OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE May 26, 2016

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of $15,060,567 for the year ended June 30, 2015, which included $1,151,407 in tax credits from the state. The County forwarded $10,124,375 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $4,936,192 of the local tax revenue to finance County operations, a 16.4% increase over the prior year. Other revenues included charges for service of $738,717, operating grants, contributions and restricted interest of $3,154,746, capital grants, contributions and restricted interest of $1,373,460, tax increment financing of $289,238, local option sales tax of $496,143, hotel/motel tax of $103,861, unrestricted investment earnings of $28,848 and other general revenues of $242,006.

Expenses for County operations for the year ended June 30, 2015 totaled $9,776,973, a 1.7% increase over the prior year. Expenses included $3,968,128 for roads and transportation, $1,989,256 for public safety and legal services and $1,347,858 for mental health.

The significant increase in revenues is due primarily to an increase in capital grants, contributions and restricted interest and increased property tax to service the debt issued for the County Law Enforcement Center.

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 Office of Auditor of State's web site at http://auditor.iowa.gov/reports/1510-0036-B00F.

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FREMONT COUNTY

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

JUNE 30, 2015

Table of Contents

Fremont County

Officials

(Before January 2015)

Name	Title	Term Expires
Bart Bartholomew	Board of Supervisors	Jan 2015
Randy Hickey	Board of Supervisors	Jan 2015
Cara Morgan	Board of Supervisors	Jan 2017
Joan Kirk	County Auditor	Jan 2017
Judith M. Crain	County Treasurer	Jan 2015
Jenny McAllister	County Recorder	Jan 2015
Kevin Aistrope	County Sheriff	Jan 2017
Corey J. Becker	County Attorney	Nov 2014
Karen L. Berry	County Assessor	Jan 2016

(After January 2015)

Name	Title	Term Expires
Cara Morgan	Board of Supervisors	Jan 2017
Earl Hendrickson	Board of Supervisors	Jan 2019
Randy Hickey	Board of Supervisors	Jan 2019
Joan Kirk	County Auditor	Jan 2017
Judith M. Crain	County Treasurer	Jan 2019
Jenny McAllister	County Recorder	Jan 2019
Kevin Aistrope	County Sheriff	Jan 2017
Corey J. Becker	County Attorney	Jan 2019
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Fremont County

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Independent Auditor's Report

To the Officials of Fremont County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

As discussed in Note 15, Fremont County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 50 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 6, 2016 on our consideration of Fremont County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fremont County's internal control over financial reporting and compliance.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins
WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 6, 2016

Fremont County

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated $1,984,473 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available. In addition, the fiscal year 2014 information was not restated for the transfer of control over two drainage districts discussed in Note 15.

- Revenues of the County's governmental activities increased 12.8%, or $1,287,287, from fiscal year 2014 to fiscal year 2015. Property and other county tax, including tax increment financing, increased $586,662 over fiscal year 2014. Operating grants, contributions and restricted interest decreased $165,666, capital grants, contributions and restricted interest increased $881,141 and charges for service decreased $272,045.

- Program expenses of the County's governmental activities in fiscal year 2015 increased 1.7%, or $164,683, over fiscal year 2014. Roads and transportation expenses decreased $757,095, mental health expenses increased $829,113 and county environment and education expenses decreased $300,011.

- The County's net position at June 30, 2015 increased $1,586,238, or approximately 10.0%, from the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Fremont 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 Fremont County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Fremont County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

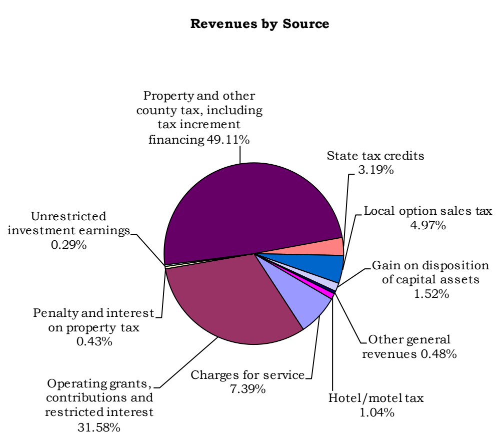
GOVERNMENT-WIDE FINANCIAL ANALYSIS

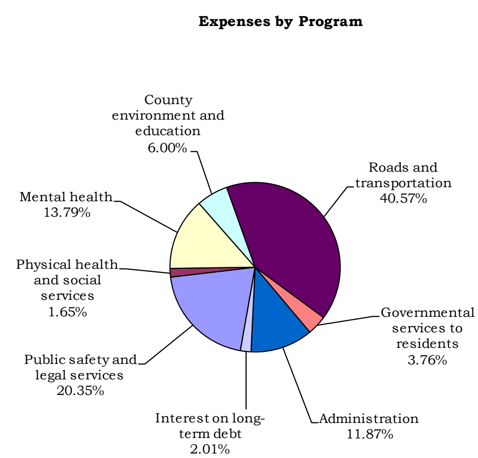
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis below shows the changes in the net position of governmental activities from a year ago.

Net Position of Governmental Activities		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	$ 11,865,200	16,624,572
Capital assets	18,779,009	13,343,268
Total assets	30,644,209	29,967,840
Deferred outflows of resources	383,655	-
Long-term liabilities	7,582,452	6,887,543
Other liabilities	370,534	303,442
Total liabilities	7,952,986	7,190,985
Deferred inflows of resources	5,580,434	4,872,000
Net position:		
Invested in capital assets	14,210,073	12,602,619
Restricted	3,780,740	4,191,763
Unrestricted	(496,369)	1,120,522
Total net position	$ 17,494,444	17,914,904

Prior to restatement, net position of Fremont County's governmental activities decreased 2.3%, or approximately $420,000, during the year. The largest portion of the County's net position is invested in capital assets (i.e. land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased $1,616,891 from the prior year. The decrease is due primarily to reporting the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities			
	Year ended June 30,		
		2015	2014 (Not Restated)
Revenues:			
Program revenues:			
Charges for service	$	738,717	1,010,762
Operating grants, contributions and restricted interest		3,154,746	3,320,412
Capital grants, contributions and restricted interest		1,373,460	492,319
General revenues:			
Property and other county tax, including tax increment financing		4,906,964	4,320,302
Penalty and interest on property tax		42,460	50,111
State tax credits		318,466	208,214
Local option sales tax		496,143	369,605
Hotel/motel tax		103,861	85,376
Unrestricted investment earnings		28,848	18,198
Gain on disposition of capital assets		151,387	162,050
Other general revenues		48,159	38,575
Total revenues		11,363,211	10,075,924
Program expenses:			
Public safety and legal services		1,989,256	1,778,367
Physical health and social services		161,200	171,724
Mental health		1,347,858	518,745
County environment and education		586,163	886,174
Roads and transportation		3,968,128	4,725,223
Governmental services to residents		367,517	317,902
Administration		1,160,711	1,168,456
Interest on long-term debt		196,140	45,699
Total expenses		9,776,973	9,612,290
Change in net position		1,586,238	463,634
Net position beginning of year, as restated		15,908,206	17,441,221
Net position end of year	$	17,494,444	17,904,855





Overall, revenues increased approximately $1,287,000, or 12.8%, during the year. The increase is primarily due to an increase in intergovernmental receipts for roads and bridges paid for by the Iowa Department of Transportation and an increase in property tax during fiscal year 2015.

Fremont County's overall property tax rate for fiscal year 2015 increased $.24757 per $1,000 of taxable valuation. The countywide assessed property taxable valuation increased $8,428,852. The general basic levy decreased to $3.50 per $1,000 of taxable valuation while the general supplemental levy decreased $.25859 per $1,000 of taxable valuation. The levy for rural services increased to $3.20 per $1,000 of taxable valuation while the mental health levy decreased $.24685 per $1,000 of taxable valuation.

The cost of all governmental activities this year was approximately $9.8 million compared to approximately $9.6 million last year. This increase is primarily due to a capital project started in fiscal year 2015 to build a new Law Enforcement Center.

INDIVIDUAL MAJOR FUND ANALYSIS

As Fremont County completed the year, its governmental funds reported a combined fund balance of $6,580,651 compared to $10,896,625 at June 30, 2014, a decrease of $4,315,974, or 39.6%.

The General Fund, the operating fund for Fremont County, ended fiscal year 2015 with a balance of $2,718,927, an increase of $174,392 over the fiscal year 2014 ending balance of $2,544,535. Total expenditures increased $421,567 and total revenues increased $442,522. The County began recording the receipt and disbursement of County provided case management services in the General Fund which was previously recorded in the Special Revenue, Mental Health Fund in fiscal year 2014.

The County has continued to look for ways to effectively manage the cost of mental health services. The State has taken over Medicaid funded services. The Special Revenue, Mental Health Fund balance at year-end decreased $735,286, or 79.6%, from the prior year to $188,170. $1,051,347 of the mental health funds collected and held by the County were distributed to Southwest Iowa MHDS, the regional mental health organization.

The Special Revenue, Rural Services Fund ending fund balance increased $199,261 over the prior year to $647,905. The increase is primarily due to an increase in property tax revenues and a slight decrease in expenditures. Transfers to the Special Revenue, Secondary Roads Fund also increased over the prior year.

The Special Revenue, Secondary Roads Fund ended fiscal year 2015 with a $2,201,786 fund balance, an increase of $88,614 compared to the prior year ending fund balance of $2,113,172. The increase is primarily due to the increase in transfers from the Special Revenue Rural Services Fund.

The Capital Projects, Law Enforcement Center Fund ended fiscal year 2015 with a $641,064 fund balance. The decrease is due to the use of bond proceeds received in fiscal year 2014 for the purpose of constructing a new Law Enforcement Center.

BUDGETARY HIGHLIGHTS

Over the course of the year, Fremont County amended its budget once. The amendment was made in May 2015 and resulted in an increase in budgeted disbursements of $590,000, primarily due to an increase in roads and transportation costs.

The County's receipts were $228,347 less than budgeted, a variance of 2.3%. The most significant variance resulted from lower than expected intergovernmental receipts.

Total disbursements were $2,504,157 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and mental health functions were $1,121,486, $659,927 and $167,059, respectively, less than the amounts budgeted. This was primarily due to lower than expected construction disbursements for the Law Enforcement Center and road projects during fiscal year 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Fremont County had approximately $18.78 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase (including additions and deletions) of approximately $5,436,000, or 40.7%, over last year. The increase was primarily due to $3,882,649 of construction in progress during fiscal year 2015 for the law enforcement center.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2015	2014
Land	$ 197,904	197,904
Construction in progress	4,795,613	790,682
Intangibles, road network	1,384,069	1,384,069
Buildings	2,232,468	2,285,348
Improvements other than buildings	121,313	129,233
Equipment and vehicles	2,566,320	2,354,866
Infrastructure	7,481,322	6,201,166
Total	$ 18,779,009	13,343,268
This year's major additions included:		
Law Enforcement Center construction		$ 3,882,649
Infrastructure, roads		1,702,011
Secondary Roads equipment and vehicles		541,672
County Sheriff's vehicles		101,475
Total		$ 6,227,807

Fremont County had depreciation expense of $958,485 in fiscal year 2015 and total accumulated depreciation of $6,704,745 at June 30, 2015. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, Fremont County had $5,730,000 of outstanding general obligation bonds/notes, compared to $6,000,000 at June 30, 2014.

Principal paid on the general obligation bonds/notes totaled $790,000 during the year ended June 30, 2015, which included a refunding of $495,000 of general obligation solid waste disposal bonds dated August 9, 2007.

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. Fremont County's constitutional debt limit is approximately $27.6 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fremont County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 county budget, tax rates and fees for the various County services. One of those factors is the economy.

Amounts available for appropriation in the fiscal year 2016 operating budget are approximately $9.6 million. Property tax, including the general levies set at $5.30546 per $1,000 of taxable valuation, is expected to remain constant with the exception of the MHDS mental health levy which decreased from $.63406 per $1,000 of taxable valuation to $.42919 per $1,000 of taxable valuation as a result of mental health services being regionalized. Budgeted disbursements for the fiscal year 2016 operating budget are approximately $10.6 million, a decrease of 31% from the final fiscal year 2015 budget, primarily due to a reduction in capital projects for the Law Enforcement Center.

Fremont County has restricted 40% of the local option sales tax collected for infrastructure.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Fremont 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 Joan Kirk at the Fremont County Auditor's Office, by mail at 506 Filmore Street, Sidney, Iowa 51652 or by telephone at (712) 374-2031.

Fremont County

Basic Financial Statements

Fremont County

Statement of Net Position

June 30, 2015

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 5,442,043
Receivables:	
Property tax:	
Delinquent	25,643
Succeeding year	4,816,000
Interest and penalty on property tax	57,891
Accounts	20,741
Accrued interest	1,599
Loan	520,000
Due from other governments	360,392
Inventories	347,284
Prepaid items	273,607
Capital assets, net of accumulated depreciation	18,779,009
Total assets	30,644,209
Deferred Outflows of Resources	
Pension related deferred outflows	383,655
Liabilities	
Accounts payable	250,948
Accrued interest payable	12,816
Salaries and benefits payable	87,481
Due to other governments	19,289
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	310,000
Compensated absences	108,324
Portion due or payable after one year:	
General obligation bonds/notes	5,420,000
Compensated absences	231,049
Net pension liability	1,437,393
Net OPEB liability	75,686
Total liabilities	7,952,986
Deferred Inflows of Resources	
Unavailable property tax revenue	4,816,000
Pension related deferred inflows	764,434
Total deferred inflows of resources	5,580,434
Net Position	
Net investment in capital assets	14,210,073
Restricted for:	
Supplemental levy purposes	744,105
Mental health purposes	183,030
Rural services purposes	653,797
Secondary roads purposes	2,026,261
Other purposes	173,547
Unrestricted	(496,369)
Total net position	$ 17,494,444

See notes to financial statements.

Fremont County

Statement of Activities

Year ended June 30, 2015

		Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 1,989,256	264,402	-	-	(1,724,854)
Physical health and social services	161,200	10,433	71,305	-	(79,462)
Mental health	1,347,858	190,700	68,182	-	(1,088,976)
County environment and education	586,163	94,811	56,645	-	(434,707)
Roads and transportation	3,968,128	14,587	2,908,796	1,373,460	328,715
Governmental services to residents	367,517	147,329	11,980	-	(208,208)
Administration	1,160,711	16,455	-	-	(1,144,256)
Interest on long-term debt	196,140	-	37,838	-	(158,302)
Total	$ 9,776,973	738,717	3,154,746	1,373,460	(4,510,050)
General Revenues:					
Property and other county tax levied for general purposes					4,617,726
Tax increment financing					289,238
Penalty and interest on property tax					42,460
State tax credits					318,466
Local option sales tax					496,143
Hotel/motel tax					103,861
Unrestricted investment earnings					28,848
Gain on disposition of capital assets					151,387
Miscellaneous					48,159
Total general revenues					6,096,288
Change in net position					1,586,238
Net position beginning of year, as restated					15,908,206
Net position end of year					$ 17,494,444

See notes to financial statements.

Fremont County

Balance Sheet
Governmental Funds

June 30, 2015

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	$ 2,015,539	188,297	639,007	1,614,474
Receivables:				
Property tax:				
Delinquent	16,388	1,284	5,938	-
Succeeding year	2,665,000	216,000	1,326,000	-
Interest and penalty on property tax	57,891	-	-	-
Accounts	17,200	-	-	-
Accrued interest	1,599	-	-	-
Loan	520,000	-	-	-
Due from other governments	81,106	14,610	10,296	253,048
Inventories	-	-	-	347,284
Prepaid items	191,076	3	-	81,828
Total assets	$ 5,565,799	420,194	1,981,241	2,296,634
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 23,202	-	-	61,269
Salaries and benefits payable	52,405	156	1,444	33,476
Due to other governments	4,576	14,610	-	103
Total liabilities	80,183	14,766	1,444	94,848
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,665,000	216,000	1,326,000	-
Other	101,689	1,258	5,892	-
Total deferred inflows of resources	2,766,689	217,258	1,331,892	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	347,284
Prepaid items	191,076	3	-	81,828
Restricted for:				
Supplemental levy purposes	754,938	-	-	-
Mental health purposes	-	188,167	-	-
Rural services purposes	-	-	647,905	-
Secondary roads purposes	-	-	-	1,772,674
Drainage purposes	-	-	-	-
Local option sales tax purposes	365,644	-	-	-
Capital projects	-	-	-	-
Debt service	520,000	-	-	-
Conservation purposes	1,573	-	-	-
Other purposes	-	-	-	-
Unassigned	885,696	-	-	-
Total fund balances	2,718,927	188,170	647,905	2,201,786
Total liabilities, deferred inflows of resources and fund balances	$ 5,565,799	420,194	1,981,241	2,296,634

See notes to financial statements.

Capital Projects Law Enforcement Center	Nonmajor	Total
806,512	178,214	5,442,043
-	2,033	25,643
-	609,000	4,816,000
-	-	57,891
-	3,541	20,741
-	-	1,599
-	-	520,000
-	1,332	360,392
-	-	347,284
-	700	273,607
806,512	794,820	11,865,200
165,448	1,029	250,948
-	-	87,481
-	-	19,289
165,448	1,029	357,718
-	609,000	4,816,000
-	1,992	110,831
-	610,992	4,926,831
-	-	347,284
-	700	273,607
-	-	754,938
-	-	188,167
-	-	647,905
-	-	1,772,674
-	5,495	5,495
-	-	365,644
641,064	-	641,064
-	41	520,041
-	-	1,573
-	176,563	176,563
-	-	885,696
641,064	182,799	6,580,651
806,512	794,820	11,865,200

Fremont County

Fremont County

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

June 30, 2015

Total governmental fund balances (page 21)		$ 6,580,651
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is $25,483,754 and the accumulated depreciation is $6,704,745.		18,779,009
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		110,831
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 383,655	
Deferred inflows of resources	(764,434)	(380,779)
Long-term liabilities, including accrued interest payable, bonds/notes payable, compensated absences payable, net pension liability and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(7,595,268)
Net assets of governmental activities (page 19)		$ 17,494,444

See notes to financial statements.

Fremont County

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

Year ended June 30, 2015

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 2,640,564	315,638	1,316,619	-
Local option sales tax	378,267	-	117,879	-
Hotel/motel tax	85,618	-	-	-
Tax increment financing	-	-	-	-
Interest and penalty on property tax	33,765	-	-	-
Intergovernmental	549,468	85,353	89,111	3,028,031
Licenses and permits	13,011	-	-	1,530
Charges for service	298,406	-	-	-
Use of money and property	80,683	-	-	-
Miscellaneous	161,836	41	32	13,057
Total revenues	4,241,618	401,032	1,523,641	3,042,618
Expenditures:				
Operating:				
Public safety and legal services	1,878,086	-	86,343	-
Physical health and social services	146,422	-	17,105	-
Mental health	215,517	1,136,318	-	-
County environment and education	224,740	-	80,288	-
Roads and transportation	-	-	-	3,746,205
Governmental services to residents	367,750	-	-	
Administration	1,153,175	-	808	-
Capital projects	-	-	-	347,935
Debt service	107,683	-	-	-
Total expenditures	4,093,373	1,136,318	184,544	4,094,140
Excess (deficiency) of revenues over (under) expenditures	148,245	(735,286)	1,339,097	(1,051,522)
Other financing sources (uses):				
Sale of capital assets	10,247	-	-	300
Transfers in	-	-	-	1,139,836
Transfers out	-	-	(1,139,836)	-
Payment to refunding bond escrow agent	(495,000)	-	-	-
General obligation bond proceeds	520,000	-	-	-
Discount on bonds issued	(9,100)	-	-	-
Total other financing sources (uses)	26,147	-	(1,139,836)	1,140,136
Change in fund balances	174,392	(735,286)	199,261	88,614
Fund balances beginning of year, as restated	2,544,535	923,456	448,644	2,113,172
Fund balances end of year	$ 2,718,927	188,170	647,905	2,201,786

See notes to financial statements.

Capital Projects		
Law Enforcement Center	Nonmajor	Total
-	342,400	4,615,221
-	-	496,146
-	-	85,618
-	289,238	289,238
-	-	33,765
-	51,050	3,803,013
-	-	14,541
-	1,613	300,019
4,810	36	85,529
-	17,988	192,954
4,810	702,325	9,916,044
-	8,272	1,972,701
-	-	163,527
-	-	1,351,835
-	318,228	623,256
-	-	3,746,205
-	-	367,750
-	-	1,153,983
4,048,097	-	4,396,032
-	379,292	486,975
4,048,097	705,792	14,262,264
(4,043,287)	(3,467)	(4,346,220)
-	3,799	14,346
-	17,703	1,157,539
-	(17,703)	(1,157,539)
-	-	(495,000)
-	-	520,000
-	-	(9,100)
-	3,799	30,246
(4,043,287)	332	(4,315,974)
4,684,351	182,467	10,896,625
641,064	182,799	6,580,651

Fremont County

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

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25)		$(4,315,974)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$4,869,379	
Capital assets contributed by the Iowa Department of Transportation	1,373,460	
Depreciation expense	(958,485)	5,284,354
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		151,387
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	2,505	
Other	(82,081)	(79,576)
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 Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:		
Issued	(520,000)	
Repaid	790,000	270,000
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		280,923
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	115,776	
Other postemployment benefits	(10,965)	
Pension expense	(114,622)	
Interest on long-term debt	4,935	(4,876)
Change in net position of governmental activities (page 19)		$ 1,586,238

See notes to financial statements.

Fremont County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets		
Cash and pooled investments:		
County Treasurer	$	1,098,859
Other County officials		19,002
Receivables:		
Property tax:		
Delinquent		1,495
Succeeding year		9,377,000
Accounts		108
Drainage assessments		979,961
Due from other governments		22,612
Prepaid items		3,630
Total assets		11,502,667
Liabilities		
Accounts payable		10
Salaries and benefits payable		7,735
Stamped warrants payable		1,449,779
Due to other governments		9,987,381
Trusts payable		9,170
Compensated absences		48,592
Total liabilities		11,502,667
Net position	$	-

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Fremont 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, Fremont 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 Fremont 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.

Certain 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 County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The remaining individual drainage districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the 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: County Assessor's Conference Board, County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in 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: Southwest IV Transportation Planning Agency, Job Training Partnership Agency, Multi-County Juvenile Detention Center and Southwest Iowa Crime Commission.

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 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 Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 50,000
Intangibles	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	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment and vehicles	2 - 20

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

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

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

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	$ 1,139,836
Low to Moderate Income Assistance	Tax Increment Financing Rebate	17,703
Total		$ 1,157,539

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 197,904	-	-	197,904
Intangibles, road network	1,384,069	-	-	1,384,069
Construction in progress	790,682	5,584,660	(1,579,729)	4,795,613
Total capital assets not being depreciated	2,372,655	5,584,660	(1,579,729)	6,377,586
Capital assets being depreciated:				
Buildings	3,198,883	11,000	-	3,209,883
Improvements other than buildings	193,236	-	-	193,236
Equipment and vehicles	6,300,982	799,429	(540,754)	6,559,657
Infrastructure, road network	7,202,814	1,579,729	-	8,782,543
Infrastructure, other	360,849	-	-	360,849
Total capital assets being depreciated	17,256,764	2,390,158	(540,754)	19,106,168
Less accumulated depreciation for:				
Buildings	913,535	63,880	-	977,415
Improvements other than buildings	64,003	7,920	-	71,923
Equipment and vehicles	3,946,116	587,112	(539,891)	3,993,337
Infrastructure, road network	1,247,490	287,545	-	1,535,035
Infrastructure, other	115,007	12,028	-	127,035
Total accumulated depreciation	6,286,151	958,485	(539,891)	6,704,745
Total capital assets being depreciated, net	10,970,613	1,431,673	(863)	12,401,423
Governmental activities capital assets, net	$ 13,343,268	7,016,333	(1,580,592)	18,779,009

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 81,729
Mental health	2,036
County environment and education	27,235
Roads and transportation	807,994
Governmental services to residents	8,450
Administration	31,041
Total depreciation expense - governmental activities	$ 958,485

(5) Due to Other Governments

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

Fund	Description		Amount
General	Services	$	4,576
Special Revenue:			
Mental Health			14,610
Secondary Roads	Services		103
Total for governmental funds		$	19,289
Agency:			
County Assessor	Collections	$	383,799
Schools			6,519,996
Community Colleges			591,553
Corporations			1,785,671
Townships			221,022
Auto License and Use Tax			189,934
Drainage Districts			1,449,779
All other			295,406
Total for agency funds		$	11,437,160

(6) Changes in Long-Term Liabilities

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

		General Obligation Bonds/Notes	General Obligation Bonds LEC	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	$	575,000	5,425,000	455,149	2,255,790	64,721	8,775,660
Increases		520,000	-	479,894	-	13,807	1,013,701
Decreases		575,000	215,000	595,670	818,397	2,842	2,206,909
Balance end of year	$	520,000	5,210,000	339,373	1,437,393	75,686	7,582,452
Due within one year	$	75,000	235,000	108,324	-	-	418,324

General Obligation Bonds/Notes

On August 9, 2007, the County issued $1,265,000 of general obligation solid waste disposal bonds for the purpose of constructing improvements to the Fremont County Landfill Commission facilities. The Commission agreed to make payments to the County to pay the principal and interest on the general obligation solid waste disposal bonds as they came due.

On November 1, 2014, the County issued $520,000 of general obligation refunding capital loan notes for a crossover advance refunding of $495,000 of the general obligation solid waste disposal bonds dated August 9, 2007. The notes bear interest at .65% to 2.15% per annum and mature June 1, 2022. The crossover refunding date was June 1, 2015.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding capital loan notes were converted into U.S. government securities. These securities, along with additional cash, were placed with an escrow agent to pay the principal and interest on the refunding general obligation capital loan notes (new debt) until the crossover refunding date. On the crossover refunding date of June 1, 2015, the refunded general obligation solid waste disposal bonds (old debt) were paid using the amounts held by the escrow agent. From that point forward, the Landfill Commission will make payments to the County to pay the principal and interest on the general obligation refunding capital loan notes (new debt) as they come due. The transactions and balances of the escrow account were recorded by the County since the refunded debt was not considered extinguished until June 1, 2015. A balance of $843, representing unused cash proceeds, remained in the escrow account at June 30, 2015.

The refunding was undertaken to reduce total debt service payments over the next seven years by $27,283 and resulted in an economic gain of $25,599.

On April 15, 2014, the County issued $5,425,000 of general obligation bonds for the purpose of constructing, furnishing and equipping a County Law Enforcement Center. The bonds bear interest at 2.00% to 3.75% per annum and mature June 1, 2033.

Annual debt service requirements to maturity for the general obligation bonds/refunding notes are as follows:

Year	Solid Waste Disposal Refunding Notes		
Ending	Interest		
June 30,	Rates	Principal	Interest
2016	0.65%	$ 75,000	8,073
2017	1.20	70,000	7,585
2018	1.20	70,000	6,745
2019	1.70	75,000	5,905
2020	1.70	70,000	4,630
2021-2022	1.70 - 2.15	160,000	5,268
Total		$ 520,000	38,206

Year	Law Enforcement Center Bonds			Total		
Ending	Interest					
June 30,	Rates	Principal	Interest	Principal	Interest	Total
2016	2.00%	$ 235,000	145,725	300,000	153,798	453,798
2017	2.00	240,000	141,025	305,000	148,610	453,610
2018	2.00	245,000	136,225	310,000	142,970	452,970
2019	2.00	250,000	131,325	320,000	137,230	457,230
2020	2.00	255,000	126,325	325,000	130,955	455,955
2021-2025	2.00-2.50	1,360,000	548,925	1,520,000	554,193	2,074,193
2026-2030	2.75-3.25	1,555,000	352,738	1,555,000	352,738	1,907,738
2031-2033	3.50-3.75	1,070,000	80,325	1,070,000	80,325	1,150,325
Total		$ 5,210,000	1,662,613	5,705,000	1,700,819	7,405,819

During the year ended June 30, 2015, the County retired $790,000 of general obligation bonds.

(7) Loan Receivable

The County loaned note proceeds to the Fremont County Landfill Commission. Under the agreement, the Fremont County Landfill Commission has agreed to make payments to the County equal to the payments the County is required to make on the general obligation refunding capital loan notes, detailed in Note 6 of the Notes to Financial Statements. The principal and interest payments from the Fremont County Landfill Commission are credited to the General Fund.

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2015 were $280,923.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of $1,437,393 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.036244%, which was a decrease of 0.003044% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $114,622. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,158	17,617
Changes of assumptions	65,617	17,539
Net difference between projected and actual earnings on pension plan investments	-	729,278
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	20,957	-
County contributions subsequent to the measurement date	280,923	-
Total	$ 383,655	764,434

$280,923 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	$ (166,531)
2017	(166,531)
2018	(166,531)
2019	(166,531)
2020	4,422
Total	$ (661,702)

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US equity	23%	6.31%
Non US equity	15	6.76
Private equity	13	11.34
Real estate	8	3.52
Core plus fixed income	28	2.06
Credit opportunities	5	3.67
TIPS	5	1.92
Other real assets	2	6.27
Cash	1	(0.69)
Total	100%	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$ 3,108,721	1,437,393	27,906

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

Payables to IPERS - At June 30, 2015, the County reported payables to IPERS $22,800 for legally required County contributions and $16,313 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 74 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 13,691
Interest on net OPEB obligation	2,589
Adjustment to annual required contribution	(2,473)
Annual OPEB cost	13,807
Contributions made	(2,842)
Increase in net OPEB obligation	10,965
Net OPEB obligation beginning of year	64,721
Net OPEB obligation end of year	$ 75,686

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

For the year ended June 30, 2015, the County contributed $2,842 to the medical plan. Plan members eligible for benefits did not contribute.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 13,701	10.9%	$ 52,573
2014	13,785	11.8	64,721
2015	13,807	20.6	75,686

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $120,211 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $120,211. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3,175,000 and the ratio of the UAAL to covered payroll was 3.8%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

Projected claim costs of the medical plan are $583 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were $152,634.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $500,000 and $100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Development Agreements

The County has entered into development agreements to assist in urban renewal projects, as follows:

The County agreed to rebate 100% of the incremental property tax paid by developers and a company organized as an Iowa limited liability company in exchange for the construction and maintenance of certain improvements. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developers and the company will be rebated in thirty semi-annual payments beginning on December 1, 2002. The total to be paid by the County under this agreement is not to exceed $5,923,031. During the year ended June 30, 2015, $245,940 was rebated to the company on behalf of the developers, with a cumulative total of $2,962,149 rebated to the developers as of June 30, 2015. The County is in dispute with the developer and the amount rebated may be less.

The County agreed to rebate 62.26% of the incremental property tax paid by the developer in exchange for the construction of certain road, water and sanitary sewer improvements. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed $300,000. During the year ended June 30, 2015, $29,205 was rebated to the developer, with a cumulative total of $169,990 rebated to the developer as of June 30, 2015.

(12) Financial Assurance

The County participates in an agreement with the Fremont County Landfill Commission, which was created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities.

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-104.26(5) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2015 are $1,681,643 and the County's financial assurance obligation amount is $1,110,386. At June 30, 2015, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

In the event the Commission fails to perform closure or postclosure care in accordance with the appropriate plan or permit, whenever required to do so, or fails to obtain an alternate financial assurance within 90 days of intent to cancel, the County will perform or pay a third party to perform closure and/or postclosure care or establish a standby trust fund in the name of the Commission or obtain alternate financial assurance in the amount of the assured amount.

(13) Pending Litigation

The County is a defendant in a lawsuit seeking an unspecified amount of damage. The probability and amount of loss, if any, is indeterminable. The County carries insurance to cover losses.

(14) County Financial Information Included in the Southwest Iowa Mental Health and Disability Services Region (SWIA MHDS)

SWIA MHDS, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Cass County, Harrison County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County, Shelby County and Fremont County. The financial activity of the County's Special Revenue, Mental Health Fund is included in SWIA MHDS for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		$ 315,638
Intergovernmental:		
State tax credits	$ 21,813	
Social services block grant	61,272	
Other	2,268	85,353
Miscellaneous		41
Total revenues		401,032
Expenditures:		
Services to persons with:		
Mental illness	4,185	
Intellectual disabilities	1,113	5,298
General administration:		
Direct administration	5,196	
Distribution to regional fiscal agent	1,051,347	1,056,543
County provided case management		74,477
Total expenditures		1,136,318
Excess of expenditures over revenues		(735,286)
Fund balance beginning of year		923,456
Fund balance end of year		$ 188,170

(15) Accounting Change/Restatement

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

Also, as allowed by Chapter 468.322 of the Code of Iowa, the management of two drainage districts was transferred from County Board of Supervisor control to Trustee control. As a result, the cash balance, the drainage assessments receivable and the drainage warrants payable of the applicable drainage districts as of July 1, 2014 were reclassified from a Special Revenue Fund to an Agency Fund.

In addition, the July 1, 2014 balance of total long-term liabilities reported in Note 6 was restated to remove $367,673 of drainage warrants payable transferred to Trustee control.

As a result of the above items, the following restatement/reclassifications were made, as follows:

	Governmental Activities	Nonmajor Special Revenue Funds	Budgetary Cash Balance	Agency Funds Total Assets and Liabilities
Balances June 30, 2014, as previously reported	$ 17,904,855	194,643	9,763,493	11,863,602
Net pension liability at June 30, 2014	(2,255,790)	-	-	-
Deferred outflows of resources related to contibutions made after the June 30, 2013 measurement date	271,317	-	-	-
Reclassify drainage district activity previously reported from Board of Supervisor control to Trustee control:				
Cash	(12,176)	(12,176)	(12,176)	12,176
Drainage warrants payable, net of drainage assessments receivable	-	-	-	367,673
Balances July 1, 2014, as restated	$ 15,908,206	182,467	9,751,317	12,243,451

Fremont County

Required Supplementary Information

Fremont County

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

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 5,507,233	-	5,507,233
Interest and penalty on property tax	33,888	-	33,888
Intergovernmental	3,728,055	-	3,728,055
Licenses and permits	61,028	-	61,028
Charges for service	297,327	-	297,327
Use of money and property	86,061	-	86,061
Miscellaneous	150,362	2,987	147,375
Total receipts	9,863,954	2,987	9,860,967
Disbursements:			
Public safety and legal services	2,004,029	-	2,004,029
Physical health and social services	163,494	-	163,494
Mental health	1,355,792	-	1,355,792
County environment and education	621,086	3,621	617,465
Roads and transportation	3,802,073	-	3,802,073
Governmental services to residents	376,091	-	376,091
Administration	1,238,042	-	1,238,042
Non-program	-	-	-
Debt service	471,616	-	471,616
Capital projects	4,235,514	-	4,235,514
Total disbursements	14,267,737	3,621	14,264,116
Excess (deficiency) of receipts over (under) disbursements	(4,403,783)	(634)	(4,403,149)
Other financing sources, net	94,509	1,626	92,883
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(4,309,274)	992	(4,310,266)
Balance beginning of year, as restated	9,751,317	4,503	9,746,814
Balance end of year	$ 5,442,043	5,495	5,436,548

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
5,657,835	5,657,835	(150,602)
24,045	24,045	9,843
3,953,552	3,953,552	(225,497)
26,400	26,400	34,628
274,653	274,653	22,674
79,580	79,580	6,481
73,249	73,249	74,126
10,089,314	10,089,314	(228,347)
1,963,572	2,116,472	112,443
309,766	309,766	146,272
1,522,851	1,522,851	167,059
708,184	708,184	90,719
4,027,000	4,462,000	659,927
449,326	449,326	73,235
1,355,134	1,357,234	119,192
1,500	1,500	1,500
483,940	483,940	12,324
5,357,000	5,357,000	1,121,486
16,178,273	16,768,273	2,504,157
(6,088,959)	(6,678,959)	2,275,810
5,144,648	5,168,648	(5,075,765)
(944,311)	(1,510,311)	(2,799,955)
4,568,710	4,568,710	5,178,104
3,624,399	3,058,399	2,378,149

Fremont County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 9,863,954	52,090	9,916,044
Expenditures	14,267,737	(5,473)	14,262,264
Net	(4,403,783)	57,563	(4,346,220)
Other financing sources, net	94,509	(64,263)	30,246
Beginning fund balances	9,751,317	1,145,308	10,896,625
Ending fund balances	$ 5,442,043	1,138,608	6,580,651

See accompanying independent auditor's report.

Fremont County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements $590,000. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted by function or department.

Fremont County

Fremont County

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

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

Required Supplementary Information

	2015
County's collective proportion of the net pension liability	0.036244%
County's collective proportionate share of the net pension liability (asset)	$ 1,437
County's covered-employee payroll	$ 2,978
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.25%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report.

Fremont County

Schedule of County Contributions

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

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	$ 281	271	253	252
Contributions in relation to the statutorily required contribution	(281)	(271)	(253)	(252)
Contribution deficiency (excess)	$ -	-	-	-
County's covered-employee payroll	$ 3,080	2,978	2,844	3,010
Contributions as a percentage of covered-employee payroll	9.12%	9.10%	8.90%	8.37%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
212	200	181	163	153	159
(212)	(200)	(181)	(163)	(153)	(159)
-	-	-	-	-	-
2,877	2,885	2,747	2,619	2,533	2,648
7.37%	6.93%	6.59%	6.22%	6.04%	6.00%

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

Fremont County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	Jul 1, 2009	-	$ 125	125	0.0%	$ 2,773	4.4%
2012	Jul 1, 2009	-	125	125	0.0	2,594	4.8
2013	Jul 1, 2012	-	120	120	0.0	2,726	4.4
2014	Jul 1, 2012	-	120	120	0.0	2,634	4.6
2015	Jul 1, 2013	-	120	120	0.0	3,175	3.8

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

See accompanying independent auditor’s report.

Supplementary Information

Fremont County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

		County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts
Assets				
Cash, cash equivalents and pooled investments	$	26,325	256	5,495
Receivables:				
Delinquent property tax		-	-	-
Succeeding year property tax		-	-	-
Accounts		-	-	-
Due from other governments		-	-	-
Prepaid items		-	-	-
Total assets	$	26,325	256	5,495
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		-	-	-
Other		-	-	-
Total deferred inflows of resources		-	-	-
Fund balances:				
Nonspendable:				
Prepaid items		-	-	-
Restricted for:				
Drainage purposes		-	-	5,495
Debt service		-	-	-
Other purposes		26,325	256	-
Total fund balances		26,325	256	5,495
Total liabilities, deferred inflows of resources and fund balances	$	26,325	256	5,495

See accompanying independent auditor's report.

Special Revenue						
Tax Increment Financing Rebate	Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Debt Service	Total
5,894	78,626	28,906	1,303	31,409	-	178,214
-	-	-	-	-	2,033	2,033
257,000	-	-	-	-	352,000	609,000
-	-	-	-	3,541	-	3,541
-	-	-	-	1,332	-	1,332
-	-	700	-	-	-	700
262,894	78,626	29,606	1,303	36,282	354,033	794,820
-	-	1,029	-	-	-	1,029
257,000	-	-	-	-	352,000	609,000
-	-	-	-	-	1,992	1,992
257,000	-	-	-	-	353,992	610,992
-	-	700	-	-	-	700
-	-	-	-	-	-	5,495
-	-	-	-	-	41	41
5,894	78,626	27,877	1,303	36,282	-	176,563
5,894	78,626	28,577	1,303	36,282	41	182,799
262,894	78,626	29,606	1,303	36,282	354,033	794,820

Fremont County

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

Year ended June 30, 2015

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Tax Increment Financing Rebate
Revenues:				
Property tax	$ -	-	-	-
Tax increment financing	-	-	-	289,238
Intergovernmental	-	-	-	9,505
Charges for service	1,613	-	-	-
Use of money and property	13	-	-	-
Miscellaneous	-	-	4,613	-
Total revenues	1,626	-	4,613	298,743
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	3,621	275,146
Debt service	-	-	-	-
Total expenditures	-	-	3,621	275,146
Excess (deficiency) of revenues over (under) expenditures	1,626	-	992	23,597
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	
Transfers out	-	-	-	(17,703)
Total other financing sources (uses)	-	-	-	(17,703)
Change in fund balances	1,626	-	992	5,894
Fund balances beginning of year, as restated	24,699	256	4,503	-
Fund balances end of year	$ 26,325	256	5,495	5,894

See accompanying independent auditor's report.

Special Revenue					
Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Debt Service	Total
-	-	-	-	342,400	342,400
-	-	-	-	-	289,238
-	11,967	-	3,389	26,189	51,050
-	-	-	-	-	1,613
-	23	-	-	-	36
-	-	-	2,716	10,659	17,988
-	11,990	-	6,105	379,248	702,325
-	-	-	8,272	-	8,272
6,000	33,461	-	-	-	318,228
-	-	-	-	379,292	379,292
6,000	33,461	-	8,272	379,292	705,792
(6,000)	(21,471)	-	(2,167)	(44)	(3,467)
-	-	-	3,799	-	3,799
17,703	-	-	-	-	17,703
-	-	-	-	-	(17,703)
17,703	-	-	3,799	-	3,799
11,703	(21,471)	-	1,632	(44)	332
66,923	50,048	1,303	34,650	85	182,467
78,626	28,577	1,303	36,282	41	182,799

Fremont County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

		County Offices	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$	-	3,021	165,533	120,296
Other County officials		17,002	-	-	-
Receivables:		-			
Property tax:					
Delinquent		-	19	33	700
Succeeding year		-	153,000	273,000	6,399,000
Accounts		108	-	-	-
Drainage assessments		-	-	-	-
Due from other governments		-	-	-	-
Prepaid items		-	-	-	-
Total assets	$	17,110	156,040	438,566	6,519,996
Liabilities					
Accounts payable	$	-	-	-	-
Salaries and benefits payable		-	-	6,175	-
Stamped warrants payable		-	-		-
Due to other governments		7,940	156,040	383,799	6,519,996
Trusts payable		9,170	-	-	-
Compensated absences		-	-	48,592	-
Total liabilities	$	17,110	156,040	438,566	6,519,996

See accompanying independent auditor’s report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
9,483	33,006	3,014	189,934	469,818	104,754	1,098,859
-	-	-	-	-	2,000	19,002
70	665	8	-	-	-	1,495
582,000	1,752,000	218,000	-	-	-	9,377,000
-	-	-	-	-	-	108
-	-	-	-	979,961	-	979,961
-	-	-	-	-	22,612	22,612
-	-	-	-	-	3,630	3,630
591,553	1,785,671	221,022	189,934	1,449,779	132,996	11,502,667
-	-	-	-	-	10	10
-	-	-	-	-	1,560	7,735
-	-	-	-	1,449,779	-	1,449,779
591,553	1,785,671	221,022	189,934	-	131,426	9,987,381
-	-	-	-	-	-	9,170
-	-	-	-	-	-	48,592
591,553	1,785,671	221,022	189,934	1,449,779	132,996	11,502,667

Fremont County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year, as restated	$ 8,161	152,665	362,913	7,249,287
Additions:				
Property and other county tax	-	152,542	272,549	6,357,945
E911 surcharge	-	-	-	-
State tax credits	-	11,420	19,264	564,304
Drivers license fees	-	-	-	-
Office fees and collections	148,325	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	184,618	-	-	-
Miscellaneous	-	-	2,258	-
Total additions	332,943	163,962	294,071	6,922,249
Deductions:				
Agency remittances:				
To other funds	48,121	-	-	-
To other governments	95,752	160,587	218,418	7,651,540
Trusts paid out	180,121	-	-	-
Total deductions	323,994	160,587	218,418	7,651,540
Balances end of year	$ 17,110	156,040	438,566	6,519,996

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
593,509	1,827,257	213,563	204,529	1,387,495	244,072	12,243,451
581,761	1,704,431	220,576	-	-	1,630	9,291,434
-	-	-	-	-	30,928	30,928
44,293	179,837	13,697	-	-	126	832,941
-	-	-	45,346	-	-	45,346
-	-	-	-	-	560	148,885
-	-	-	-	-	1,613	1,613
-	-	-	2,451,446	-	-	2,451,446
-	-	-	-	331,103	-	331,103
-	-	-	-	-	430,696	615,314
-	17,303	-	-	14,256	178,567	212,384
626,054	1,901,571	234,273	2,496,792	345,359	644,120	13,961,394
-	-	-	118,151	-	-	166,272
628,010	1,943,157	226,814	2,393,236	283,075	326,488	13,927,077
-	-	-	-	-	428,708	608,829
628,010	1,943,157	226,814	2,511,387	283,075	755,196	14,702,178
591,553	1,785,671	221,022	189,934	1,449,779	132,996	11,502,667

Fremont County

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

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	$ 4,615,221	4,029,758	3,974,230	3,667,670
Local option sales tax	496,146	369,605	392,161	339,736
Hotel/motel tax	85,618	85,376	125,396	80,494
Tax increment financing	289,238	288,762	311,733	342,040
Interest and penalty on property tax	33,765	40,599	41,216	47,182
Intergovernmental	3,803,013	4,466,015	4,252,581	5,855,574
Licenses and permits	14,541	15,349	24,093	15,676
Charges for service	300,019	294,478	322,460	294,534
Use of money and property	85,529	81,631	86,218	80,873
Miscellaneous	192,954	102,280	121,124	170,428
Total	$ 9,916,044	9,773,853	9,651,212	10,894,207
Expenditures:				
Operating:				
Public safety and legal services	$ 1,972,701	1,833,658	1,660,240	1,700,924
Physical health and social services	163,527	171,724	198,747	188,377
Mental health	1,351,835	513,198	557,711	1,147,737
County environment and education	623,256	893,739	857,130	837,439
Roads and transportation	3,746,205	4,076,405	3,876,087	4,759,708
Governmental services to residents	367,750	335,342	294,987	291,491
Administration	1,153,983	1,128,976	1,561,724	876,102
Capital projects	4,396,032	1,368,797	26,863	1,454,366
Debt service	486,975	107,948	142,348	146,693
Total	$ 14,262,264	10,429,787	9,175,837	11,402,837

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
3,502,764	3,207,927	2,891,750	2,796,186	2,954,419	2,896,357
340,242	276,560	298,869	354,818	366,556	320,013
109,190	104,837	136,810	125,265	-	-
353,311	331,228	294,230	287,926	249,628	226,431
31,395	36,418	34,779	32,132	32,363	36,374
3,954,807	3,943,988	3,609,589	3,441,598	3,803,528	3,569,818
10,014	14,384	21,737	13,748	11,085	15,238
294,739	297,077	281,712	245,832	266,114	267,302
109,033	143,749	200,421	273,144	295,786	198,819
113,870	242,230	334,715	288,346	70,275	89,066
8,819,365	8,598,398	8,104,612	7,858,995	8,049,754	7,619,418
1,678,496	1,632,171	1,577,670	1,589,735	1,440,145	1,541,422
232,310	225,919	173,847	173,261	160,364	151,511
986,080	1,031,039	1,094,904	1,131,939	1,148,688	1,076,418
686,860	709,649	592,200	798,325	569,297	544,600
3,482,456	3,303,655	3,540,488	3,081,546	2,847,459	3,132,924
304,531	305,626	311,891	308,794	283,362	394,944
1,072,083	966,078	931,847	949,115	904,719	894,836
198,276	214,622	181,268	197,167	141,305	284,134
145,840	144,740	143,445	133,296	-	-
8,786,932	8,533,499	8,547,560	8,363,178	7,495,339	8,020,789

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

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Auditor of State

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

To the Officials of Fremont County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 6, 2016.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (D) to be a significant deficiency.

Compliance and Other Matters

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

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

Fremont County's Responses to the Findings

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

Purpose of this Report

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

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 6, 2016

<u>Findings Related to the Financial Statements</u>:

INTERNAL CONTROL DEFICIENCIES:

(A) <u>Segregation of Duties</u> - 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 more individuals in the office identified has control over the following areas for which no compensating controls exist:

		Applicable Office
(1)	Receipts – collecting, recording, posting receipts and maintaining receivable records.	County Treasurer
(2)	Investments – investing, custody and accounting.	County Treasurer
(3)	Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash.	County Treasurer
(4)	One individual has custody of the change fund and can handle more than one fund, along with other cash receipts, and can also collect and reconcile receipts.	County Treasurer

<u>Recommendation</u> – We realize segregation of duties is difficult with a limited number of employees. However, the County Treasurer should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The County Treasurer should utilize current personnel, including other elected officials or personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports.

<u>Response</u> –

(1) Employees take turns in collecting mail. The Treasurer opens the mail and records it in a spreadsheet, including name, bank, amount and check number. All employees enter receipts. A rotational schedule has been established for reconciling and daily balancing.

(2) A request for interest quotes is emailed to all banks by a tax deputy (rotated). A quote sheet is prepared for the Treasurer's approval. Only the Treasurer can cash or purchase investments. Spreadsheets are prepared for individual investments by tax deputies (rotated).

(3) All employees are needed to sign checks, handle or record cash to serve the customers.

(4) All employees are trained in each division of the office. We rotate daily balancing. To serve our customers, all must handle and receipt money received.

Conclusions – Responses acknowledged. Segregation of duties helps prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

(B) Financial Reporting – During the audit, we identified material amounts of receivables and payables not recorded in the correct year in the financial statements. Adjustments were subsequently made by the County to properly reflect these amounts.

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and properly recorded in the County's financial statements.

Response – We will work to ensure items are recorded to the proper fiscal year.

Conclusion – Response accepted.

(C) Timesheets – The County Board of Supervisors does not require salaried personnel of the County to prepare and file timesheets.

Recommendation – Timesheets should be prepared by all personnel in all departments, salaried as well as hourly, and should be submitted to the County Auditor's office prior to processing payroll for each pay period. The timesheets should be signed by the employee's immediate supervisor or the County officer or department head prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days.

When an employee retires or otherwise leaves employment and claims a payout, the County needs support to provide assurance the claim is proper. Without maintaining detailed records, the County may not have the ability to support the claim. In addition, without detailed records, the County may not have the support necessary to ensure compliance with the Fair Labor Standards Act.

Response – The Fremont County Board of Supervisors has mandated that all part-time employees and employees who are not currently offered health insurance are required to keep and maintain time sheets and submit those timesheets to the County Auditor. All other employees may be required to keep timesheets at the discretion of their department head or direct supervisor.

Conclusion – Response acknowledged. The County Board of Supervisors should require all salaried personnel of the County to prepare and file timesheets.

(D) Compensatory Time – The Fremont County Employee Handbook states an employee may not accrue more than forty (40) hours of compensatory time. 15 of 74 employees had compensatory balances greater than 40 hours at June 30, 2015.

Recommendation – The County should determine the disposition of this matter and apply procedures to prevent any employee from accruing more than 40 hours of compensatory time in the future to be in compliance with the Fremont County Employee Handbook.

Response – The Fremont County Board of Supervisors will address the matter of compensatory time through resolution during this year by adopting procedures to prevent the accumulation of more than 40 hours of compensatory time.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted for any function.

(2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

(4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Nancy Henneman, Mental Health Department Secretary, co-owner with her husband Dennis of Henneman Auto Parts	Parts, fuel and maintenance	$ 5,325

In accordance with Chapter 331.342(2) of the Code of Iowa, the transaction with Nancy Henneman may represent a conflict of interest since the transactions exceeded $1,500 and were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – We are a very small county with very few options on where to buy our products. If we did not purchase from Henneman Auto Parts (right across the street), we would have to drive several miles to another town (in another county) or another state (Nebraska).

The County will consult legal counsel.

Conclusion – Response accepted.

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

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

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

(9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

(10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

Fremont County

Staff

This audit was performed by:

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