



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 24, 2009

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

The County had local tax revenue of \$16,360,326 for the year ended June 30, 2008, which included \$969,255 in tax credits from the state. The County forwarded \$12,750,392 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,609,934 of the local tax revenue to finance County operations, a less than one percent increase over the prior year. Other revenues included charges for service of \$520,572, operating grants, contributions and restricted interest of \$4,304,989, capital grants, contributions and restricted interest of \$142,329, unrestricted investment earnings of \$112,487, local option sales tax of \$363,632, and other general revenues of \$79,826.

Expenses for County operations totaled \$9,168,974, a 7 percent increase over the prior year. Expenses included \$3,604,725 for roads and transportation, \$1,835,838 for mental health and \$1,476,626 for public safety and legal services.

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

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PAGE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

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Page County

Officials

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

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Independent Auditor's Report

To the Officials of Page County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Page County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

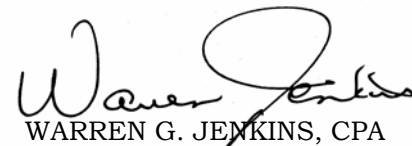
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Page County at June 30, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2009 on our consideration of Page County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Page County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 3, 2009

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, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 3%, or approximately \$329,000, from fiscal 2007 to fiscal 2008. Property tax and operating grants and contributions increased approximately \$42,000 and \$422,000, respectively. These increases were offset with decreases in capital grants and contributions of approximately \$313,000, gain on sale of capital assets of approximately \$180,000 and an insurance litigation settlement of approximately \$331,000.
- Program expenses of the County's governmental activities were 7%, or approximately \$580,000, more in fiscal 2008 than in fiscal 2007. Mental health expenses increased approximately \$305,000 and public safety and legal services expenses increased approximately \$129,000.
- The County's net assets decreased less than 1%, or approximately \$35,000, from June 30, 2007 to June 30, 2008.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

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

REPORTING THE COUNTY AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

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

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

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

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

The Fund Financial Statements

The County has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Page County's combined net assets decreased approximately \$35,000 from a year ago to approximately \$16.067 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2008	2007
Current and other assets	\$ 9,841,318	9,705,439
Capital assets	11,653,698	11,639,320
Total assets	<u>21,495,016</u>	<u>21,344,759</u>
Long-term liabilities	1,385,014	1,300,074
Other liabilities	4,042,575	3,942,053
Total liabilities	<u>5,427,589</u>	<u>5,242,127</u>
Net assets:		
Invested in capital assets	11,533,698	11,639,320
Restricted	3,080,542	2,967,994
Unrestricted	1,453,187	1,495,318
Total net assets	<u>\$ 16,067,427</u>	<u>16,102,632</u>

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, equipment and construction in progress). This net asset component decreased approximately \$106,000 from the prior year, or less than 1%.

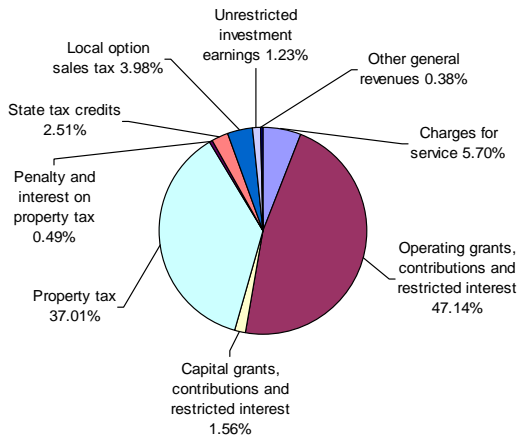
Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net asset component increased approximately \$113,000, or 4%, over the prior year. This increase is primarily due to an increase of \$464,654 in net assets restricted for secondary roads purposes and a decrease of \$308,060 in net assets restricted for mental health purposes.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from approximately \$1,495,000 at June 30, 2007 to approximately \$1,453,000 at the end of this year, a decrease of 3%.

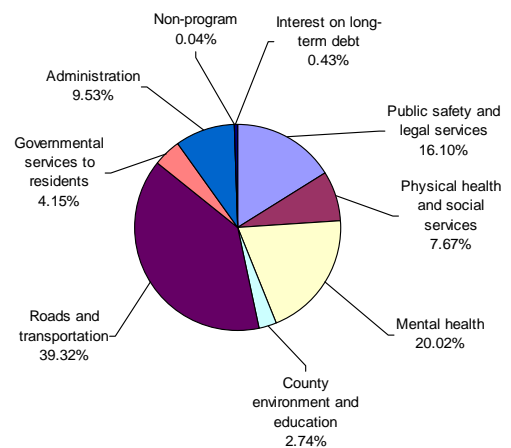
Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2008	2007
Revenues:		
Program revenues:		
Charges for service	\$ 520,572	453,226
Operating grants, contributions and restricted interest	4,304,989	3,882,820
Capital grants, contributions and restricted interest	142,329	455,719
General revenues:		
Property tax	3,380,323	3,338,762
Penalty and interest on property tax	44,754	49,371
State tax credits	229,611	243,261
Local option sales tax	363,632	382,268
Unrestricted investment earnings	112,487	109,677
Gain on sale of capital assets	-	179,750
Insurance litigation settlement	-	330,880
Other general revenues	35,072	36,986
Total revenues	9,133,769	9,462,720
Program expenses:		
Public safety and legal services	1,476,626	1,347,439
Physical health and social services	703,609	662,840
Mental health	1,835,838	1,530,653
County environment and education	251,099	280,427
Roads and transportation	3,604,725	3,541,593
Governmental services to residents	380,163	328,858
Administration	874,083	860,966
Non-program	3,351	19,890
Interest on long-term debt	39,480	16,523
Total expenses	9,168,974	8,589,189
Increase in net assets	(35,205)	873,531
Net assets beginning of year	16,102,632	15,229,101
Net assets end of year	\$ 16,067,427	16,102,632

Revenues by Source



Expenses by Functions



Page County's countywide property tax rate increased slightly, by \$.03548 per \$1,000 of taxable valuation, while the rural levy decreased \$.01925 per \$1,000 of taxable valuation. The rural assessed property taxable valuation increased approximately \$1,505,000. The countywide assessed property taxable valuation increased approximately \$3,088,000.

The cost of all governmental activities this year was \$9.2 million compared to \$8.6 million last year, a 7% increase. As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for governmental activities was only \$4.2 million because some of the cost was paid by those directly benefited from the programs (\$521,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,447,000). Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for services, increased in 2008 from approximately \$4,792,000 to approximately \$4,968,000, principally due to receiving FEMA funding for flood damages. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$3,380,000 in property tax (some of which could only be used for certain programs) and with other revenues, such as interest and local option sales tax.

INDIVIDUAL MAJOR FUND ANALYSIS

As Page County completed the year, its governmental funds reported a total fund balance of approximately \$5.8 million, an increase of approximately \$200,000 over last year's total of approximately \$5.6 million.

The General Fund, the operating fund for Page County, ended the current year with a balance of \$2,515,335, down from the prior year ending balance of \$2,553,703. Expenditures increased \$264,828, or 8%, over the prior year. Nearly all functions increased due, in part, to personnel and other inflationary cost increases. The County also expended \$107,873 from the debt service function to repay the principal and interest on general obligation notes issued in the prior year on behalf of the Page County Landfill Association. The County was reimbursed by the Landfill for the expenditure. The taxable property valuation increased from \$439,616,712 in FY07 to \$442,705,206 in FY08. The General Fund levy rate decreased in FY08 to \$4.07723 per \$1,000 of taxable valuation compared to the FY07 levy rate of \$4.10587 per \$1,000 of taxable valuation.

Page County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. FY08 ended with a \$37,863 fund balance, a decrease of \$305,803 from the prior year ending fund balance of \$343,666. FY08 property tax revenue increased approximately \$35,000 over FY07 while non-property tax revenue decreased approximately \$171,000 and expenditures increased approximately \$303,000. The FY08 mental health levy rate of \$1.47282 per \$1,000 of taxable valuation increased \$.0716 over the FY07 levy rate. The increase in expenditures over the prior year was primarily due to increased client services.

The Rural Services Fund ended with an \$118,769 balance compared to the prior year ending fund balance of \$177,981, a decrease of \$59,212, or 33%. Revenues remained relatively consistent from FY07 to FY08 while expenditures increased approximately \$41,000 over the prior year. The local option sales tax received and credited to the Rural Services Fund meets the requirements of the referendum for property tax relief.

The Secondary Roads Fund ended FY08 with a \$2,646,608 balance compared to the prior year ending fund balance of \$2,047,971, a \$598,637, or 29%, increase. Revenues increased approximately \$423,000 while other financing sources decreased \$87,272 due to the sales of Secondary Roads capital assets of \$87,750 in FY07. Expenditures decreased approximately \$369,000 from FY07, or 10%. The increase in expenditures was primarily due to fewer expenditures for capital projects. Page County maintained approximately 923 miles of gravel, dirt and paved roads with the resources of this fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, Page County amended its budget one time. The amendment was in April 2008 and resulted in a decrease in budgeted disbursements of \$122,518. Budgeted disbursements increased for the public safety and legal services, physical health and social services, county environment and education and administration functions while roads and transportation and capital projects functions decreased. Intergovernmental budgeted receipts increased due to increases in public health grants and FEMA receipts.

Overall, the County's receipts were \$434,476 less than budgeted, a variance of 4.4%. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total disbursements were \$1,158,805 less than the amended budget. This was primarily due to increases in mental health disbursements being less than anticipated and slower progress was made on secondary roads projects than anticipated. Actual disbursements for the mental health, roads and transportation and capital projects functions were \$113,114, \$527,484 and \$291,374, respectively, less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY08, Page County had approximately \$11.65 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is an increase of \$14,378 over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2008	2007
Land	\$ 789,562	635,347
Buildings and improvements	2,817,573	2,815,984
Equipment and vehicles	1,940,923	2,276,814
Infrastructure	5,932,384	5,911,175
Construction in progress	173,256	-
Total	\$ 11,653,698	11,639,320

Page County had depreciation expense of \$731,317 in FY08 and total accumulated depreciation of \$5,450,900 at June 30, 2008. Additional information about the County's capital assets is included in Note 4 to the financial statements.

Long-term Debt

At June 30, 2008, Page County had \$940,000 in general obligation notes outstanding compared to \$995,000 at June 30, 2007. During FY08, the County entered into a loan agreement for \$120,000 to purchase land for the conservation department. The loan is guaranteed by the Cy and Carolyn Rapp Charitable Trust.

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 general obligation debt of \$1,060,000 is significantly below its constitutional debt limit of \$34 million. Additional information about the County's long-term debt is included in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Page County's elected and appointed officials and citizens considered many factors when setting the county budget, tax rates and fees that apply for the various county services. One of those factors is the economy. Unemployment in the County now stands at 4.5% versus 4.6% a year ago. This compares to the State's unemployment rate of 4.0% and the national rate of 5.8%.

These indicators were taken into account when adopting the budget for fiscal year 2009. Amounts available for appropriation in the operating budget are \$8.5 million, a decrease of 10.5% from the final 2008 budget. Budgeted disbursements are expected to decrease approximately \$631,000, or 6%. The primary reasons for the decreases include FEMA receipts and disbursements included in the prior year and fewer capital projects budgeted in 2009. The County has added no major new programs or initiatives to the 2009 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,205,000 by the close of 2009.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Page County

Basic Financial Statements

Exhibit A

Page County
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,492,982
Receivables:	
Property tax:	
Delinquent	14,767
Succeeding year	3,445,000
Interest and penalty on property tax	12,691
Accounts	19,697
Accrued interest	21,760
Loan	940,000
Due from other governments	397,547
Inventories	496,874
Capital assets (net of accumulated depreciation)	<u>11,653,698</u>
Total assets	<u>21,495,016</u>
Liabilities	
Accounts payable	184,768
Salaries and benefits payable	147,148
Due to other governments	174,971
Accrued interest payable	3,130
Deferred revenue:	
Succeeding year property tax	3,445,000
Other	87,558
Long-term liabilities:	
Portion due or payable within one year:	
Capital loan notes	65,000
Bank loan	27,724
Compensated absences	112,971
Portion due or payable after one year:	
Capital loan notes	875,000
Bank loan	92,276
Compensated absences	<u>212,043</u>
Total liabilities	<u>5,427,589</u>
Net Assets	
Invested in capital assets, net of related debt	11,533,698
Restricted for:	
Supplemental levy purposes	152,187
Mental health purposes	35,624
Secondary roads purposes	2,457,749
Other purposes	434,982
Unrestricted	<u>1,453,187</u>
Total net assets	<u>\$ 16,067,427</u>

See notes to financial statements.

Page County

Statement of Activities

Year ended June 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,476,626	102,870	32,362	-	(1,341,394)
Physical health and social services	703,609	41,030	319,394	-	(343,185)
Mental health	1,835,838	-	877,318	-	(958,520)
County environment and education	251,099	17,645	32,182	3,725	(197,547)
Roads and transportation	3,604,725	39,820	2,979,930	138,604	(446,371)
Governmental services to residents	380,163	240,951	93	-	(139,119)
Administration	874,083	78,256	10,437	-	(785,390)
Non-program	3,351	-	-	-	(3,351)
Interest on long-term debt	39,480	-	53,273	-	13,793
Total	\$ 9,168,974	520,572	4,304,989	142,329	(4,201,084)
General Revenues:					
Property and other county tax levied for general purposes					3,380,323
Penalty and interest on property tax					44,754
State tax credits					229,611
Local option sales tax					363,632
Unrestricted investment earnings					112,487
Miscellaneous					35,072
Total general revenues					4,165,879
Change in net assets					(35,205)
Net assets beginning of year					16,102,632
Net assets end of year					\$ 16,067,427

See notes to financial statements.

Page County
Balance Sheet
Governmental Funds

June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,556,317	265,409	114,774	2,145,722
Receivables:				
Property tax:				
Delinquent	10,992	2,705	1,070	-
Succeeding year	2,233,000	549,000	663,000	-
Interest and penalty on property tax	12,691	-	-	-
Accounts	4,465	-	1,225	13,524
Accrued interest	21,760	-	-	-
Loan	940,000	-	-	-
Due from other governments	142,227	10,702	8,577	209,863
Inventories	-	-	-	496,874
Total assets	\$ 4,921,452	827,816	788,646	2,865,983
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 49,742	64,719	2,121	67,709
Salaries and benefits payable	79,483	8,707	3,439	55,519
Due to other governments	4,890	164,599	125	5,357
Deferred revenue:				
Succeeding year property tax	2,233,000	549,000	663,000	-
Other	39,002	2,928	1,192	90,790
Total liabilities	2,406,117	789,953	669,877	219,375
Fund balances:				
Reserved for:				
Long-term loan receivable	940,000	-	-	-
Supplemental levy purposes	165,620	-	-	-
Debt service	-	-	-	-
Unreserved:				
Designated for capital improvements	330,880	-	-	-
Undesignated, reported in:				
General fund	1,078,835	-	-	-
Special revenue funds	-	37,863	118,769	2,646,608
Total fund balances	2,515,335	37,863	118,769	2,646,608
Total liabilities and fund balances	\$ 4,921,452	827,816	788,646	2,865,983

See notes to financial statements.

Nonmajor	Total
410,760	4,492,982
-	14,767
-	3,445,000
-	12,691
483	19,697
-	21,760
-	940,000
26,178	397,547
-	496,874
<u>437,421</u>	<u>9,841,318</u>
477	184,768
-	147,148
-	174,971
-	3,445,000
-	133,912
<u>477</u>	<u>4,085,799</u>
-	940,000
-	165,620
1,962	1,962
119,120	450,000
-	1,078,835
315,862	3,119,102
<u>436,944</u>	<u>5,755,519</u>
<u>437,421</u>	<u>9,841,318</u>

Page County

Page County

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

June 30, 2008

Total governmental fund balances (page 19) \$ 5,755,519

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$17,104,598 and the accumulated depreciation is \$5,450,900. 11,653,698

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 46,354

Long-term liabilities, including notes payable, bank loan payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,388,144)

Net assets of governmental activities (page 16) \$ 16,067,427

See notes to financial statements.

Page County

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

Year ended June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,211,095	611,245	775,672	40,000
Interest and penalty on property tax	41,503	-	-	-
Intergovernmental	566,745	919,573	63,512	3,249,820
Licenses and permits	409	-	18,005	2,453
Charges for service	336,504	-	-	8,279
Use of money and property	134,942	-	-	-
Miscellaneous	134,789	-	1,406	25,856
Total revenues	3,425,987	1,530,818	858,595	3,326,408
Expenditures:				
Operating:				
Public safety and legal services	1,370,263	-	88,677	-
Physical health and social services	633,048	-	77,576	-
Mental health	-	1,836,621	-	-
County environment and education	216,483	-	34,896	-
Roads and transportation	-	-	-	3,193,037
Governmental services to residents	364,228	-	2,799	-
Administration	761,109	-	-	-
Non-program	3,351	-	-	-
Debt service	107,873	-	-	-
Capital projects	-	-	-	248,593
Total expenditures	3,456,355	1,836,621	203,948	3,441,630
Excess (deficiency) of revenues over (under) expenditures	(30,368)	(305,803)	654,647	(115,222)
Other financing sources (uses):				
Operating transfers in	-	-	-	713,859
Operating transfers out	(8,000)	-	(713,859)	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	(8,000)	-	(713,859)	713,859
Net change in fund balances	(38,368)	(305,803)	(59,212)	598,637
Fund balances beginning of year	2,553,703	343,666	177,981	2,047,971
Fund balances end of year	\$ 2,515,335	37,863	118,769	2,646,608

See notes to financial statements.

Nonmajor	Total
106,405	3,744,417
-	41,503
15,288	4,814,938
-	20,867
2,712	347,495
767	135,709
4,208	166,259
129,380	9,271,188
-	1,458,940
-	710,624
-	1,836,621
37,721	289,100
-	3,193,037
5,086	372,113
130,444	891,553
-	3,351
-	107,873
120,000	368,593
293,251	9,231,805
(163,871)	39,383
8,000	721,859
-	(721,859)
120,000	120,000
128,000	120,000
(35,871)	159,383
472,815	5,596,136
436,944	5,755,519

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, 2008

Net change in fund balances - Total governmental funds (page 23) \$ 159,383

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

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

Expenditures for capital assets	\$ 754,280	
Depreciation expense	(731,317)	22,963

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (8,585)

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

Property tax	(462)	
Other	(136,957)	(137,419)

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

Issued	(120,000)	
Repaid	55,000	(65,000)

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	(19,940)	
Interest on long-term debt	13,393	(6,547)

Change in net assets of governmental activities (page 17) \$ (35,205)

See notes to financial statements.

Page County
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2008

Assets	
Cash and pooled investments:	
County Treasurer	\$ 894,679
Other County officials	16,459
Receivables:	
Property tax:	
Delinquent	65,185
Succeeding year	11,993,000
Accounts	19,589
Due from other governments	36,353
Total assets	<u>13,025,265</u>
 Liabilities	
Accounts payable	22,664
Salaries payable	8,455
Due to other governments	12,947,552
Trusts payable	34,816
Compensated absences	11,778
Total liabilities	<u>13,025,265</u>
 Net assets	 <u><u>\$ -</u></u>

See notes to financial statements.

Page County

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements did not exceed the amount budgeted for any function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 713,859
Conservation Land Acquisition	General	8,000
Total		<u>\$ 721,859</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, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 635,347	154,215	-	789,562
Construction in progress	-	404,802	(231,546)	173,256
Total capital assets not being depreciated	<u>635,347</u>	<u>559,017</u>	<u>(231,546)</u>	<u>962,818</u>
Capital assets being depreciated:				
Buildings and improvements	4,510,501	109,549	-	4,620,050
Equipment and vehicles	4,937,300	91,914	(53,323)	4,975,891
Infrastructure, road network	6,314,293	231,546	-	6,545,839
Total capital assets being depreciated	<u>15,762,094</u>	<u>433,009</u>	<u>(53,323)</u>	<u>16,141,780</u>
Less accumulated depreciation for:				
Buildings and improvements	1,694,517	107,960	-	1,802,477
Equipment and vehicles	2,660,486	413,020	(38,538)	3,034,968
Infrastructure, road network	403,118	210,337	-	613,455
Total accumulated depreciation	<u>4,758,121</u>	<u>731,317</u>	<u>(38,538)</u>	<u>5,450,900</u>
Total capital assets being depreciated, net	<u>11,003,973</u>	<u>(298,308)</u>	<u>(14,785)</u>	<u>10,690,880</u>
Governmental activities capital assets, net	<u>\$ 11,639,320</u>	<u>260,709</u>	<u>(246,331)</u>	<u>11,653,698</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 47,639
Physical health and social services	410
Mental health	7,347
County environment and education	15,160
Roads and transportation	561,969
Governmental services to residents	1,643
Administration	97,149
Total depreciation expense - governmental activities	<u>\$ 731,317</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 4,890
Special Revenue:		
Mental Health	Services	164,599
Rural Services	Services	125
Secondary Roads	Services	5,357
		<u>170,081</u>
Total for governmental funds		<u>\$ 174,971</u>
Agency:		
County Assessor	Collections	\$ 384,730
Schools		7,088,462
Community Colleges		391,761
Corporations		4,217,280
Auto License and Use Tax		255,590
All other		609,729
Total for agency funds		<u>\$ 12,947,552</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	General			Total
	Capital Loan Notes	Bank Loan	Compensated Absences	
Balance beginning of year	\$ 995,000	-	305,074	1,300,074
Increases	-	120,000	207,754	327,754
Decreases	55,000	-	187,814	242,814
Balance end of year	<u>\$ 940,000</u>	<u>120,000</u>	<u>325,014</u>	<u>1,385,014</u>
Due within one year	<u>\$ 65,000</u>	<u>27,724</u>	<u>112,971</u>	<u>205,695</u>

General Obligation Capital Loan Notes Payable

Details of the County's June 30, 2008 general obligation capital loan note indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2009	3.80-4.25%	\$ 65,000	37,565	102,565
2010	3.80-4.25	70,000	35,095	105,095
2011	3.80-4.25	70,000	32,435	102,435
2012	3.85-4.25	70,000	29,775	99,775
2013	3.85-4.25	75,000	27,080	102,080
2014-2018	3.90-4.25	300,000	98,043	398,043
2019-2022	4.15-4.25	290,000	30,985	320,985
Total		<u>\$ 940,000</u>	<u>290,978</u>	<u>1,230,978</u>

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

Bank Loan

In July 2007, the County entered into a loan agreement with the First National Bank of Shenandoah to borrow \$120,000 for the purchase of land by the County Conservation Board. The agreement requires four annual payments on July 3, 2008 through July 3, 2011 of \$34,351, including interest of 5.50% per annum. The Cy and Carolyn Rapp Charitable Trust are acting as guarantor on the loan.

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$208,475, \$187,409 and \$168,439, respectively, equal to the required contributions for each year.

(8) Risk Management

Page County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$94,069.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

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Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2008

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 3,751,245	-	3,751,245
Interest and penalty on property tax	41,503	-	41,503
Intergovernmental	4,914,451	-	4,914,451
Licenses and permits	19,947	-	19,947
Charges for service	354,374	-	354,374
Use of money and property	139,168	341	138,827
Miscellaneous	212,255	-	212,255
Total receipts	9,432,943	341	9,432,602
Disbursements:			
Public safety and legal services	1,445,434	-	1,445,434
Physical health and social services	722,586	-	722,586
Mental health	1,758,965	-	1,758,965
County environment and education	280,988	5,533	275,455
Roads and transportation	3,255,616	-	3,255,616
Governmental services to residents	369,933	-	369,933
Administration	890,649	-	890,649
Non-program	3,351	-	3,351
Debt service	107,873	-	107,873
Capital projects	368,626	-	368,626
Total disbursements	9,204,021	5,533	9,198,488
Excess (deficiency) of receipts over (under) disbursements	228,922	(5,192)	234,114
Other financing sources, net	120,000	-	120,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	348,922	(5,192)	354,114
Balance beginning of year	4,144,060	34,992	4,109,068
Balance end of year	\$ 4,492,982	29,800	4,463,182

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
3,713,046	3,713,046	38,199
31,200	31,200	10,303
4,966,272	5,310,498	(396,047)
36,669	36,669	(16,722)
312,562	312,562	41,812
77,310	77,310	61,517
384,173	385,793	(173,538)
9,521,232	9,867,078	(434,476)
1,525,953	1,536,379	90,945
684,948	766,801	44,215
1,872,079	1,872,079	113,114
284,587	293,337	17,882
3,815,247	3,783,100	527,484
408,274	408,274	38,341
859,450	924,450	33,801
5,000	5,000	1,649
107,873	107,873	-
916,400	660,000	291,374
10,479,811	10,357,293	1,158,805
(958,579)	(490,215)	724,329
-	-	120,000
(958,579)	(490,215)	844,329
3,407,895	4,112,461	(3,393)
2,449,316	3,622,246	840,936

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Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,432,943	(161,755)	9,271,188
Expenditures	9,204,021	27,784	9,231,805
Net	228,922	(189,539)	39,383
Other financing sources, net	120,000	-	120,000
Beginning fund balances	4,144,060	1,452,076	5,596,136
Ending fund balances	<u>\$ 4,492,982</u>	<u>1,262,537</u>	<u>5,755,519</u>

See accompanying independent auditor's report.

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Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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 decreased budgeted disbursements by \$122,518. 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, 2008, disbursements did not exceed the amount budgeted in any function.

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Other Supplementary Information

Page County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2008

	Resource Enhancement and Protection	Local Option Sales Tax	County Recorder's Records Management	Special County Recorder's Electronic Transaction Fee
Assets				
Cash and pooled investments	\$ 41,202	288,554	6,296	41
Accounts receivable	-	483	-	-
Due from other governments	-	26,115	-	-
Total assets	\$ 41,202	315,152	6,296	41
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 477	-	-	-
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for capital improvements	-	119,120	-	-
Undesignated	40,725	196,032	6,296	41
Total fund balances	40,725	315,152	6,296	41
Total liabilities and fund balances	\$ 41,202	315,152	6,296	41

See accompanying independent auditor's report.

Revenue					
Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total
29,800	29,195	5,249	8,461	1,962	410,760
-	-	-	-	-	483
-	-	-	63	-	26,178
29,800	29,195	5,249	8,524	1,962	437,421
-	-	-	-	-	477
-	-	-	-	1,962	1,962
-	-	-	-	-	119,120
29,800	29,195	5,249	8,524	-	315,862
29,800	29,195	5,249	8,524	1,962	436,944
29,800	29,195	5,249	8,524	1,962	437,421

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

Year ended June 30, 2008

	Resource Enhancement and Protection	Local Option Sales Tax	Special County Recorder's Records Management
Revenues:			
Property and other county tax	\$ -	106,405	-
Intergovernmental	15,225	-	-
Charges for service	-	-	2,712
Use of money and property	334	-	77
Miscellaneous	-	483	-
Total revenues	<u>15,559</u>	<u>106,888</u>	<u>2,789</u>
Expenditures:			
Operating:			
County environment and education	7,533	27,613	-
Governmental services to residents	-	-	5,086
Administration	-	130,444	-
Capital projects	-	-	-
Total expenditures	<u>7,533</u>	<u>158,057</u>	<u>5,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,026</u>	<u>(51,169)</u>	<u>(2,297)</u>
Other financing sources:			
Operating transfers in	-	-	-
Loan proceeds	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>8,026</u>	<u>(51,169)</u>	<u>(2,297)</u>
Fund balances beginning of year	<u>32,699</u>	<u>366,321</u>	<u>8,593</u>
Fund balances end of year	<u>\$ 40,725</u>	<u>315,152</u>	<u>6,296</u>

See accompanying independent auditor's report.

Revenue							
County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Sheriff Special Investigation	Special Law Enforcement	Debt Service	Total	
-	-	-	-	-	-	-	106,405
-	-	-	-	63	-	-	15,288
-	-	-	-	-	-	-	2,712
15	341	-	-	-	-	-	767
-	-	3,725	-	-	-	-	4,208
15	341	3,725	-	63	-	-	129,380
-	2,575	-	-	-	-	-	37,721
-	-	-	-	-	-	-	5,086
-	-	-	-	-	-	-	130,444
-	-	120,000	-	-	-	-	120,000
-	2,575	120,000	-	-	-	-	293,251
15	(2,234)	(116,275)	-	63	-	-	(163,871)
-	-	8,000	-	-	-	-	8,000
-	-	120,000	-	-	-	-	120,000
-	-	128,000	-	-	-	-	128,000
15	(2,234)	11,725	-	63	-	-	(35,871)
26	32,034	17,470	5,249	8,461	1,962	-	472,815
41	29,800	29,195	5,249	8,524	1,962	-	436,944

Page County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	9,704	131,820	108,605	5,868
Other County officials	16,459	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	602	1,321	34,857	1,893
Succeeding year	-	122,000	268,000	6,945,000	384,000
Accounts	433	-	150	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 16,892	132,306	401,291	7,088,462	391,761
Liabilities					
Accounts payable	\$ -	-	1,150	-	-
Salaries and benefits payable	-	-	5,123	-	-
Due to other governments	6,656	132,306	384,730	7,088,462	391,761
Trusts payable	10,236	-	-	-	-
Compensated absences	-	-	10,288	-	-
Total liabilities	\$ 16,892	132,306	401,291	7,088,462	391,761

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
48,978	2,449	255,590	331,665	894,679
-	-	-	-	16,459
26,302	202	-	8	65,185
4,142,000	130,000	-	2,000	11,993,000
-	-	-	19,006	19,589
-	-	-	36,353	36,353
4,217,280	132,651	255,590	389,032	13,025,265
-	-	-	21,514	22,664
-	-	-	3,332	8,455
4,217,280	132,651	255,590	338,116	12,947,552
-	-	-	24,580	34,816
-	-	-	1,490	11,778
4,217,280	132,651	255,590	389,032	13,025,265

Page County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 19,342	132,486	391,601	6,741,507	361,570
Additions:					
Property and other county tax	-	121,874	268,259	6,968,020	384,837
E911 surcharge	-	-	-	-	-
State tax credits	-	8,200	19,731	442,109	23,875
Intergovernmental	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Office fees and collections	309,972	-	4,124	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	108,068	-	-	-	-
Miscellaneous	-	-	2	-	-
Total additions	418,040	130,074	292,116	7,410,129	408,712
Deductions:					
Agency remittances:					
To other funds	173,552	-	-	-	-
To other governments	137,195	130,254	282,426	7,063,174	378,521
Trusts paid out	109,743	-	-	-	-
Total deductions	420,490	130,254	282,426	7,063,174	378,521
Balances end of year	\$ 16,892	132,306	401,291	7,088,462	391,761

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Other	Total
4,038,388	122,843	273,102	337,456	12,418,295
4,133,993	131,314	-	2,451	12,010,748
-	-	-	107,696	107,696
236,996	8,635	-	98	739,644
-	-	-	545,828	545,828
-	-	76,441	-	76,441
-	-	-	-	314,096
-	-	-	2,963	2,963
-	-	3,118,534	-	3,118,534
-	-	-	2,469	2,469
-	-	-	178,490	286,558
-	-	-	105,051	105,053
4,370,989	139,949	3,194,975	945,046	17,310,030
-	-	171,135	-	344,687
4,192,097	130,141	3,041,352	735,526	16,090,686
-	-	-	157,944	267,687
4,192,097	130,141	3,212,487	893,470	16,703,060
4,217,280	132,651	255,590	389,032	13,025,265

Page County

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

For the Last Eight Years

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues:				
Property and other county tax	\$ 3,744,417	3,722,238	3,549,169	3,460,552
Interest and penalty on property tax	41,503	46,317	39,989	43,629
Intergovernmental	4,814,938	4,434,420	4,411,120	4,289,460
Licenses and permits	20,867	25,383	32,882	38,555
Charges for service	347,495	354,398	416,713	369,184
Use of money and property	135,709	134,846	112,284	75,678
Miscellaneous	166,259	432,316	93,121	54,581
Total	\$ 9,271,188	9,149,918	8,655,278	8,331,639
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,458,940	1,378,983	1,256,693	1,219,203
Physical health and social services	710,624	668,433	657,093	945,707
Mental health	1,836,621	1,533,478	1,602,544	1,087,495
County environment and education	289,100	266,756	242,668	232,319
Roads and transportation	3,193,037	3,067,585	3,271,749	3,313,627
Governmental services to residents	372,113	325,290	445,144	340,557
Administration	891,553	764,118	711,692	711,962
Non-program	3,351	19,890	1,271	2,470
Debt service	107,873	-	-	-
Capital projects	368,593	805,730	642,983	348,383
Total	\$ 9,231,805	8,830,263	8,831,837	8,201,723

See accompanying independent auditor's report.

2004	2003	2002	2001
3,519,180	3,176,930	2,640,602	2,520,751
42,423	41,588	43,522	36,863
4,574,062	4,543,706	4,502,131	4,081,019
47,942	19,579	17,854	14,417
353,299	321,437	286,987	258,686
67,893	103,757	155,304	278,982
128,361	94,663	122,990	42,254
8,733,160	8,301,660	7,769,390	7,232,972

1,231,967	1,254,344	1,220,497	1,071,756
699,962	706,786	380,171	391,274
1,407,163	1,363,325	1,306,859	1,213,690
202,131	267,954	243,979	219,447
3,156,284	2,808,527	3,069,208	3,483,821
307,257	289,840	292,679	273,806
781,176	1,036,824	759,974	758,644
927	6,574	12,092	9,757
-	114,700	108,700	107,500
862,467	656,163	968,513	369,916
8,649,334	8,505,037	8,362,672	7,899,611

Page County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		\$ 280
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561		10,675
Hungry Canyons Association:			
Soil and Water Conservation	10.902	05-14-F	493
Soil and Water Conservation	10.902	04-25-F	39,956
			40,449
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO73(80)--8J-73	138,604
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	08-157, Task 136	4,000
Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401		2,450
U.S. Department of Health and Human Services:			
Visiting Nurses Association of Pottawattamie County:			
Centers for Disease Control and Prevention -			
Public Health Emergency Preparedness	93.069	5888BT04-13	20,212
Iowa Department of Public Health:			
Ringgold County Public Health:			
Immunization Grants	93.268	5887I419	1,597
Immunization Grants	93.268	5888I460	4,126
			5,723
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		11,389
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		2,797
Foster Care - Title IV-E	93.658		6,723
Adoption Assistance	93.659		1,612

Page County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Children's Insurance Program	93.767		94
Medical Assistance Program	93.778		14,534
Social Services Block Grant	93.667		7,469
Social Services Block Grant	93.667		83,063
			<u>90,532</u>
Iowa Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889	5888EM172	4,242
National Bioterrorism Hospital Preparedness Program	93.889	5886EM173	4,817
			<u>9,059</u>
Taylor County Public Health Agency:			
Maternal and Child Health Services Block Grant to the States	93.994	5887MH25	2,059
Maternal and Child Health Services Block Grant to the States	93.994	5888MH25	9,109
			<u>11,168</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1705-DR-IA	336,541
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1737-DR-IA	99,674
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	53,707
			<u>489,922</u>
Emergency Management Performance Grants	97.042		10,128
Total Indirect			<u>870,071</u>
Total			<u>\$ 870,351</u>

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

See accompanying independent auditor's report.

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Page County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Page County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 3, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

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

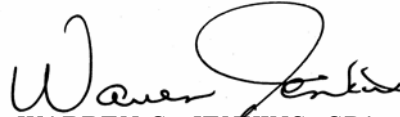
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 3, 2009

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

Page County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of Page County:

Compliance

We have audited the compliance of Page County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2008. Page County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Page County's management. Our responsibility is to express an opinion on Page County's compliance based on our audit.

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

In our opinion, Page County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

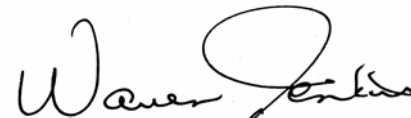
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance exists when the design or operation of a federal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

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

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

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 3, 2009

Page County
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
 - CFDA Number 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Page County did not qualify as a low-risk auditee.

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

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

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

Responses:

County Treasurer –

- (1) We segregate the duties of receipting to the extent possible with our current staff. We will prepare a mail receipt listing randomly twice per month. The person (generally the Treasurer) opening the mail will not participate in the computer entry of those receipts. One staff member from the Tax Department will verify the processing of the Auto Department mail receipts and one member of the Auto Department will verify the processing of the Tax Department mail receipts. We will do this in an attempt to satisfy the “opening and listing mail receipts” portion of segregation of duties.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

- (2) We segregate the duties of disbursements to the extent possible with our current staff. We will continue to attempt to have every disbursement issued signed by one individual and initialed by another, indicating they have reviewed the disbursement, understand it's purpose and it is valid.
- (3) Our bank reconciliations have been reviewed monthly by Mary Ohnmacht, Assessor's Clerk, since December 2007. Mary came to the County from a banking background and she has a good understanding of what to look for during her review. She does not sign checks, handle or record cash for the Treasurer's Office.
- (4) We segregate the duties of investments to the extent possible with our current staff.

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

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

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

Conclusion – Responses accepted.

II-B-08 Information Technology – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following deficiencies in the County's computer based systems were noted:

The County does not have written policies for an alternative power source if power is interrupted.

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

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

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

Conclusion – Response accepted.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-C-08 County Assessor Disbursements – The checks for County Assessor disbursements are prepared and signed by the County Auditor. However, after signing, the checks are returned to the County Assessor rather than being mailed by the County Auditor.

Recommendation – In order to strengthen internal controls, the checks should be mailed without allowing them to return to the individuals who prepared or approved the claims for payment.

Response – Effective February 12, 2008, there was a written bills procedure enacted for the County Assessor’s Office. The procedure requires all bills be initialed by the Assessor. The bills are then forwarded to the Deputy Assessor who prepares the requisition list and delivers it to the Auditor’s Office. The checks are returned to the Appraiser who marks them paid and mails them.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 did not exceed the amount budgeted in any function.
- IV-B-08 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted
- IV-D-08 Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Rick Dailey, Secondary Roads employee	Mowing/weed eradication	\$ 100
Randy Smith, Secondary Roads employee	Mowing	150
Charlie Spencer, Chairman of the Conservation Board, owner of Spencers	Office supplies	711

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

- IV-E-08 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- IV-F-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

The publication of claims did not include the reason for the claim as required by Chapter 349.18 of the Code of Iowa. The minutes did not always indicate the roll call vote for entering into closed session as required by Chapter 21.5 of the Code of Iowa.

Recommendation – The County should publish the reason for the claims as required. The minutes should document the roll call vote of the Board of Supervisors for entering into closed session.

Response – We have a County Attorney’s opinion stating we do not need to include the reason for a claim and have been following that opinion. It is a tremendous cost for us to publish in three newspapers, as we do. If anyone wants to know the reason, they may call the Auditor’s Office.

Page County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Roll call vote is taken before entering into closed session and is recorded on the tape of the closed session. Recording the roll call vote in the minutes was simply an oversight and will be more carefully done in the future.

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

- IV-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-08 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).
- IV-I-08 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.

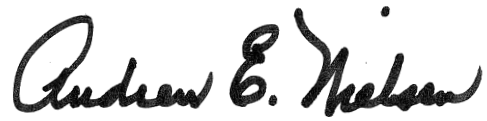
Disbursements during the year ended June 30, 2008 for the County Extension Office did not exceed the amount budgeted.

Page County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Melissa M. Welhausen, CPA, Senior Auditor
James R. Wittenwyler, Staff Auditor
Lori M. Dinville, Staff Auditor
Jessica N. Meierotto, Staff Auditor
Alison P. Baker, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a prominent initial "A" and a distinct dot over the "i" in "Nielsen".

Andrew E. Nielsen, CPA
Deputy Auditor of State