

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE March 16, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Page County, Iowa.

The County had local tax revenue of \$19,926,137 for the year ended June 30, 2015, which included \$1,655,686 in tax credits from the state. The County forwarded \$15,023,581 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,902,556 of the local tax revenue to finance County operations, a .9% increase over the prior year. Other revenues included charges for service of \$527,539, operating grants, contributions and restricted interest of \$3,649,347, capital grants, contributions and restricted interest of \$318,803, unrestricted investment earnings of \$12,499, local option sales tax of \$403,628, gain on disposition of capital assets of \$139,218 and other general revenues of \$189,171.

Expenses for County operations for the year ended June 30, 2015 totaled \$9,858,888, a 5% increase over the prior year. Expenses included \$4,311,466 for roads and transportation, \$1,684,875 for public safety and legal services and \$1,276,715 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/1510-0073-B00F.pdf>.

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PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015

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Page County

Officials

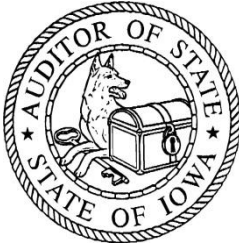
(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James D. Richardson	Board of Supervisors	Jan 2015
Elaine Armstrong	Board of Supervisors	Jan 2017
Jon W. Herzberg	Board of Supervisors	Jan 2017
Melissa Wellhausen	County Auditor	Jan 2017
Kim Behrens	County Treasurer	(Resigned)
Angie Dow (Appointed)	County Treasurer	Nov 2014
Brenda Esaias	County Recorder	Jan 2015
Lyle Palmer	County Sheriff	Jan 2017
Jeremy Peterson	County Attorney	Jan 2015
Peggy Smith	County Assessor	Jan 2016

(After January 2015)

Elanie Armstrong	Board of Supervisors	Jan 2017
Jon W. Herzberg	Board of Supervisors	Jan 2017
James D. Richardson	Board of Supervisors	Jan 2019
Melissa Wellhausen	County Auditor	Jan 2017
Angie Dow	County Treasurer	Jan 2019
Brenda Esaias	County Recorder	Jan 2019
Lyle Palmer	County Sheriff	Jan 2017
Jeremy Peterson	County Attorney	(Resigned)
Carl Sonksen (appointed)	County Attorney	Nov 2016
Peggy Smith	County Assessor	Jan 2016

Page County



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Independent Auditor's Report

To the Officials of Page County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Page County as of June 30, 2015, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 12, Page County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Page County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2016 on our consideration of Page County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 in considering Page County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 22, 2016

Page County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Page County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$2,133,512 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 pension expense and net pension liabilities, deferred outflows of resources and deferred inflows of resources at June 30, 2013 and 2014 were not restated because the information was not available.
- Revenues of the County's governmental activities decreased 16.1%, or approximately \$1,947,000, from fiscal year 2014 to fiscal year 2015. Property tax increased approximately \$60,000, operating grants, contributions and restricted interest increased approximately \$173,000 and capital grants, contributions and restricted interest decreased approximately \$2,008,000 due to a decrease in the Iowa Department of Transportation's contribution of infrastructure.
- Program expenses of the County's governmental activities increased 5.2%, or approximately \$486,000, from fiscal year 2014 to fiscal year 2015. Roads and transportation function expenses increased approximately \$156,000 while mental health function expenses increased approximately \$377,000.
- The County's net position increased 1.5%, or approximately \$284,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY AS A WHOLE:

Government-wide Financial Statements

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

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has two kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Page County's combined net position decreased from approximately \$20.7 million to approximately \$18.9 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 13,137,240	11,939,435
Capital assets	15,028,161	15,114,515
Total assets	<u>28,165,401</u>	<u>27,053,950</u>
Deferred outflows of resources	427,866	-
Long-term liabilities	2,891,563	1,453,948
Other liabilities	606,683	386,418
Total liabilities	<u>3,498,246</u>	<u>1,840,366</u>
Deferred inflows of resources	6,218,076	4,487,000
Net position:		
Net investment in capital assets	15,028,161	15,114,515
Restricted	4,044,651	4,217,981
Unrestricted	(195,867)	1,394,088
Total net position	<u>\$ 18,876,945</u>	<u>20,726,584</u>

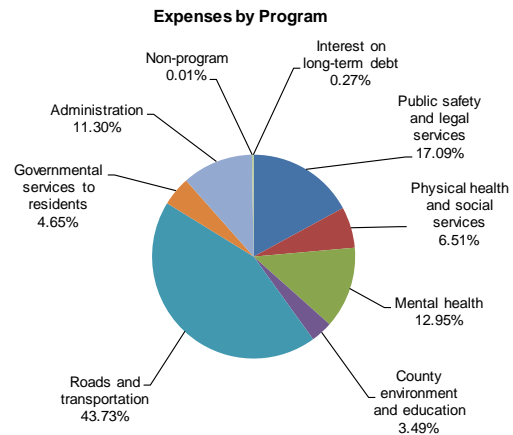
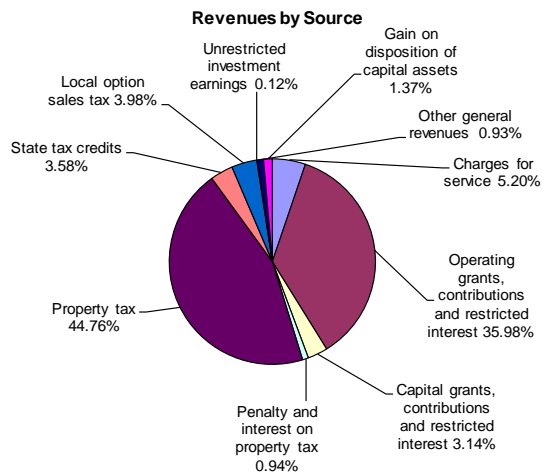
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net position component decreased approximately \$86,000, or .57%, from the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component decreased approximately \$173,000, or 4.1%, from the prior year.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased approximately \$1,590,000 from the prior year, due primarily to recording the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 527,539	678,786
Operating grants, contributions and restricted interest	3,649,347	3,475,986
Capital grants, contributions and restricted interest	318,803	2,326,310
General revenues:		
Property tax	4,539,316	4,479,023
Penalty and interest on property tax	95,161	47,677
State tax credits	363,240	382,038
Local option sales tax	403,628	406,390
Unrestricted investment earnings	12,499	12,842
Gain on disposition of capital assets	139,218	211,721
Other general revenues	94,010	68,806
Total revenues	10,142,761	12,089,579
Program expenses:		
Public safety and legal services	1,684,875	1,741,893
Physical health and social services	641,626	429,191
Mental health	1,276,715	899,951
County environment and education	344,293	479,091
Roads and transportation	4,311,466	4,155,227
Governmental services to residents	458,540	482,567
Administration	1,114,024	1,149,885
Non-program	1,111	4,666
Interest on long-term debt	26,238	30,352
Total expenses	9,858,888	9,372,823
Change in net position	283,873	2,716,756
Net position beginning of year, as restated	18,593,072	18,009,828
Net position end of year	\$ 18,876,945	20,726,584



Prior to restatement, the net position of Page County's governmental activities increased approximately \$1,850,000 during the year. Revenues for governmental activities decreased approximately \$1,947,000 from the prior year. Property tax increased approximately \$60,000, charges for service decreased approximately \$151,000 and capital grants, contributions and restricted interest decreased approximately \$2,008,000. The decrease in capital grants, contributions and restricted interest was primarily due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately \$9.86 million compared to approximately \$9.37 million last year, a 5.1% increase. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for governmental activities was approximately \$5.36 million because some of the cost was paid by those directly benefited from the programs (approximately \$528,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,968,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2015 from approximately \$6,481,000 to approximately \$4,496,000. The County paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Page County completed the year, its governmental funds reported a combined fund balance of approximately \$7.1 million, an increase of approximately \$106,000 above last year's total of approximately \$6.9 million. The following are the reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund, the operating fund for Page County, ended the current year with a balance of \$2,912,696, an increase of \$367,971 over the prior year ending balance of \$2,544,725. Revenues increased \$389,244 and expenditures increased \$178,974, due primarily to moving case management from the Special Revenue, Mental Health Fund to the General Fund. The taxable property valuation increased from \$626,531,651 in fiscal year 2014 to \$638,446,380 in fiscal year 2015. The general basic levy rate remained at \$3.50000 per \$1,000 of taxable valuation in fiscal year 2015.
- 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 2015 ended with a \$558,372 balance, a decrease of \$475,249 from the prior year ending balance of \$1,033,621. Revenues decreased \$406,743 in fiscal year 2015 due, in part, to decreased funding from the State and moving case management to the General Fund. Expenditures for fiscal year 2015 increased \$411,176, or 46%, over fiscal year 2014, due primarily to the distribution of mental health funds to the Region. The fiscal year 2015 mental health levy rate of \$1.02127 per \$1,000 of taxable valuation decreased from the fiscal year 2014 levy rate of \$1.04069 per \$1,000 of taxable valuation.
- The Special Revenue, Rural Services Fund ended fiscal year 2015 with a \$51,437 balance compared to the June 30, 2014 balance of \$48,919. Revenues increased \$40,625 while expenditures decreased \$4,024 from the prior year. The local option sales tax transferred to the Rural Services Fund meets the requirements of the referendum for property tax relief.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2015 with a \$3,049,511 balance compared to the June 30, 2014 balance of \$2,830,097. Revenues increased \$128,976 over fiscal year 2014 while expenditures decreased \$28,772, or .7%. The decrease in expenditures was primarily due to purchasing less equipment during fiscal year 2015.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was in May 2015. The amendment resulted in a total increase in budgeted disbursements of \$274,600. Budgeted disbursements increased for capital projects (\$100,000), physical health and social services (\$56,782), public safety and legal services (\$32,952), administration (\$65,000) and county environment and education (\$19,866). Total budgeted receipts increased \$274,868, including \$214,800 for intergovernmental, \$32,952 for charges for service, \$7,250 for licenses and permits and \$19,866 for miscellaneous. The changes were due, in part, to additional grant funds and disbursements for the new Communications Center.

Overall, the County's receipts were \$510,427 less than budgeted, a variance of 5.0%. Total disbursements were \$1,528,482 less than the amended budget. Actual disbursements for the county environment and education, administration and capital projects functions were \$208,959, \$366,349 and \$489,196, respectively, less than budgeted. Even with the budget amendment, disbursements exceeded the budgeted amount in the mental health function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Page County had approximately \$15 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a decrease of approximately \$86,000 from the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2015	2014
Land	\$ 874,232	874,232
Construction in progress	-	430,414
Buildings and improvements	2,234,714	2,291,772
Equipment and vehicles	2,265,044	2,014,545
Infrastructure	9,654,171	9,503,552
Total	<u>\$ 15,028,161</u>	<u>15,114,515</u>

Page County's depreciation expense totaled \$1,220,197 in fiscal year 2015 and total accumulated depreciation was \$10,200,387 at June 30, 2015. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2015, Page County had \$585,000 of general obligation capital loan note debt outstanding compared to \$750,000 at June 30, 2014.

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 \$585,000 is significantly below its constitutional debt limit of approximately \$60.2 million. Additional information about the County's long-term debt is included in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Page County's elected and appointed officials and citizens considered many factors when setting the 2016 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 3.8% versus 4.5% a year ago. This compares to the State's unemployment rate of 3.7% and the national rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are approximately \$16.3 million, an increase of 4% from the final fiscal year 2015 budget. Budgeted disbursements are \$11.9 million, an approximately \$1.0 million increase over fiscal year 2015. The County has added no major new programs or initiatives to the fiscal year 2016 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$254,000 by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Page County

Basic Financial Statements

Page County
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and pooled investments	\$ 6,244,730
Receivables:	
Property tax:	
Delinquent	33,377
Succeeding year	5,365,000
Interest and penalty on property tax	83,865
Accounts	36,006
Loan	475,000
Due from other governments	426,395
Inventories	472,867
Capital assets, net of accumulated depreciation	15,028,161
Total assets	28,165,401
Deferred Outflows of Resources	
Pension related deferred outflows	427,866
Liabilities	
Accounts payable	257,702
Salaries and benefits payable	99,210
Accrued interest payable	2,212
Due to other governments	247,559
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	170,000
Compensated absences	130,539
Portion due or payable after one year:	
General obligation capital loan notes	415,000
Compensated absences	253,144
Net pension liability	1,519,880
Net OPEB liability	403,000
Total liabilities	3,498,246
Deferred Inflows of Resources	
Unavailable property tax revenue	5,365,000
Pension related deferred inflows	853,076
Total deferred inflows of resources	6,218,076
Net Position	
Net investment in capital assets	15,028,161
Restricted for:	
Supplemental levy purposes	216,004
Mental health purposes	546,052
Rural services purposes	26,988
Secondary roads purposes	2,709,700
Other purposes	545,907
Unrestricted	(195,867)
Total net position	\$ 18,876,945

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,684,875	131,880	46,477	-	(1,506,518)
Physical health and social services	641,626	17,873	191,681	-	(432,072)
Mental health	1,276,715	-	415,372	-	(861,343)
County environment and education	344,293	31,702	14,695	-	(297,896)
Roads and transportation	4,311,466	93,819	2,958,574	318,803	(940,270)
Governmental services to residents	458,540	230,316	-	-	(228,224)
Administration	1,114,024	21,949	-	-	(1,092,075)
Non-program	1,111	-	-	-	(1,111)
Interest on long-term debt	26,238	-	22,548	-	(3,690)
Total	\$ 9,858,888	527,539	3,649,347	318,803	(5,363,199)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,434,954
Debt service					104,362
Penalty and interest on property tax					95,161
State tax credits					363,240
Local option sales tax					403,628
Unrestricted investment earnings					12,499
Gain on disposal of capital assets					139,218
Miscellaneous					94,010
Total general revenues					5,647,072
Change in net position					283,873
Net position beginning of year, as restated					18,593,072
Net position end of year					\$ 18,876,945

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2015

Assets	Special Revenue		
	General	Mental Health	Rural Services
Cash and pooled investments	\$ 2,464,550	731,164	52,961
Receivables:			
Property tax:			
Delinquent	26,336	3,378	2,077
Succeeding year	3,708,000	476,000	956,000
Interest and penalty on property tax	83,865	-	-
Accounts	2,728	32,532	746
Loan	475,000	-	-
Due from other governments	47,562	36,556	766
Inventories	-	-	-
Total assets	\$ 6,808,041	1,279,630	1,012,550
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 17,711	248	74
Salaries and benefits payable	60,629	1,020	2,962
Due to other governments	1,251	240,681	-
Total liabilities	79,591	241,949	3,036
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	3,708,000	476,000	956,000
Other	107,754	3,309	2,077
Total deferred inflows of resources	3,815,754	479,309	958,077
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	434,328	-	-
Mental health purposes	-	558,372	-
Rural services purposes	-	-	51,437
Secondary roads purposes	-	-	-
Local option sales tax purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition	3,881	-	-
Debt service	475,000	-	-
Other purposes	72,229	-	-
Committed for capital projects	40,460	-	-
Unassigned	1,886,798	-	-
Total fund balances	2,912,696	558,372	51,437
Total liabilities, deferred inflows of resources and fund balances	\$ 6,808,041	1,279,630	1,012,550

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,582,834	413,221	6,244,730
-	1,586	33,377
-	225,000	5,365,000
-	-	83,865
-	-	36,006
-	-	475,000
273,705	67,806	426,395
472,867	-	472,867
3,329,406	707,613	13,137,240
239,669	-	257,702
34,599	-	99,210
5,627	-	247,559
279,895	-	604,471
-	225,000	5,365,000
-	1,554	114,694
-	226,554	5,479,694
472,867	-	472,867
-	-	434,328
-	-	558,372
-	-	51,437
2,576,644	-	2,576,644
-	382,971	382,971
-	57,962	57,962
-	-	3,881
-	11,262	486,262
-	28,864	101,093
-	-	40,460
-	-	1,886,798
3,049,511	481,059	7,053,075
3,329,406	707,613	13,137,240

Page County

Page County

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

June 30, 2015

Total governmental fund balances (page 21)		\$ 7,053,075
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$25,228,548 and the accumulated depreciation is \$10,200,387.		15,028,161
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		114,694
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources	\$ 427,866	
Deferred inflows of resources	<u>(853,076)</u>	(425,210)
Long-term liabilities, including general obligation capital loan notes payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(2,893,775)</u>
Net position of governmental activities (page 18)		<u><u>\$ 18,876,945</u></u>

See notes to financial statements.

Page County

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

Year ended June 30, 2015

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,909,610	610,072	926,635
Local option sales tax	-	-	-
Interest and penalty on property tax	83,438	-	-
Intergovernmental	740,868	217,252	63,414
Licenses and permits	334	-	10,393
Charges for service	377,044	-	-
Use of money and property	59,221	-	-
Miscellaneous	98,667	108	1,176
Total revenues	4,269,182	827,432	1,001,618
Expenditures:			
Operating:			
Public safety and legal services	1,668,138	-	120,705
Physical health and social services	578,281	-	58,236
Mental health	-	1,298,439	-
County environment and education	278,845	-	33,545
Roads and transportation	-	-	-
Governmental services to residents	464,469	-	3,359
Administration	968,561	-	3,389
Non-program	1,111	-	-
Debt service	82,548	-	-
Total expenditures	4,041,953	1,298,439	219,234
Excess (deficiency) of revenues over (under) expenditures	227,229	(471,007)	782,384
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	140,742	-	122,269
Transfers out	-	(4,242)	(902,135)
Total other financing sources (uses)	140,742	(4,242)	(779,866)
Change in fund balances	367,971	(475,249)	2,518
Fund balances beginning of year	2,544,725	1,033,621	48,919
Fund balances end of year	\$ 2,912,696	558,372	51,437

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	103,997	4,550,314
-	403,628	403,628
-	-	83,438
2,958,574	23,326	4,003,434
3,157	-	13,884
-	2,428	379,472
444	112	59,777
97,389	-	197,340
<u>3,059,564</u>	<u>533,491</u>	<u>9,691,287</u>
-	-	1,788,843
-	-	636,517
-	-	1,298,439
-	38,098	350,488
3,828,285	-	3,828,285
-	-	467,828
-	81,501	1,053,451
-	-	1,111
-	109,000	191,548
<u>3,828,285</u>	<u>228,599</u>	<u>9,616,510</u>
<u>(768,721)</u>	<u>304,892</u>	<u>74,777</u>
31,000	-	31,000
957,135	-	1,220,146
-	(313,769)	(1,220,146)
<u>988,135</u>	<u>(313,769)</u>	<u>31,000</u>
219,414	(8,877)	105,777
<u>2,830,097</u>	<u>489,936</u>	<u>6,947,298</u>
<u>3,049,511</u>	<u>481,059</u>	<u>7,053,075</u>

Page County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25) \$ 105,777

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

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

Expenditures for capital assets	\$ 706,822	
Capital assets contributed by the Iowa Department of Transportation	318,803	
Depreciation expense	<u>(1,220,197)</u>	(194,572)

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. 108,218

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

Property tax	(10,998)	
Other	<u>4,451</u>	(6,547)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 165,000

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 312,855

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	(16,735)	
Other postemployment benefits	(66,000)	
Pension expense	(124,433)	
Interest on long-term debt	<u>310</u>	<u>(206,858)</u>

Change in net position of governmental activities (page 19) \$ 283,873

See notes to financial statements.

Page County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,219,404
Other County officials	38,033
Receivables:	
Property tax:	
Delinquent	120,323
Succeeding year	13,754,000
Accounts	15,511
Special assessments	6,365
Due from other governments	111,830
Total assets	<u>15,265,466</u>

Liabilities

Accounts payable	6,187
Salaries and benefits payable	5,944
Due to other governments	15,211,943
Trusts payable	28,333
Compensated absences	13,059
Total liabilities	<u>15,265,466</u>
Net position	<u><u>\$ -</u></u>

See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2015

(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, West Central Development Corporation and the Southwest Iowa MHDS Region.

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has 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 to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Cash Equivalents 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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

Special Assessments Receivable – Special assessments receivable represent the amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

Capital Assets – Capital assets, which include property, 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 Position. 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 using the straight line method over the following estimated useful lives:

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the mental health function and disbursements in three departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Mental Health	\$ 4,242
	Local Option Sales Tax	136,500
Special Revenue:	Special Revenue:	
Rural Services	Local Option Sales Tax	122,269
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	902,135
	Local Option Sales Tax	55,000
Total		<u>\$ 1,220,146</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance			Balance
	Beginning	Increases	Decreases	End
	of Year			of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 874,232	-	-	874,232
Construction in progress	430,414	318,803	(749,217)	-
Total capital assets not being depreciated	<u>1,304,646</u>	<u>318,803</u>	<u>(749,217)</u>	<u>874,232</u>
Capital assets being depreciated:				
Buildings and improvements	4,756,830	59,724	-	4,816,554
Equipment and vehicles	6,246,919	801,786	(351,839)	6,696,866
Infrastructure, road network	12,091,679	749,217	-	12,840,896
Total capital assets being depreciated	<u>23,095,428</u>	<u>1,610,727</u>	<u>(351,839)</u>	<u>24,354,316</u>
Less accumulated depreciation for:				
Buildings and improvements	2,465,058	116,782	-	2,581,840
Equipment and vehicles	4,232,374	504,817	(305,369)	4,431,822
Infrastructure, road network	2,588,127	598,598	-	3,186,725
Total accumulated depreciation	<u>9,285,559</u>	<u>1,220,197</u>	<u>(305,369)</u>	<u>10,200,387</u>
Total capital assets being depreciated, net	<u>13,809,869</u>	<u>390,530</u>	<u>(46,470)</u>	<u>14,153,929</u>
Governmental activities capital assets, net	<u>\$15,114,515</u>	<u>709,333</u>	<u>(795,687)</u>	<u>15,028,161</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 95,447
Physical health and social services	410
Mental health	5,843
County environment and education	17,418
Roads and transportation	985,766
Administration	<u>115,313</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,220,197</u></u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 1,251</u>
Special Revenue:		
Mental Health	Services	240,681
Secondary Roads	Services	<u>5,627</u>
		<u>246,308</u>
Total for governmental funds		<u><u>\$ 247,559</u></u>
Agency:		
County Assessor	Collections	\$ 604,020
Schools		8,007,638
Community Colleges		691,757
Corporations		4,639,742
Townships		175,222
Auto License and Use Tax		341,194
All other		<u>752,370</u>
Total for agency funds		<u><u>\$ 15,211,943</u></u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	General Obligation Capital Loan Notes	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ 750,000	366,948	2,434,339	337,000	1,453,948
Increases	-	218,004	-	70,000	288,004
Decreases	165,000	201,269	914,459	4,000	370,269
Balance end of year	<u>\$ 585,000</u>	<u>383,683</u>	<u>1,519,880</u>	<u>403,000</u>	<u>2,891,563</u>
Due within one year	<u><u>\$ 170,000</u></u>	<u>130,539</u>	-	-	300,539

General Obligation Capital Loan Notes

Details of the County's June 30, 2015 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Landfill Issued February 1, 2007			Emergency Equipment Issued September 29, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.00%	\$ 60,000	19,678	1.75%	\$ 110,000	1,925
2017	4.05	60,000	17,277		-	-
2018	4.10	65,000	14,847		-	-
2019	4.15	70,000	12,182		-	-
2020	4.20	70,000	9,277		-	-
2021-2022	4.20-4.25	150,000	9,525		-	-
Total		<u>\$475,000</u>	<u>82,786</u>		<u>\$ 110,000</u>	<u>1,925</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2016	\$ 170,000	21,603	191,603
2017	60,000	17,277	77,277
2018	65,000	14,847	79,847
2019	70,000	12,182	82,182
2020	70,000	9,277	79,277
2021-2022	150,000	9,525	159,525
Total	<u>\$ 585,000</u>	<u>84,711</u>	<u>669,711</u>

During the year ended June 30, 2015, the County retired \$165,000 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 come due. The County reports a loan receivable in the General Fund equal to the principal outstanding on those general obligation capital loan notes.

(7) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

The Sheriff, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. The Sheriff, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$312,855.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$1,519,880 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .0383236%, which was a decrease of .004074% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$124,433. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,280	21,858
Changes of assumptions	70,169	20,735
Net difference between projected and actual earnings on pension plan investments	-	809,465
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	27,562	1,018
County contributions subsequent to the measurement date	312,855	-
Total	\$ 427,866	853,076

\$312,855 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (185,685)
2017	(185,685)
2018	(185,685)
2019	(185,685)
2020	4,675
Total	<u>\$ (738,065)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset):	\$ 3,370,095	\$1,519,880	\$ (40,338)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2015, the County reported payables to IPERS of \$8,038 for legally required County contributions and \$5,175 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 73 active and 2 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 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, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 70,000
Interest on net OPEB obligation	13,000
Adjustment to annual required contribution	<u>(13,000)</u>
Annual OPEB cost	70,000
Contributions made	<u>(4,000)</u>
Increase in net OPEB obligation	66,000
Net OPEB obligation beginning of year	<u>337,000</u>
Net OPEB obligation end of year	<u><u>\$ 403,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$4,000 to the medical plan and members eligible for benefits contributed \$11,998, or 75% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 70,000	28.6%	\$ 273,000
2014	71,000	9.9	337,000
2015	70,000	5.7	403,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$496,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$496,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,138,000 and the ratio of the UAAL to covered payroll was 15.8%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve 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. Actuarially determined amounts 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.

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 actuarial 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, 2012 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. An inflation rate of 3% is assumed for the purpose of this computation.

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

Projected claim costs of the medical plan range from \$590 to \$1,322 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.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The County's property and casualty contributions to the 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, 2015 were \$94,399.

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 through reinsurance and excess risk-sharing agreements up to the amount of

risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation 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.

(10) Pending Litigation

The County is defendant in two lawsuits. The County is in settlement negotiations. The probability of loss, if any, is undeterminable.

(11) Page County Financial Information Included in the Southwest Iowa MHDS Region

The Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, became effective July 10, 2014 and includes the following member counties: Cass County, Fremont County, Harrison County, Mills County, Monona County, Montgomery County, Pottawattamie County, Shelby County and Page County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2015, as follows:

Revenues:			
Property and other county tax		\$	610,072
Intergovernmental:			
State tax credits	\$	45,576	
Social services block grant		153,310	
Other		18,366	217,252
Miscellaneous			108
Total revenues			<u>827,432</u>
Expenditures:			
Services to persons with mental illness			292,180
General administration:			
Direct administration		68,836	
Purchased administration		7,276	
Distribution to MHDS regional fiscal agent		929,634	1,005,746
County provided case management			513
Total expenditures			<u>1,298,439</u>
Deficiency of revenues under expenditures			(471,007)
Other financing uses:			
Transfer out for case management			(4,242)
Deficiency of revenues			
under expenditures and other financing uses			(475,249)
Fund balance beginning of year			<u>1,033,621</u>
Fund balance end of year		\$	<u>558,372</u>

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 20,726,584
Net pension liability at June 30, 2014	(2,434,339)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>300,827</u>
Net position July 1, 2014, as restated	<u><u>\$18,593,072</u></u>

(13) Subsequent Event

On October 27, 2015, the County approved the issuance of \$1,205,000 of general obligation solid waste management and refunding bonds, Series 2015. The proceeds of the bonds will be used to refund the 2007 notes outstanding and fund construction of solid waste management improvements. The interest on the bonds will range from .75% to 2.10% per annum.

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,943,639	-	4,943,639
Interest and penalty on property tax	81,672	-	81,672
Intergovernmental	3,904,457	-	3,904,457
Licenses and permits	13,732	-	13,732
Charges for service	382,565	-	382,565
Use of money and property	59,802	-	59,802
Miscellaneous	395,588	87	395,501
Total receipts	9,781,455	87	9,781,368
Disbursements:			
Public safety and legal services	1,796,656	-	1,796,656
Physical health and social services	476,753	-	476,753
Mental health	1,346,441	-	1,346,441
County environment and education	348,581	-	348,581
Roads and transportation	3,689,670	-	3,689,670
Governmental services to residents	467,387	-	467,387
Administration	1,048,959	-	1,048,959
Non-program	1,111	-	1,111
Debt service	191,548	-	191,548
Capital projects	-	-	-
Total disbursements	9,367,106	-	9,367,106
Excess (deficiency) of receipts over (under) disbursements	414,349	87	414,262
Other financing sources, net	31,000	-	31,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	445,349	87	445,262
Balance beginning of year	5,799,381	57,875	5,741,506
Balance end of year	\$ 6,244,730	57,962	6,186,768

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
5,043,469	5,043,469	(99,830)
31,200	31,200	50,472
3,991,327	4,206,127	(301,670)
38,515	45,765	(32,033)
344,034	376,986	5,579
79,150	79,150	(19,348)
489,232	509,098	(113,597)
10,016,927	10,291,795	(510,427)
1,882,648	1,915,600	118,944
600,082	656,864	180,111
1,265,531	1,265,531	(80,910)
537,674	557,540	208,959
3,870,000	3,870,000	180,330
529,801	529,801	62,414
1,350,308	1,415,308	366,349
4,000	4,000	2,889
191,748	191,748	200
389,196	489,196	489,196
10,620,988	10,895,588	1,528,482
(604,061)	(603,793)	1,018,055
30,000	30,000	1,000
(574,061)	(573,793)	1,019,055
4,273,624	4,273,624	1,467,882
3,699,563	3,699,831	2,486,937

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Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,781,455	(90,168)	9,691,287
Expenditures	9,367,106	249,404	9,616,510
Net	414,349	(339,572)	74,777
Other financing sources, net	31,000	-	31,000
Beginning fund balances	5,799,381	1,147,917	6,947,298
Ending fund balances	\$ 6,244,730	808,345	7,053,075

See accompanying independent auditor's report.

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Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$274,600. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the mental health function and disbursements in three departments exceeded the amounts appropriated.

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

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.0383236%
County's collective proportionate share of the net pension liability (asset)	\$ 1,520
County's covered-employee payroll	\$ 3,291
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.19%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

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Schedule of County Contributions

Iowa Public Employees' Retirement System
Last Seven Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 313	301	283
Contributions in relation to the statutorily required contribution	<u>(313)</u>	<u>(301)</u>	<u>(283)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 3,427	3,291	3,160
Contributions as a percentage of covered-employee payroll	9.13%	9.15%	8.96%

See accompanying independent auditor's report.

GASB Statement No. 68 requires ten years of information be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
272	229	215	205
<u>(272)</u>	<u>(229)</u>	<u>(215)</u>	<u>(205)</u>
-	-	-	-
<hr/> <hr/> 3,236	<hr/> <hr/> 3,093	<hr/> <hr/> 3,095	<hr/> <hr/> 3,094
8.41%	7.40%	6.95%	6.63%

Page County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

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	Jul 1, 2009	-	\$ 651	651	0.0%	\$ 2,610	25.0%
2011	Jul 1, 2009	-	651	651	0.0	2,978	21.9
2012	Jul 1, 2009	-	651	651	0.0	2,633	24.7
2013	Jul 1, 2012	-	496	496	0.0	2,937	16.9
2014	Jul 1, 2012	-	496	496	0.0	3,008	16.5
2015	Jul 1, 2012	-	496	496	0.0	3,138	15.8

See Note 8 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.

Supplementary Information

Page County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	Special Revenue			
	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets				
Cash and pooled investments	\$ 5,031	315,165	10,582	45
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other governments	-	67,806	-	-
Total assets	\$ 5,031	382,971	10,582	45
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
None	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Local option sales tax purposes	-	382,971	-	-
Drainage purposes	-	-	-	-
Debt service	-	-	-	-
Other purposes	5,031	-	10,582	45
Total fund balances	5,031	382,971	10,582	45
Total liabilities, deferred inflows of resources and fund balances	\$ 5,031	382,971	10,582	45

See accompanying independent auditor's report.

Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
57,962	5,249	7,957	11,230	413,221
-	-	-	1,586	1,586
-	-	-	225,000	225,000
-	-	-	-	67,806
<u>57,962</u>	<u>5,249</u>	<u>7,957</u>	<u>237,816</u>	<u>707,613</u>
-	-	-	-	-
-	-	-	225,000	225,000
-	-	-	1,554	1,554
-	-	-	226,554	226,554
-	-	-	-	382,971
57,962	-	-	-	57,962
-	-	-	11,262	11,262
-	5,249	7,957	-	28,864
<u>57,962</u>	<u>5,249</u>	<u>7,957</u>	<u>11,262</u>	<u>481,059</u>
<u>57,962</u>	<u>5,249</u>	<u>7,957</u>	<u>237,816</u>	<u>707,613</u>

Page County

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

Year ended June 30, 2015

	Resource	Local	County Recorder's	Special Revenue
	Enhancement	Option	Records	County Recorder's
	and Protection	Sales Tax	Management	Electronic
				Transaction Fee
Revenues:				
Property and other county tax	\$ -	-	-	-
Local option sales tax	-	403,628	-	-
Intergovernmental	14,608	-	-	-
Charges for service	-	-	2,428	-
Use of money and property	12	-	13	-
Total revenues	14,620	403,628	2,441	-
Expenditures:				
Operating:				
County environment and education	9,598	28,500	-	-
Administration	-	81,501	-	-
Debt service	-	-	-	-
Total expenditures	9,598	110,001	-	-
Excess of revenues over expenditures	5,022	293,627	2,441	-
Other financing uses:				
Transfers out	-	(313,769)	-	-
Change in fund balances	5,022	(20,142)	2,441	-
Fund balances beginning of year	9	403,113	8,141	45
Fund balances end of year	\$ 5,031	382,971	10,582	45

See accompanying independent auditor's report.

Drainage Districts	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
-	-	-	103,997	103,997
-	-	-	-	403,628
-	-	-	8,718	23,326
-	-	-	-	2,428
87	-	-	-	112
87	-	-	112,715	533,491
-	-	-	-	38,098
-	-	-	-	81,501
-	-	-	109,000	109,000
-	-	-	109,000	228,599
87	-	-	3,715	304,892
-	-	-	-	(313,769)
87	-	-	3,715	(8,877)
57,875	5,249	7,957	7,547	489,936
57,962	5,249	7,957	11,262	481,059

Page County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	10,274	229,973	124,304
Other County officials	38,033	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,146	2,791	58,334
Succeeding year	-	161,000	393,000	7,825,000
Accounts	3,030	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 41,063	172,420	625,764	8,007,638
Liabilities				
Accounts payable	\$ -	-	4,304	-
Salaries and benefits payable	-	-	4,381	-
Due to other governments	12,730	172,420	604,020	8,007,638
Trusts payable	28,333	-	-	-
Compensated absences	-	-	13,059	-
Total liabilities	\$ 41,063	172,420	625,764	8,007,638

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
10,918	61,842	2,923	341,194	437,976	1,219,404
-	-	-	-	-	38,033
4,839	52,900	299	-	14	120,323
676,000	4,525,000	172,000	-	2,000	13,754,000
-	-	-	-	12,481	15,511
-	-	-	-	6,365	6,365
-	-	-	-	111,830	111,830
691,757	4,639,742	175,222	341,194	570,666	15,265,466
-	-	-	-	1,883	6,187
-	-	-	-	1,563	5,944
691,757	4,639,742	175,222	341,194	567,220	15,211,943
-	-	-	-	-	28,333
-	-	-	-	-	13,059
691,757	4,639,742	175,222	341,194	570,666	15,265,466

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 24,894	171,959	489,123	7,912,034
Additions:				
Property and other county tax	-	162,407	395,861	7,862,343
E911 surcharge	-	-	-	-
State tax credits	-	13,639	33,707	664,320
Drivers license fees	-	-	-	-
Office fees and collections	278,138	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	294,259	-	-	-
Miscellaneous	-	-	3,363	-
Total additions	572,397	176,046	432,931	8,526,663
Deductions:				
Agency remittances:				
To other funds	150,119	-	-	-
To other governments	127,193	175,585	296,290	8,431,059
Trusts paid out	278,916	-	-	-
Total deductions	556,228	175,585	296,290	8,431,059
Balances end of year	\$ 41,063	172,420	625,764	8,007,638

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
694,623	4,771,079	164,948	319,703	603,212	15,151,575
680,471	4,451,969	176,125	-	1,959	13,731,135
-	-	-	-	64,665	64,665
57,669	512,760	10,185	-	166	1,292,446
-	-	-	98,799	-	98,799
-	-	-	-	-	278,138
-	-	-	-	2,429	2,429
-	-	-	4,096,998	-	4,096,998
-	-	-	-	4,131	4,131
-	-	-	-	229,609	523,868
-	-	-	-	297,013	300,376
738,140	4,964,729	186,310	4,195,797	599,972	20,392,985
-	-	-	174,479	-	324,598
741,006	5,096,066	176,036	3,999,827	316,178	19,359,240
-	-	-	-	316,340	595,256
741,006	5,096,066	176,036	4,174,306	632,518	20,279,094
691,757	4,639,742	175,222	341,194	570,666	15,265,466

Page County

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

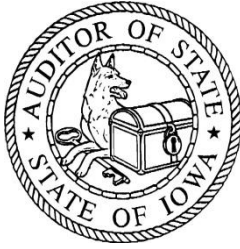
For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 4,550,314	4,466,421	4,335,624	4,078,162
Local option sales tax	403,628	406,390	425,499	375,357
Interest and penalty on property tax	83,438	56,108	53,385	56,356
Intergovernmental	4,003,434	3,883,318	3,995,968	4,738,624
Licenses and permits	13,884	16,865	17,158	28,032
Charges for service	379,472	377,446	379,710	386,857
Use of money and property	59,777	59,527	57,449	58,510
Miscellaneous	197,340	275,950	165,848	198,155
Total	\$ 9,691,287	9,542,025	9,430,641	9,920,053
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,788,843	1,756,049	1,644,181	1,566,346
Physical health and social services	636,517	495,523	598,861	622,277
Mental health	1,298,439	887,263	979,363	2,091,423
County environment and education	350,488	460,764	407,866	405,052
Roads and transportation	3,828,285	3,846,334	3,203,989	3,438,999
Governmental services to residents	467,828	447,565	479,084	455,672
Administration	1,053,451	1,037,211	989,835	1,016,144
Non-program	1,111	4,666	2,794	1,354
Debt service	191,548	190,269	209,657	208,851
Capital projects	-	24,038	217,783	509,226
Total	\$ 9,616,510	9,149,682	8,733,413	10,315,344

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
3,812,963	3,651,339	3,456,016	3,380,785	3,339,970	3,168,421
392,797	335,968	364,509	363,632	382,268	380,748
52,422	60,909	47,930	41,503	46,317	39,989
7,034,812	6,380,225	4,574,776	4,814,938	4,434,420	4,411,120
25,109	28,923	26,546	20,867	25,383	32,882
422,948	364,551	371,561	347,495	354,398	416,713
73,123	85,531	106,551	135,709	134,846	112,284
213,744	213,304	215,161	166,259	432,316	93,121
12,027,918	11,120,750	9,163,050	9,271,188	9,149,918	8,655,278
2,093,165	1,563,122	1,504,575	1,458,940	1,378,983	1,256,693
625,200	642,955	657,057	710,624	668,433	657,093
1,875,274	1,839,981	1,697,407	1,836,621	1,533,478	1,602,544
421,414	339,852	344,506	289,100	266,756	242,668
3,621,166	3,510,329	3,348,105	3,193,037	3,067,585	3,271,749
432,501	422,634	411,560	372,113	325,290	445,144
949,706	846,025	864,974	891,553	764,118	711,692
3,287	1,210	1,601	3,351	19,890	1,271
108,563	105,495	102,965	107,873	-	-
1,901,145	2,031,236	217,877	368,593	805,730	642,983
12,031,421	11,302,839	9,150,627	9,231,805	8,830,263	8,831,837

Page County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Officials of Page County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Page County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Page County's internal control. Accordingly, we do not express an opinion on the effectiveness of Page County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control 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 described in the accompanying Schedule of Findings as item (A) 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 the accompanying Schedule of Findings as items (B) through (D) to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Page County's Responses to the Findings

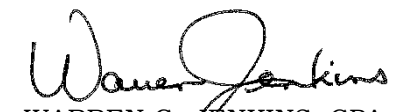
Page County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Page County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 22, 2016

Page County

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) 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. An initial listing of mail receipts is not prepared by the Sheriff and Conservation offices.	Conservation, Engineer, Extension, Public Health, Recorder, Sheriff and Treasurer
(2) Disbursements – check writing, signing, posting, reconciling and final approval.	Recorder
(3) Bank reconciliations are not reviewed periodically for propriety by an independent person who does not sign checks, handle or record cash.	Recorder and Sheriff
(4) Cash – control of petty cash fund or change fund is not limited to one individual.	Assessor, Extension, Recorder, Sheriff and Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The officials should utilize current personnel, including elected officials and personnel from other County offices, 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 documented by the signature or initials of the reviewer and the date of the review.

Responses –

Assessor – With limited staff, segregation of duties is difficult. Every effort will be made to implement measures needed to obtain maximum internal control.

Conservation – The County Conservation office will attempt to implement written procedures for receipt collections, deposits and reconciling of financial items. In addition, the Conservation office will review segregation of duties and try to provide implementation of review of financial transactions by an independent reviewer.

Page County

Schedule of Findings

Year ended June 30, 2015

Engineer – Although our limited staff size makes it difficult to properly segregate duties, we will continue to refine our methods implementing internal controls to segregate duties more effectively.

Extension – Although we have a limited staff, we will work one ways to implement the internal control suggestions.

Public Health – The mail is opened by the Administrator, recorded in the mail log and initialed. The log and mail are given to the Assistant Administrator who reviews and initials the log and returns it to the Administrator for processing. The Administrator will compare this log to the deposit made with the County Treasurer.

Recorder – We will work on ways to implement internal control and will continue to segregate duties as much as possible with limited staff.

Sheriff –The office secretary, Chief Deputy and County Sheriff all assist in opening the mail, collecting money, depositing, posting and daily reconciling. We will also prepare a list checks and cash received on a test basis and then compare it to the cash receipts records. Due to the small number of office staff doing the above jobs, we are unable to do each of the above noted items every day.

Treasurer – All staff must participate in the “collecting” process. The money is counted and reconciled by no less than two members prior to being deposited. Posting and daily reconciliation is divided between two or more staff. Their work will be initialed to evidence who performed the work.

Conclusions – Responses accepted.

- (B) Claim Approval – Thirty-four of 44 claims reviewed lacked evidence of review and approval by department heads.

Recommendation – Individual claims should include evidence of approval by department heads.

Response – We will ensure the initials or signature of the department heads are included on the claims.

Conclusion – Response accepted.

- (C) Computer System – The County does not have a written disaster recovery plan addressing the County’s computer system.

Recommendation – A written disaster recovery plan should be developed covering the County’s computer system.

Response – The County will establish a written disaster recovery plan.

Conclusion – Response accepted.

Page County

Schedule of Findings

Year ended June 30, 2015

- (D) County Extension – One County Extension employee is employed by both the County Extension Office and the County Fair Board. The County Extension Office does not work in conjunction with the Fair Board to ensure hours allocated to the Extension Office and the Fair Board are reasonable and accurate.

Recommendation – The County Extension Office should review and approve the timesheet for the employee in conjunction with the County Fair Board. The employee's timesheet should support all hours worked.

Response – After the audit is public information, this item will be discussed with the Extension Council.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Schedule of Findings

Year ended June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the mental health function. In addition, disbursements in three departments exceeded the amounts appropriated.

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

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

Response – The County will monitor the budget, including departmental appropriations, to ensure adjustments are approved by the Board, when necessary.

Conclusion – Response accepted.

- (2) 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.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – The following business transactions between the County and County officials or employees were noted.

Name, Title and Business Connection	Transaction Description	Amount
Charlie Spencer, Chairman of the Conservation Board, owner of Spencer’s	Supplies and apparel	\$369

The transactions with Spencer’s do not appear to represent a conflict of interest in accordance with Chapter 331.342 (2)(j) of the Code of Iowa since the total transactions were less than \$1,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

Page County

Schedule of Findings

Year ended June 30, 2015

- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

- (10) 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 we will make sure warrants are canceled.

Conclusion – Response accepted.

- (11) Mental Health Funds – During fiscal year 2014, the County disbursed \$205,000 of grants from the Special Revenue, Mental Health Fund which included \$125,000 to Page County Public Health and \$20,000 to each local pharmacy. Of the total grants disbursed, \$204,195 was determined to not be allowable expenditures from the Special Revenue, Mental Health Fund. These funds were to be recouped and remitted to the Southwest Iowa MHDS Region (Region).

During fiscal year 2015, the Special Revenue, Mental Health Fund recouped \$186,195. The remaining \$18,000 from one pharmacy has not been recouped by the County. In addition, these funds were not remitted to the Region.

Recommendation – The County should again request repayment of the remaining funds from the pharmacy and remit the funds received to the Region.

Response – We are working to receive the remaining funds and will then remit the amount due to the Region.

Conclusion – Response accepted.

- (12) Publication of Salaries – Salaries were not published in local newspapers per Chapter 349.18 of the Code of Iowa.

Recommendation – Salaries should be published in local newspapers in compliance with Chapter 349.18 of the Code of Iowa.

Response – In the future we will ensure salaries are published.


Conclusion – Response accepted.

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Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Joshua W. Ostrander, Senior Auditor
Anthony M. Heibult, Staff Auditor
David A. Cook, CPA, Staff Auditor
Miranda A. Shipman, Staff Auditor
Premnarayan Gobin, Assistant Auditor
Cole L. Hocker, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State