



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE _____

April 11, 2012

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

The County had local tax revenue of \$18,061,476 for the year ended June 30, 2011, which included \$816,329 in tax credits from the state. The County forwarded \$14,052,662 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,008,814 of the local tax revenue to finance County operations, a 3.8% increase over the prior year. Other revenues included charges for service of \$630,912, operating grants, contributions and restricted interest of \$5,882,596, capital grants, contributions and restricted interest of \$763,962, unrestricted investment earnings of \$39,999, local option sales tax of \$392,797, gain on disposition of capital assets of \$199,893 and other general revenues of \$102,491.

Expenses for County operations totaled \$11,686,539, a 3.0% increase over the prior year. Expenses included \$5,124,643 for roads and transportation, \$2,084,443 for public safety and legal services and \$1,874,138 for mental health.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1110-0073-B00F.pdf>.

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PAGE COUNTY

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

JUNE 30, 2011

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	25
Notes to Financial Statements		26-38
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		40-41
Budget to GAAP Reconciliation		42
Notes to Required Supplementary Information – Budgetary Reporting		43
Schedule of Funding Progress for the Retiree Health Plan		44
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46-47
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	48-49
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	50-51
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	52-53
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	54-55
Schedule of Expenditures of Federal Awards	6	56-57
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		59-60
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		63-64
Schedule of Findings and Questioned Costs		65-73
Staff		74

Page County

Officials

(Before January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James D. Richardson	Board of Supervisors	Jan 2011
Elaine Armstrong	Board of Supervisors	Jan 2013
Jon W. Herzberg	Board of Supervisors	Jan 2013
Judy Clark	County Auditor	Jan 2013
Kim Behrens	County Treasurer	Jan 2011
Brenda Esaias	County Recorder	Jan 2011
Lyle Palmer	County Sheriff	Jan 2013
Jeremy Peterson	County Attorney	Jan 2011
Peggy Smith	County Assessor	Jan 2016

(After January 2011)

Elaine Armstrong	Board of Supervisors	Jan 2013
Jon W. Herzberg	Board of Supervisors	Jan 2013
James D. Richardson	Board of Supervisors	Jan 2015
Judy Clark	County Auditor	(Resigned)
Melissa Wellhausen (Appointed)	County Auditor	Nov 2012
Kim Behrens	County Treasurer	Jan 2015
Brenda Esaias	County Recorder	Jan 2015
Lyle Palmer	County Sheriff	Jan 2013
Jeremy Peterson	County Attorney	Jan 2015
Peggy Smith	County Assessor	Jan 2016

Page County



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Independent Auditor's Report

To the Officials of Page County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Page County's management. Our responsibility is to express opinions on these financial statements based on our audit.

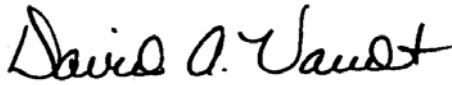
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Page County at June 30, 2011, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

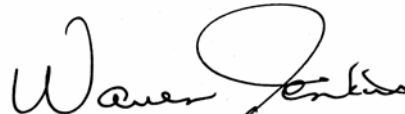
In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2012 on our consideration of Page County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 40 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Page County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 13, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Page County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 4%, or approximately \$469,000, from fiscal year 2010 to fiscal year 2011. Property tax and capital grants, contributions and restricted interest increased approximately \$162,000 and \$668,000, respectively. These increases were offset by a decrease in operating grants, contributions and restricted interest of approximately \$497,000.
- Program expenses of the County's governmental activities were 3%, or approximately \$341,000, more in fiscal year 2011 than in fiscal year 2010. Roads and transportation expenses decreased approximately \$368,000 and public safety and legal services expenses increased approximately \$524,000.
- The County's net assets increased 2%, or approximately \$335,000, from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Page County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Page County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Page County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

The Fund Financial Statements

The County has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Page County's combined net assets increased approximately \$335,000 from a year ago to approximately \$16.423 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2011	2010
Current and other assets	\$ 11,149,852	10,477,935
Capital assets	11,884,369	11,270,571
Total assets	<u>23,034,221</u>	<u>21,748,506</u>
Long-term liabilities	1,753,943	1,242,740
Other liabilities	4,856,832	4,417,245
Total liabilities	<u>6,610,775</u>	<u>5,659,985</u>
Net assets:		
Invested in capital assets, net of related debt	11,884,369	11,238,138
Restricted	3,918,816	3,431,503
Unrestricted	<u>620,261</u>	<u>1,418,880</u>
Total net assets	<u>\$ 16,423,446</u>	<u>16,088,521</u>

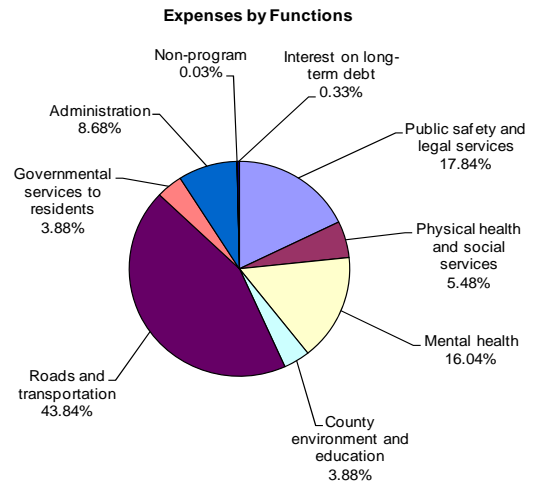
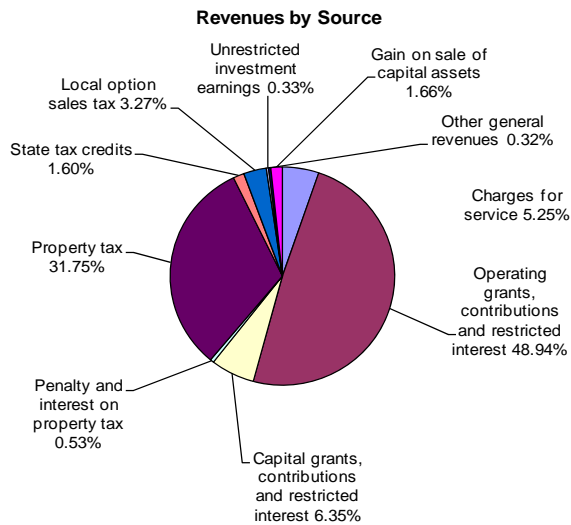
The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net asset component increased approximately \$646,000 over the prior year, or 5.8%.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net asset component increased approximately \$487,000, or 14.2%, over the prior year. This increase is primarily due to increases in net assets restricted for mental health purposes and unspent local option sales tax.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from approximately \$1,419,000 at June 30, 2010 to approximately \$620,000 at the end of this year, a decrease of 56%. The decrease was a result of issuing \$520,000 of general obligation capital loan notes for E911 equipment and a decrease in the net assets related to the unrestricted portion of the General Fund.

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 630,912	603,649
Operating grants, contributions and restricted interest	5,882,596	6,379,260
Capital grants, contributions and restricted interest	763,962	95,848
General revenues:		
Property tax	3,816,518	3,654,610
Penalty and interest on property tax	63,602	69,590
State tax credits	192,296	205,673
Local option sales tax	392,797	335,968
Unrestricted investment earnings	39,999	51,103
Gain on sale of capital assets	199,893	124,248
Other general revenues	38,889	32,836
Total revenues	12,021,464	11,552,785
Program expenses:		
Public safety and legal services	2,084,443	1,560,597
Physical health and social services	639,994	645,804
Mental health	1,874,138	1,853,607
County environment and education	454,000	367,897
Roads and transportation	5,124,643	5,492,842
Governmental services to residents	452,949	431,666
Administration	1,014,071	957,035
Non-program	3,287	1,210
Interest on long-term debt	39,014	35,273
Total expenses	11,686,539	11,345,931
Increase in net assets	334,925	206,854
Net assets beginning of year	16,088,521	15,881,667
Net assets end of year	\$ 16,423,446	16,088,521



Page County's countywide and rural property tax rates decreased \$.24621 per \$1,000 of taxable valuation. The rural assessed property taxable valuation increased approximately \$20,115,000. The countywide assessed property taxable valuation increased approximately \$31,826,000.

The cost of all governmental activities this year was approximately \$11.7 million compared to approximately \$11.3 million last year, a 3% increase. As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for governmental activities was only \$4.4 million because some of the cost was paid by those directly benefited from the programs (\$631,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$6,647,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for services, increased in fiscal year 2011 from approximately \$7,079,000 to approximately \$7,278,000. Capital grants, contributions and restricted interest increased approximately \$668,000, due primarily to FEMA grant revenues. The County paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other revenues, such as interest and local option sales tax.

INDIVIDUAL MAJOR FUND ANALYSIS

As Page County completed the year, its governmental funds reported a total fund balance of approximately \$6.2 million, an increase of approximately \$516,000 over the prior year balance.

The General Fund, the operating fund for Page County, ended the current year with a balance of \$2,254,821, a decrease from the prior year ending balance of \$2,457,679. Expenditures increased \$773,373, or 21.5%, from the prior year. The increase in expenditures is primarily related to payments made from the general obligation capital loan note proceeds to the E911 Fund to purchase equipment. The taxable property valuation increased from \$511,672,770 in fiscal year 2010 to \$543,498,850 in fiscal year 2011. The General Fund levy rate remained at \$3.50000 per \$1,000 of taxable valuation in fiscal year 2011.

Page County has continued to look for ways to effectively manage the cost of mental health services in the Special Revenue, Mental Health Fund. Fiscal year 2011 ended with a \$613,551 balance, an increase of \$256,733 over the prior year ending balance of \$356,818. Intergovernmental revenue increased \$39,306 while other revenues increased \$8,220. Expenditures for fiscal year 2011 increased \$35,293, or 2%, over fiscal year 2010 due to increased client services. The fiscal year 2011 mental health levy rate of \$1.18722 per \$1,000 of taxable valuation decreased \$.07664 per \$1,000 of taxable valuation from the fiscal year 2010 levy rate.

The Special Revenue, Rural Services Fund ended fiscal year 2011 with an \$81,103 balance compared to the fiscal year 2010 ending balance of \$82,260, a decrease of \$1,157, or 1.4%. Revenues increased \$42,714 while expenditures increased \$23,735 over the prior year. The local option sales tax received and credited to the Rural Services Fund meets the requirements of the referendum for property tax relief.

The Special Revenue, Secondary Roads Fund ended fiscal year 2011 with a \$2,686,866 balance compared to the prior year ending balance of \$2,347,589, an increase of \$339,277, or 14.5%. Revenues increased \$685,865 over fiscal year 2010 while expenditures decreased \$19,569, or less than one percent. The increase in revenues was primarily due to emergency watershed protection and FEMA project revenue, road use tax allocation and local option sales tax revenue.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget two times. The amendments were in February 2011 and in June 2011. The first amendment resulted in an increase in budgeted disbursements of \$2,649,527. Budgeted disbursements increased for public safety and legal services (\$542,505), physical health and social services (\$42,328), county environment and education (\$98,221), roads and transportation (\$50,000), administration (\$10,845), debt service (\$5,628) and capital projects (\$1,900,000). Intergovernmental budgeted receipts increased \$1,684,903, miscellaneous receipts increased \$52,421 and bond proceeds increased \$519,376 for E911 equipment. Other changes were due to reimbursement for hail damage to vehicles, FEMA damages, public health, conservation and secondary roads projects.

The second amendment resulted in an increase in budgeted disbursements of \$18,527. Budgeted disbursements increased for mental health (\$10,352), county environment and education (\$8,175) and administration (\$1,500). The governmental services to residents function was decreased \$1,500. Intergovernmental receipts increased \$10,352 and miscellaneous receipts increased \$8,175. The changes were the result of an increase for trail work at Pierce Creek, additional expenses of new personnel in the Auditor's office for training and certificates and additional consumers in mental health.

Overall, the County's receipts were \$453,047 more than budgeted, a variance of 3.9%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated.

Total disbursements were \$1,112,139 less than the amended budget. This was primarily due to slower progress being made on secondary roads projects than anticipated. Actual disbursements for the physical health and social services, roads and transportation and capital projects functions were \$190,661, \$146,540 and \$393,942, respectively, less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, Page County had approximately \$11.884 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is an increase of \$613,798 over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2011	2010
Land	\$ 874,232	787,608
Buildings and improvements	2,493,693	2,601,653
Equipment and vehicles	2,208,638	1,869,824
Infrastructure	6,307,806	6,011,486
Total	<u>\$ 11,884,369</u>	<u>11,270,571</u>

Page County's depreciation expense totaled \$828,406 in fiscal year 2011 and total accumulated depreciation of \$6,877,231 at June 30, 2011. Additional information about the County's capital assets is included in Note 5 to the financial statements.

Long-term Debt

At June 30, 2011, Page County had \$1,255,000 in general obligation capital loan note debt outstanding compared to \$837,433 at June 30, 2010, as shown below.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2011	2010
General obligation capital loan notes	\$ 1,255,000	805,000
Bank Loan	-	32,433
Total	\$ 1,255,000	837,433

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Page County's outstanding debt of \$1,255,000 is significantly below its constitutional debt limit of approximately \$45.0 million. Additional information about the County's long-term debt is included in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Page County's elected and appointed officials and citizens considered many factors when setting the county budget, tax rates and fees that apply for the various county services. One of those factors is the economy. Unemployment in the County now stands at 5.8% versus 7.4% a year ago. This compares to the State's unemployment rate of 6.0% and the national rate of 9.1%.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are approximately \$13.9 million, a decrease of 13.8% from the final fiscal year 2011 budget. Budgeted disbursements are expected to decrease approximately \$2,278,128, or 17.8%. The primary reasons for the decrease include general obligation capital loan notes issued in fiscal year 2011 for E911 equipment and fewer capital projects budgeted in fiscal year 2012. The County has added no major new programs or initiatives to the fiscal year 2012 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$599,000 by the close of fiscal year 2011.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Page County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Melissa Wellhausen at the Page County Auditor's Office, by mail at 112 E. Main, Clarinda, Iowa 51632 or by telephone at (712) 542-3219.

Page County

Basic Financial Statements

Page County
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Cash and pooled investments	\$ 5,486,464
Receivables:	
Property tax:	
Delinquent	24,101
Succeeding year	4,073,000
Interest and penalty on property tax	41,847
Accounts	5,877
Accrued interest	1,695
Loan	735,000
Due from other governments	391,121
Inventories	390,747
Capital assets (net of accumulated depreciation)	11,884,369
Total assets	23,034,221
Liabilities	
Accounts payable	409,358
Salaries and benefits payable	188,228
Accrued interest payable	3,154
Due to other governments	183,092
Deferred revenue:	
Succeeding year property tax	4,073,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	170,000
Compensated absences	118,155
Portion due or payable after one year:	
General obligation capital loan notes	1,085,000
Compensated absences	233,788
Net OPEB liability	147,000
Total liabilities	6,610,775
Net Assets	
Invested in capital assets	11,884,369
Restricted for:	
Supplemental levy purposes	197,898
Mental health purposes	597,574
Rural services purposes	67,597
Secondary roads purposes	2,454,071
Other purposes	601,676
Unrestricted	620,261
Total net assets	\$ 16,423,446

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,084,443	123,563	28,893	-	(1,931,987)
Physical health and social services	639,994	43,970	279,832	-	(316,192)
Mental health	1,874,138	-	1,485,541	-	(388,597)
County environment and education	454,000	91,921	86,197	86,624	(189,258)
Roads and transportation	5,124,643	114,207	3,969,248	677,338	(363,850)
Governmental services to residents	452,949	220,817	-	-	(232,132)
Administration	1,014,071	36,434	-	-	(977,637)
Non-program	3,287	-	-	-	(3,287)
Interest on long-term debt	39,014	-	32,885	-	(6,129)
Total	\$ 11,686,539	630,912	5,882,596	763,962	(4,409,069)
General Revenues:					
Property and other county tax levied for general purposes					3,816,518
Penalty and interest on property tax					63,602
State tax credits					192,296
Local option sales tax					392,797
Unrestricted investment earnings					39,999
Gain on disposition of capital assets					199,893
Miscellaneous					38,889
Total general revenues					4,743,994
Change in net assets					334,925
Net assets beginning of year					16,088,521
Net assets end of year					\$ 16,423,446

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,602,774	824,583	80,328
Receivables:			
Property tax:			
Delinquent	17,636	4,142	1,627
Succeeding year	2,623,000	616,000	730,000
Interest and penalty on property tax	41,847	-	-
Accounts	3,257	-	2,620
Accrued interest	1,695	-	-
Loan	735,000	-	-
Due from other governments	69,923	49,972	5,951
Due from other funds	7,030	-	-
Inventories			
Total assets	\$ 5,102,162	1,494,697	820,526
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 52,801	70,562	1,390
Salaries and benefits payable	107,193	10,878	5,146
Due to other governments	2,282	179,813	510
Due to other funds	-	-	-
Deferred revenue:			
Succeeding year property tax	2,623,000	616,000	730,000
Other	62,065	3,893	2,377
Total liabilities	2,847,341	881,146	739,423
Fund balances:			
Nonspendable - Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	213,532	-	-
Mental health purposes	-	613,551	-
Rural services purposes	-	-	81,103
Secondary roads purposes	-	-	-
Local option sales tax purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition	5,196	-	-
Debt service	735,000	-	-
Other purposes	-	-	-
Committed for capital projects	125,460	-	-
Unassigned	1,175,633	-	-
Total fund balances	2,254,821	613,551	81,103
Total liabilities and fund balances	\$ 5,102,162	1,494,697	820,526

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,444,642	534,137	5,486,464
-	696	24,101
-	104,000	4,073,000
-	-	41,847
-	-	5,877
-	-	1,695
-	-	735,000
201,261	64,014	391,121
-	-	7,030
390,747	-	390,747
3,036,650	702,847	11,156,882
284,286	319	409,358
65,011	-	188,228
487	-	183,092
-	7,030	7,030
-	104,000	4,073,000
-	653	68,988
349,784	112,002	4,929,696
390,747	-	390,747
-	-	213,532
-	-	613,551
-	-	81,103
2,296,119	-	2,296,119
-	494,450	494,450
-	53,195	53,195
-	-	5,196
-	-	735,000
-	50,187	50,187
-	-	125,460
-	(6,987)	1,168,646
2,686,866	590,845	6,227,186
3,036,650	702,847	11,156,882

Page County

Page County

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

June 30, 2011

Total governmental fund balances (page 19) \$ 6,227,186

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$18,761,600 and the accumulated depreciation is \$6,877,231. 11,884,369

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 68,988

Long-term liabilities, including capital loan notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (1,757,097)

Net assets of governmental activities (page 16) \$ 16,423,446

See notes to financial statements.

Page County

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

Year ended June 30, 2011

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,464,334	615,868	732,718
Local option sales tax	50,871	-	108,000
Interest and penalty on property tax	52,422	-	-
Intergovernmental	509,042	1,511,212	64,242
Licenses and permits	524	-	23,390
Charges for service	340,474	-	-
Use of money and property	72,397	-	-
Miscellaneous	160,489	4,927	1,296
Total revenues	<u>3,650,553</u>	<u>2,132,007</u>	<u>929,646</u>
Expenditures:			
Operating:			
Public safety and legal services	1,992,127	-	101,038
Physical health and social services	564,433	-	60,767
Mental health	-	1,875,274	-
County environment and education	344,025	-	46,006
Roads and transportation	-	-	-
Governmental services to residents	424,187	-	3,313
Administration	892,778	-	3,731
Non-program	3,287	-	-
Debt service	102,885	-	-
Capital projects	49,065	-	-
Total expenditures	<u>4,372,787</u>	<u>1,875,274</u>	<u>214,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(722,234)</u>	<u>256,733</u>	<u>714,791</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	(715,948)
General obligation notes issued	520,000	-	-
Discount on general obligation notes	(624)	-	-
Total other financing sources (uses)	<u>519,376</u>	<u>-</u>	<u>(715,948)</u>
Net change in fund balances	(202,858)	256,733	(1,157)
Fund balances beginning of year, as restated	<u>2,457,679</u>	<u>356,818</u>	<u>82,260</u>
Fund balances end of year	<u>\$ 2,254,821</u>	<u>613,551</u>	<u>81,103</u>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	43	3,812,963
40,000	193,926	392,797
-	-	52,422
4,935,669	14,647	7,034,812
1,195	-	25,109
80,108	2,366	422,948
-	726	73,123
39,603	7,429	213,744
5,096,575	219,137	12,027,918
-	-	2,093,165
-	-	625,200
-	-	1,875,274
-	31,383	421,414
3,621,166	-	3,621,166
-	5,001	432,501
-	53,197	949,706
-	-	3,287
-	5,678	108,563
1,852,080	-	1,901,145
5,473,246	95,259	12,031,421
(376,671)	123,878	(3,503)
715,948	-	715,948
-	-	(715,948)
-	-	520,000
-	-	(624)
715,948	-	519,376
339,277	123,878	515,873
2,347,589	466,967	5,711,313
2,686,866	590,845	6,227,186

Page County

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

Year ended June 30, 2011

Net change in fund balances - Total governmental funds (page 23) \$ 515,873

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

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

Expenditures for capital assets	\$ 1,165,566	
Capital assets contributed by others	86,624	
Depreciation expense	<u>(828,406)</u>	423,784

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 190,014

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

Property tax	3,555	
Other	<u>(286,647)</u>	(283,092)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(520,000)	
Repaid	<u>102,433</u>	(417,567)

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

Compensated absences	(20,533)	
Other postemployment benefits	(73,103)	
Interest on long-term debt	<u>(451)</u>	<u>(94,087)</u>

Change in net assets of governmental activities (page 17) **\$ 334,925**

See notes to financial statements.

Page County
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2011

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,074,558
Other County officials	28,144
Receivables:	
Property tax:	
Delinquent	111,031
Succeeding year	13,398,000
Accounts	16,532
Due from other governments	7,948
Total assets	14,636,213

Liabilities

Accounts payable	7,019
Salaries and benefits payable	9,391
Due to other governments	14,496,709
Trusts payable	111,816
Compensated absences	11,278
Total liabilities	14,636,213

Net assets	\$ -
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See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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 certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

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

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements in the capital projects function exceeded the amount budgeted prior to a budget amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	County Recorder's	
	Records Management	\$ 1,352
	Debt Service	5,678
Total		<u>\$ 7,030</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>\$ 715,948</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 787,608	86,624	-	874,232
Construction in progress	-	523,423	(523,423)	-
Total capital assets not being depreciated	<u>787,608</u>	<u>610,047</u>	<u>(523,423)</u>	<u>874,232</u>
Capital assets being depreciated:				
Buildings and improvements	4,620,050	-	-	4,620,050
Equipment and vehicles	5,418,570	842,742	(577,163)	5,684,149
Infrastructure, road network	7,059,746	523,423	-	7,583,169
Total capital assets being depreciated	<u>17,098,366</u>	<u>1,366,165</u>	<u>(577,163)</u>	<u>17,887,368</u>
Less accumulated depreciation for:				
Buildings and improvements	2,018,397	107,960	-	2,126,357
Equipment and vehicles	3,548,746	493,343	(566,578)	3,475,511
Infrastructure, road network	1,048,260	227,103	-	1,275,363
Total accumulated depreciation	<u>6,615,403</u>	<u>828,406</u>	<u>(566,578)</u>	<u>6,877,231</u>
Total capital assets being depreciated, net	<u>10,482,963</u>	<u>537,759</u>	<u>(10,585)</u>	<u>11,010,137</u>
Governmental activities capital assets, net	<u>\$ 11,270,571</u>	<u>1,147,806</u>	<u>(534,008)</u>	<u>11,884,369</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 54,269
Physical health and social services	1,570
Mental health	11,304
County environment and education	15,347
Roads and transportation	647,255
Governmental services to residents	1,643
Administration	97,018
Total depreciation expense - governmental activities	<u>\$ 828,406</u>

(6) 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>\$ 2,282</u>
Special Revenue:		
Mental Health	Services	179,813
Rural Services	Services	510
Secondary Roads	Services	487
		<u>180,810</u>
Total for governmental funds		<u>\$ 183,092</u>
Agency:		
County Assessor	Collections	\$ 326,592
Schools		8,168,140
Community Colleges		447,192
Corporations		4,584,489
Townships		145,685
Auto License and Use Tax		294,758
All other		529,853
Total for agency funds		<u>\$ 14,496,709</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	General Obligation Capital Loan Notes	Bank Loan	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 805,000	32,433	331,410	73,897	1,242,740
Increases	520,000	-	198,292	89,000	807,292
Decreases	70,000	32,433	177,759	15,897	296,089
Balance end of year	\$ 1,255,000	-	351,943	147,000	1,753,943
Due within one year	\$ 170,000	-	118,155	-	288,155

General Obligation Capital Loan Notes

Details of the County's June 30, 2011 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Issued February 1, 2007		
	Interest Rates	Principal	Interest
2012	3.85%	\$ 70,000	29,775
2013	3.85	75,000	27,080
2014	3.90	55,000	24,192
2015	3.95	60,000	22,048
2016	4.00	60,000	19,678
2017-2021	4.05-4.20	340,000	59,922
2022	4.25	75,000	3,188
Total		\$ 735,000	185,883

Year Ending June 30,	Issued September 29, 2010			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2012	1.50%	\$ 100,000	8,075	170,000	37,850	207,850
2013	1.50	100,000	6,575	175,000	33,655	208,655
2014	1.50	105,000	5,075	160,000	29,267	189,267
2015	1.50	105,000	3,500	165,000	25,548	190,548
2016	1.75	110,000	1,925	170,000	21,603	191,603
2017-2021		-	-	340,000	59,922	399,922
2022		-	-	75,000	3,188	78,188
Total		\$ 520,000	25,150	1,255,000	211,033	1,466,033

During the year ended June 30, 2011, the County issued \$520,000 of general obligation capital loan notes and retired \$70,000 of general obligation capital loan notes.

The Page County Landfill has agreed to pay the County the principal and interest on the capital loan notes issued February 1, 2007 as they become due. The County reports a loan receivable in the General Fund equal to the principal outstanding on the general obligation capital loan notes.

Bank Loan

In July 2007, the County entered into a loan agreement with the First National Bank of Shenandoah to borrow \$120,000 for the purchase of land by the County Conservation Board. The County made the final payment due July 3, 2011 prior to June 30, 2011. The payment totaled \$34,065, which included principal of \$32,433 and interest of \$1,632.

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$229,090, \$214,960 and \$204,938, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 77 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount determined using the alternate measurement method permitted by GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 89,000
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	(3,000)
Annual OPEB cost	<u>89,000</u>
Contributions made	<u>(15,897)</u>
Increase in net OPEB obligation	73,103
Net OPEB obligation beginning of year	<u>73,897</u>
Net OPEB obligation end of year	<u><u>\$ 147,000</u></u>

For the year ended June 30, 2011, the County contributed \$15,897 to the medical plan and there were no contributions from plan members eligible for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 88,518	16.5%	\$ 73,897
2011	89,000	17.9	147,000

Funded Status and Funding Progress – As of June 30, 2011, the actuarial accrued liability was \$651,389, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$651,389. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,978,000 and the ratio of the UAAL to covered payroll was 21.9%. As of June 30, 2011, there were no trust fund assets.

The projection of future benefit payments for ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, a simplified version of the unit credit actuarial cost method was used. The assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, projected to 2010 using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$896 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2011 were \$102,247.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$250,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Pending Litigation

The County is defendant in a lawsuit seeking approximately \$1,750,000 in damages. The probability and amount of loss, if any, is indeterminable.

(12) Financial Condition

The Special Revenue, County Recorder's Records Management and Debt Service Funds had unassigned deficit fund balances of \$1,352 and \$5,635, respectively, at June 30, 2011. The County plans to eliminate these deficits with future revenues.

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	General	Special Revenue Conservation Land Acquisition
Balances June, 30 2010, as previously reported	\$ 2,437,483	20,196
Change in fund type classification per implementation of GASB Statement No. 54	20,196	(20,196)
Balances July 1, 2010, as restated	<u>\$ 2,457,679</u>	<u>-</u>

Required Supplementary Information

Page County

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

Required Supplementary Information

Year ended June 30, 2011

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,209,837	-	4,209,837
Interest and penalty on property tax	51,962	-	51,962
Intergovernmental	7,044,676	-	7,044,676
Licenses and permits	23,987	-	23,987
Charges for service	420,437	-	420,437
Use of money and property	77,239	405	76,834
Miscellaneous	268,809	7,429	261,380
Total receipts	<u>12,096,947</u>	<u>7,834</u>	<u>12,089,113</u>
Disbursements:			
Public safety and legal services	2,105,063	-	2,105,063
Physical health and social services	626,714	-	626,714
Mental health	1,817,903	-	1,817,903
County environment and education	419,707	6	419,701
Roads and transportation	3,318,430	-	3,318,430
Governmental services to residents	430,812	-	430,812
Administration	933,466	-	933,466
Non-program	3,287	-	3,287
Debt service	108,563	-	108,563
Capital projects	1,890,309	-	1,890,309
Total disbursements	<u>11,654,254</u>	<u>6</u>	<u>11,654,248</u>
Excess (deficiency) of receipts over (under) disbursements	442,693	7,828	434,865
Other financing sources, net	<u>519,376</u>	-	<u>519,376</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	962,069	7,828	954,241
Balance beginning of year	<u>4,524,395</u>	<u>45,367</u>	<u>4,479,028</u>
Balance end of year	<u>\$ 5,486,464</u>	<u>53,195</u>	<u>5,433,269</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
4,168,192	4,168,427	41,410
31,200	31,200	20,762
4,818,343	6,713,598	331,078
49,890	49,890	(25,903)
323,755	323,755	96,682
112,014	112,014	(35,180)
176,586	237,182	24,198
<u>9,679,980</u>	<u>11,636,066</u>	<u>453,047</u>
1,681,411	2,223,916	118,853
775,047	817,375	190,661
1,937,888	1,948,240	130,337
365,530	471,926	52,225
3,414,970	3,464,970	146,540
457,870	456,370	25,558
973,431	985,776	52,310
5,000	5,000	1,713
102,935	108,563	-
384,251	2,284,251	393,942
<u>10,098,333</u>	<u>12,766,387</u>	<u>1,112,139</u>
(418,353)	(1,130,321)	1,565,186
<u>5,000</u>	<u>524,376</u>	<u>(5,000)</u>
(413,353)	(605,945)	1,560,186
<u>3,899,829</u>	<u>4,486,547</u>	<u>(7,519)</u>
<u>3,486,476</u>	<u>3,880,602</u>	<u>1,552,667</u>

Page County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,096,947	(69,029)	12,027,918
Expenditures	11,654,254	377,167	12,031,421
Net	442,693	(446,196)	(3,503)
Other financing sources, net	519,376	-	519,376
Beginning fund balances	4,524,395	1,186,918	5,711,313
Ending fund balances	\$ 5,486,464	740,722	6,227,186

See accompanying independent auditor's report.

Page County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,668,054. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2011, disbursements in the capital projects function exceeded the amount budgeted prior to a budget amendment.

Page County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 651	651	0.00%	\$ 2,610	25.0%
2011	July 1, 2009	-	651	651	0.00	2,978	21.9

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

Page County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
Assets			
Cash and pooled investments	\$ 37,259	430,436	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other governments	-	64,014	-
Total assets	\$ 37,259	494,450	-
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 319	-	-
Due to other funds	-	-	1,352
Deferred revenues:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	319	-	1,352
Fund balances:			
Restricted for:			
Local option sales tax purposes	-	494,450	-
Drainage purposes	-	-	-
Other purposes	36,940	-	-
Unassigned	-	-	(1,352)
Total fund balances	36,940	494,450	(1,352)
Total liabilities and fund balances	\$ 37,259	494,450	-

See accompanying independent auditor's report.

Revenue						
County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total	
41	53,195	5,249	7,957		534,137	
-	-	-	-	696	696	
-	-	-	-	104,000	104,000	
-	-	-	-	-	64,014	
41	53,195	5,249	7,957	104,696	702,847	
-	-	-	-	-	319	
-	-	-	-	5,678	7,030	
-	-	-	-	104,000	104,000	
-	-	-	-	653	653	
-	-	-	-	110,331	112,002	
-	-	-	-	-	494,450	
-	53,195	-	-	-	53,195	
41	-	5,249	7,957	-	50,187	
-	-	-	-	(5,635)	(6,987)	
41	53,195	5,249	7,957	(5,635)	590,845	
41	53,195	5,249	7,957	104,696	702,847	

Page County

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

Year ended June 30, 2011

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
Revenues:			
Property and other county tax	\$ -	-	-
Local option sales tax	-	193,926	-
Intergovernmental	14,647	-	-
Charges for service	-	-	2,366
Use of money and property	303	-	18
Miscellaneous	-	-	-
Total revenues	14,950	193,926	2,384
Expenditures:			
Operating:			
County environment and education	7,514	23,863	-
Governmental services to residents	-	-	5,001
Administration	-	53,197	-
Debt service	-	-	-
Total expenditures	7,514	77,060	5,001
Excess (deficiency) of revenues over (under) expenditures	7,436	116,866	(2,617)
Fund balances beginning of year, as restated	29,504	377,584	1,265
Fund balances end of year	\$ 36,940	494,450	(1,352)

See accompanying independent auditor's report.

Revenue						
County Recorder's Electronic Transaction Fee	Drainage Districts	Sheriff Special Investigation	Special Law Enforcement		Debt Service	Total
-	-	-	-		43	43
-	-	-	-		-	193,926
-	-	-	-		-	14,647
-	-	-	-		-	2,366
-	405	-	-		-	726
-	7,429	-	-		-	7,429
-	7,834	-	-		43	219,137
-	6	-	-		-	31,383
-	-	-	-		-	5,001
-	-	-	-		-	53,197
-	-	-	-		5,678	5,678
-	6	-	-		5,678	95,259
-	7,828	-	-		(5,635)	123,878
41	45,367	5,249	7,957		-	466,967
41	53,195	5,249	7,957		(5,635)	590,845

Page County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	9,961	106,916	136,996
Other County officials	28,144	-	-	-
Receivables:				
Property tax:				
Delinquent	-	913	1,619	57,144
Succeeding year	-	136,000	241,000	7,974,000
Accounts	1,809	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 29,953	146,874	349,535	8,168,140
Liabilities				
Accounts payable	\$ -	-	4,064	-
Salaries and benefits payable	-	-	7,601	-
Due to other governments	8,356	146,874	326,592	8,168,140
Trusts payable	21,597	-	-	-
Compensated absences	-	-	11,278	-
Total liabilities	\$ 29,953	146,874	349,535	8,168,140

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
7,258	71,331	2,434	294,758	444,904	1,074,558
-	-	-	-	-	28,144
2,934	48,158	251	-	12	111,031
437,000	4,465,000	143,000	-	2,000	13,398,000
-	-	-	-	14,723	16,532
-	-	-	-	7,948	7,948
447,192	4,584,489	145,685	294,758	469,587	14,636,213
-	-	-	-	2,955	7,019
-	-	-	-	1,790	9,391
447,192	4,584,489	145,685	294,758	374,623	14,496,709
-	-	-	-	90,219	111,816
-	-	-	-	-	11,278
447,192	4,584,489	145,685	294,758	469,587	14,636,213

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 25,839	140,994	382,152	8,020,753
Additions:				
Property and other county tax	-	136,859	240,787	7,996,696
E911 surcharge	-	-	-	-
State tax credits	-	6,496	13,458	389,478
Drivers license fees	-	-	-	-
Office fees and collections	318,093	-	2,954	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	157,801	-	-	-
Miscellaneous	-	-	-	-
Total additions	475,894	143,355	257,199	8,386,174
Deductions:				
Agency remittances:				
To other funds	182,378	-	-	-
To other governments	139,238	137,475	289,816	8,238,787
Trusts paid out	150,164	-	-	-
Total deductions	471,780	137,475	289,816	8,238,787
Balances end of year	\$ 29,953	146,874	349,535	8,168,140

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Other	Total
428,677	4,451,937	141,516	283,797	301,184	14,176,849
438,686	4,469,924	143,916	-	1,761	13,428,629
-	-	-	-	87,589	87,589
20,739	186,352	7,423	-	87	624,033
-	-	-	55,425	-	55,425
-	-	-	-	-	321,047
-	-	-	-	7,608	7,608
-	-	-	3,645,432	-	3,645,432
-	-	-	-	5,605	5,605
-	-	-	-	258,303	416,104
-	-	-	-	633,842	633,842
459,425	4,656,276	151,339	3,700,857	994,795	19,225,314
-	-	-	145,493	-	327,871
440,910	4,523,724	147,170	3,544,403	773,676	18,235,199
-	-	-	-	52,716	202,880
440,910	4,523,724	147,170	3,689,896	826,392	18,765,950
447,192	4,584,489	145,685	294,758	469,587	14,636,213

Page County

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

For the Last Ten Years

	2011	2010	2009
Revenues:			
Property and other county tax	\$ 3,812,963	3,651,339	3,456,016
Local option sales tax	392,797	335,968	364,509
Interest and penalty on property tax	52,422	60,909	47,930
Intergovernmental	7,034,812	6,380,225	4,574,776
Licenses and permits	25,109	28,923	26,546
Charges for service	422,948	364,551	371,561
Use of money and property	73,123	85,531	106,551
Miscellaneous	213,744	213,304	215,161
Total	\$ 12,027,918	11,120,750	9,163,050
Expenditures:			
Operating:			
Public safety and legal services	\$ 2,093,165	1,563,122	1,504,575
Physical health and social services	625,200	642,955	657,057
Mental health	1,875,274	1,839,981	1,697,407
County environment and education	421,414	339,852	344,506
Roads and transportation	3,621,166	3,510,329	3,348,105
Governmental services to residents	432,501	422,634	411,560
Administration	949,706	846,025	864,974
Non-program	3,287	1,210	1,601
Debt service	108,563	105,495	102,965
Capital projects	1,901,145	2,031,236	217,877
Total	\$ 12,031,421	11,302,839	9,150,627

See accompanying independent auditor's report.

Modified Accrual Basis						
2008	2007	2006	2005	2004	2003	2002
3,380,785	3,339,970	3,168,421	3,129,358	3,278,820	2,886,169	2,330,647
363,632	382,268	380,748	331,194	240,360	290,761	309,955
41,503	46,317	39,989	43,629	42,423	41,588	43,522
4,814,938	4,434,420	4,411,120	4,289,460	4,574,062	4,543,706	4,502,131
20,867	25,383	32,882	38,555	47,942	19,579	17,854
347,495	354,398	416,713	369,184	353,299	321,437	286,987
135,709	134,846	112,284	75,678	67,893	103,757	155,304
166,259	432,316	93,121	54,581	128,361	94,663	122,990
9,271,188	9,149,918	8,655,278	8,331,639	8,733,160	8,301,660	7,769,390
1,458,940	1,378,983	1,256,693	1,219,203	1,231,967	1,254,344	1,220,497
710,624	668,433	657,093	945,707	699,962	706,786	380,171
1,836,621	1,533,478	1,602,544	1,087,495	1,407,163	1,363,325	1,306,859
289,100	266,756	242,668	232,319	202,131	267,954	243,979
3,193,037	3,067,585	3,271,749	3,313,627	3,156,284	2,808,527	3,069,208
372,113	325,290	445,144	340,557	307,257	289,840	292,679
891,553	764,118	711,692	711,962	781,176	1,036,824	759,974
3,351	19,890	1,271	2,470	927	6,574	12,092
107,873	-	-	-	-	114,700	108,700
368,593	805,730	642,983	348,383	862,467	656,163	968,513
9,231,805	8,830,263	8,831,837	8,201,723	8,649,334	8,505,037	8,362,672

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Natural Resources Conservation Service:			
Emergency Watershed Protection Program	10.923	69-6114-9-76	\$ 548,859
Emergency Watershed Protection Program	10.923	69-6114-10-10	165,327
Emergency Watershed Protection Program	10.923	69-6114-9-24	201,436
Emergency Watershed Protection Program	10.923	69-6114-9-47	139,524
Emergency Watershed Protection Program	10.923	69-6114-9-51	1,075
			1,056,221
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		675
Total direct			1,056,896
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	10.561		8,678
U.S. Department of Health and Human Services:			
Visiting Nurses Association of Pottawattamie County:			
Public Health Emergency Preparedness	93.069	5881BT204	565 *
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT73	15,620
Public Health Emergency Preparedness	93.069	5881BT373	22,545
			38,165 *
Immunization Cluster:			
Immunization Grants	93.268	5881I460	7,394
Immunization Grants	93.268	5880I460	531
			7,925
ARRA - Immunization	93.712	5880I461	650
			8,575
Social Services Block Grant	93.667		10,688 **
Iowa Department of Human Services:			
Promoting Safe and Stable Families	93.556	DCFS5-10-092	8,044
Promoting Safe and Stable Families	93.556	ACFS1-11-081	11,250
			19,294
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs			
	93.566		9
Child Care Mandatory and Matching Funds of the Child Care and Development Fund			
	93.596		2,145
Foster Care - Title IV-E	93.658		3,491
Adoption Assistance	93.659		847

Page County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Children's Health Insurance Program	93.767		42
Medical Assistance Program	93.778		8,404
Social Services Block Grant	93.667		2,995
Social Services Block Grant	93.667		67,682
			<u>70,677</u> **
Iowa Cancer Consortium:			
ARRA - Trans - NIH Recovery Act Research Support	93.701	1 12411 00 01	3,649
Taylor County Public Health Agency:			
Maternal and Child Health Services Block Grant to the States	93.994	5881MH25	2,904
Maternal and Child Health Services Block Grant to the States	93.994	5880MH25	1,216
			<u>4,120</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Department of Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Diasters)	97.036	FEMA - 1763-DR-IA	554,319
Emergency Management Performance Grants	97.042		7,923
			<u>562,242</u>
Southwest Iowa Planning Council:			
Homeland Security Grant Program	97.067	2009-SS-T9-0034-04	901
Total indirect			<u>742,492</u>
Total			<u>\$ 1,799,388</u>

* Total for CFDA Number 93.069 is \$38,730

** Total for CFDA Number 93.667 is \$81,365

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 in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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

To the Officials of Page County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 13, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Page County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Page County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Page County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Page County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompany Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-11 through II-E-11 to be significant deficiencies.

Compliance and Other Matters

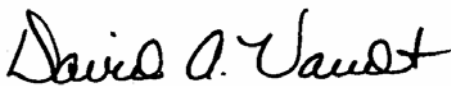
As part of obtaining reasonable assurance about whether Page County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted immaterial instances of non-compliance or other matters which 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, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

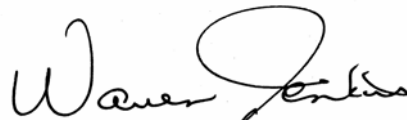
Page County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Page County's responses and, accordingly, we express no opinion on them.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 13, 2012

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

Page County



OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Officials of Page County:

Compliance

We have audited Page County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Page County's major federal program for the year ended June 30, 2011. 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 grant agreements 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Page County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Page County's compliance with those requirements.

In our opinion, Page County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

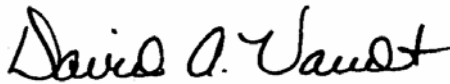
Internal Control Over Compliance

The management of Page County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Page County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Page County's internal control over compliance.

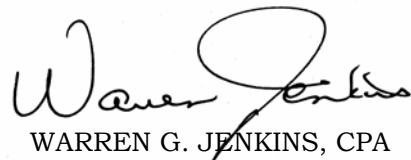
A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 13, 2012

Page County
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (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 noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 10.923 - Emergency Watershed Protection Program.
- (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, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts - opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Sheriff and County Recorder
(2) Disbursements - check writing, signing, posting, reconciling and final approval.	County Recorder
(3) Bank reconciliations are not reviewed periodically for propriety by an independent person who does not sign checks, handle or record cash.	County Sheriff, County Extension Office and County Recorder
(4) Cash - control of petty cash or change fund is not limited to one individual.	County Sheriff, County Extension Office and County Recorder

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

Responses -

County Sheriff - The Office Secretary, Chief Deputy and Sheriff all assist in opening mail, collecting money, depositing money, posting and daily reconciling. The office is in the process of cross-training other staff to assist with these duties. Due to the small office staff doing the above jobs, we are unable to do each of the above noted items daily. We will review our procedures to obtain the maximum control possible.

County Recorder - The Recorder's office has worked on measures to implement internal control and will continue to segregate the duties as much as possible with a small staff.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

County Extension – The Treasurer will initial the reconciliation statements. The Treasurer will review the checking bank statement once a month. The Director already reviews the statement. The Extension Council gets copies of the savings bank statement and low volume checking statement once a month. The Treasurer will randomly select numbered receipts and trace those receipts to the deposit slips once a month. The Treasurer will then find the deposit slip within the checking bank statement.

All Page County Extension staff are bonded. To increase oversight, the Office Assistant will be responsible for the petty cash fund. The Director will tell the Page County Extension staff they must inform the Office Assistant when they need petty cash and must return the receipts to her after purchasing items.

Conclusions – Responses accepted.

II-B-11 Computer Systems – During our review of internal control, the existing control activities in the County's computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following deficiencies in the County's computer systems were noted:

- (1) The County does not have written policies for an alternate power source if power is interrupted.
- (2) The County does not have a written disaster recovery plan addressing computer system issues.

Recommendation – The County should develop written policies for an alternate power source to improve the County's control over computer systems. Also, a written disaster recovery plan should be developed covering computer system issues.

Response – Due to budget constraints, an alternative power source is unlikely to be purchased at this time. The County is currently working on developing a disaster recovery plan and plans to have it approved before the next fiscal year.

Conclusion – Response accepted.

II-C-11 Timesheets – The County Engineer is an employee of Montgomery County but provides services to Page County pursuant to a 28E agreement. The County Engineer does not regularly submit a timesheet to the Board of Supervisors and a timesheet is not reviewed by the Montgomery County Board of Supervisors.

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

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Response – The Board currently reviews and signs off on the Engineer’s timesheet. In the future, the Board will sign off on the timesheets and send them to Montgomery County’s Board for them to sign off on as well and return for our recordkeeping.

Conclusion – Response accepted.

- II-D-11 Procurement Policy – The County does not have a written policy regarding bidding procedures to be followed for vehicle and other equipment purchases.

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

Response – The County will work on creating a policy for bidding procedures.

Conclusion – Response accepted.

- II-E-11 Inventory – A data entry error resulted in inventory being understated by \$20,213 at June 30, 2011.

Recommendation – The County should implement procedures to ensure inventory is properly calculated and included in the County’s financial statements.

Response – The Board will discuss this with the Engineer to ensure the salt and sand is measured, calculated and reported correctly.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget – During the year ended June 30, 2011, disbursements in the capital projects function exceeded the amount budgeted prior to a budget amendment.

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

Response – In the future, the County will ensure the budget amendment is completed before disbursements are allowed to exceed the budgeted amounts.

Conclusion – Response accepted.

IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-11 Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Charlie Spencer, Chairman of the Conservation Board, owner of Spencer’s	Office supplies	\$ 550

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the total was less than \$1,500 during the fiscal year.

IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

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

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

Response – The County has now started to publish the reason for the claims.

Conclusion – Response accepted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).
- IV-I-11 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, 2011 for the County Extension Office did not exceed the amount budgeted.

The Extension Council operates the Agricultural Management E-School (AMES) program which extends management education to agricultural producers, educators and service providers throughout the state. To facilitate collection of tuition paid on-line, the Extension Council maintains a Paypal account. The following internal control deficiencies related to the account were noted:

- The Paypal account financial activity and balance were not included in the Extension Council’s accounting system or the monthly or annual financial reports. In addition, disbursements made from the Paypal account were not approved by the Extension Council. This appears to violate Chapter 176A.14(4) of the Code of Iowa which states, in part, “The treasurer shall receive, deposit and have charge of all of the funds of the extension council and pay and disburse the same...”
- At June 30, 2011, the balance in the Paypal account was \$11,797. This does not appear to be a proper depository as defined by Chapter 12C.1(2c) of the Code of Iowa which states, in part, “Depository means a bank, a savings and loan, or credit union in which public funds are deposited.”
- Although the funds collected in the Paypal account were remitted to the Extension’s checking account, the remittances were not made on a regular basis.
- An independent review of the Paypal account activity is not performed.
- A reconciliation of class registrations and collections is not performed by an independent person.

Recommendation – If the Council continues to utilize the Paypal account, the Council should implement procedures to ensure adequate controls are in place over the account, including, but not limited to, the following:

- The Council should not allow disbursements to be made from the Paypal account since it does not allow for prior Council approval.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- To facilitate proper reporting of and security of Council funds, all tuition collected in the Paypal accounts should be remitted intact to the Extension bank account monthly.
- An independent person should review the Paypal account activity monthly.
- An independent person should also reconcile class registrations and collections.

Response – The Extension Field Agricultural Economist has not made any purchases from the PayPal account which would require disbursements without the Extension Council's approval since the representative from the State Auditor's Office contacted the Extension Director on January 19, 2012. Disbursements will not be made from the PayPal account.

The Page County Extension Council meets the first Monday of every month at 7 p.m. The PayPal balance will be transferred the week before the Extension Council meeting to the Extension checking account.

The Treasurer of the Page County Extension Council will be responsible for reviewing the PayPal account activity monthly. The Extension Director will add this statement to the fiscal policy which is approved every year by the Extension Council.

Beginning in March 2012, the Extension Field Agricultural Economist and the Treasurer of the Page County Extension Council will reconcile the current registration list with the PayPal payments monthly. The time period will be the fourth Monday of a month to the fourth Monday of the next month. This time period will provide enough time for the reconciliation to be completed before the Extension Council meeting.

Conclusion – Response accepted.

IV-J-11 Deficit Balances/Financial Condition – The Special Revenue, County Recorder's Records Management, Debt Service and Agency, Emergency Management Funds had deficit cash balances at June 30, 2011. This appears to violate Chapter 331.476 of the Code of Iowa.

In addition, the Special Revenue, County Recorder's Records Management and Debt Service Funds had unassigned deficit fund balances of \$1,352 and \$5,635, respectively, at June 30, 2011.

Recommendation – Claims should not be approved for payment when funds are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other County funds or other formal short-term debt instruments or obligations.

The County should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

Response – The County will return the funds to a sound financial position and will ensure deficit balances are not encountered in the future.

Conclusion – Response accepted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

IV-K-11 Outstanding Warrants – The County did not cancel warrants outstanding for more than one year as required by Chapter 331.554(7) of the Code of Iowa.

Recommendation – The County should cancel warrants outstanding for more than one year.

Response – In the future, the County will cancel warrants outstanding over one year.

Conclusion – Response accepted.

IV-L-11 Rapp Park Lease – The County Conservation Board has entered into a verbal lease agreement with a local farmer for crop land owned by the County. Under the agreement, the amount of rent paid to the County is based on a percentage of crops harvested. However, supporting documentation of the amount harvested is not provided to the County. In addition, the lease requires the farmer to help with upkeep of the park.

Payments of \$3,171 and \$3,795 made under the lease agreement for the years ended June 30, 2010 and June 30, 2011, respectively, were remitted to the Greater Shenandoah Foundation in lieu of the County Treasurer. This appears to violate Chapter 331.552(1) of the Code of Iowa which states, in part, “The treasurer shall receive all money payable to the County unless otherwise provided by law.”

Additionally, the County has not properly documented the reason for not bidding the annual leasing of the property.

Recommendation – The County should reduce the terms of the agreement to writing and ensure the renter provides supporting documentation to evidence the County’s share of crops harvested. All payments by the renter should be deposited with the County Treasurer. In addition, the County should either accept bids for the property rental or document the reason for not bidding.

Response – The County Attorney will be contacted to create a written lease agreement which includes documentation of the harvested amount and additional assistance provided by the farmer for upkeep. Also, the reason for not bidding will be documented within the lease agreement.

Conservation is supplying copies of checks received and supporting documentation of the amounts harvested for fiscal year 2010 and fiscal year 2011. A check for \$6,965.51 was remitted to Conservation by the Foundation. A check for fiscal year 2012 was sent directly to the County and deposited by the County Treasurer.

Conclusion – Response accepted.

Page County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Brett M. Zeller, Senior Auditor
Alison P. Herold, CPA, Staff Auditor
Robert W. Endriss, Assistant Auditor
Russell G. Jordan, Assistant Auditor
Brandon J. Vogel, Assistant Auditor
Stephen J. Hoffman, Auditor Intern

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

Andrew E. Nielsen, CPA
Deputy Auditor of State