not adopted before the amounts expended exceeded certain department appropriations.

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

Response - The Board and County Auditor knew exactly what areas needed to be amended and wanted to do only one amendment before June 30th. Our thought was as long as we were OK on June 30th, we were in compliance. We will do our best to do the amendment before we exceed appropriations in the future.

Conclusion - Response accepted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-C-02 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.

IV-D-02 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-02 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|---|------------------------------------|---------------|
| Ed Nordland, Board of Review, Owns Nordland Insurance Agency Inc. and Nordland Realty | Insurance, per bid | \$ 36,319 |
| James Maranville, Deputy County Sheriff | Re-roofing, per bid | 3,400 |
| Mike Furst, Brother-in-law of Secretary to County Sheriff | Remodeling, per bid | 24,000 |

In accordance with Chapter 331.342 of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since these transactions were entered into through competitive bidding.

IV-F-02 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-02 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-02 Deposits and Investments - Except as noted above, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-02 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).

IV-J-02 Electronic Check Retention - Chapter 554D3.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and the back of each cancelled check. The County retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation - The County should obtain and retain an image of both the front and back of each cancelled check as required.

Responses:

County Recorder - I will call the bank and request the front and back of checks.

County Sheriff - Susan Furst, Secretary, telephoned the Citizens State Bank on 1-17-03 and requested both sides of each check that clears from the account. The bank indicated that they will make the change.

County Extension Office - We will call the Page County State Bank and request the reverse side of the cancelled checks.

Conclusion - Responses accepted.

IV-K-02 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, 2002 for the County Extension Office did not exceed the amount budgeted.

The County Agricultural Extension Council donated \$9,000 to the Page County Fair Board and \$250 each to four public libraries in Page County. These disbursements may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

A letter dated June 28, 2002 from the Extension Education Director indicated that a reason for the donation was the Extension budget had more carryover than is allowed. Extension expenditures should be limited to the approved budget and the specified powers and duties as identified in the Code of Iowa for the Extension Council.

Recommendation - According to the Attorney General's opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin. The County Agricultural Extension Council should determine and document the public purpose served before authorizing any further payments. If this practice is continued, written policies and procedures should be established including the requirement for proper documentation of public purpose. The Extension Council should consult legal counsel and determine if the above disbursements meet the requirements of Chapter 176A. If they are determined not to meet the requirements, the Extension Council should request the return of the donations and make payment to the County Treasurer as required.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Response - If the Page County Agricultural Extension District has unencumbered funds in the county agricultural extension education fund in excess of one-half the amount expended from the fund in the previous year, the District shall pay the amount to the County Treasurer. We are scheduled to meet with the Page County Attorney on April 1 to address the allowability of the donations noted.

Conclusion - Response accepted.

Page County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Nancy F. Curtis, CPA, Senior Auditor II
Shawn P. Limback, CPA, Staff Auditor
Jodi L. Simon, Staff Auditor
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Deputy Auditor of State