



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

April 2, 2008

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$10,665,816 for the year ended June 30, 2007, which included \$559,975 in tax credits from the state. The County forwarded \$7,492,874 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,172,942 of the local tax revenue to finance County operations, a three percent increase over the prior year. Other revenues included charges for service of \$653,074, operating grants, contributions and restricted interest of \$3,075,319, capital grants, contributions and restricted interest of \$225,861, tax increment financing of \$249,628, local option sales tax of \$366,556, unrestricted investment earnings of \$271,543, gain on disposition of capital assets of \$94,778 and other general revenues of \$84,190.

Expenses for County operations totaled \$7,607,553, a 3.6 percent decrease from the prior year. Expenses included \$3,094,398 for roads and transportation, \$1,416,095 for public safety and legal services and \$1,147,851 for mental health.

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

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FREMONT COUNTY

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

JUNE 30, 2007

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Fremont County

Officials

(Before January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Aistrope	Board of Supervisors	Jan 2007
Chuck Larson	Board of Supervisors	Jan 2007
John Whipple	Board of Supervisors	Jan 2009
Joan Kirk	County Auditor	Jan 2009
Judith M. Crain	County Treasurer	Jan 2007
Margaret Henkle	County Recorder	Jan 2007
Steven H. MacDonald	County Sheriff	Jan 2009
Vicki R. Danley	County Attorney	Jan 2007
Karen L. Berry	County Assessor	Jan 2010

(After January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Whipple	Board of Supervisors	Jan 2009
Earl Hendrickson	Board of Supervisors	Jan 2011
Chuck Larson	Board of Supervisors	Jan 2011
Joan Kirk	County Auditor	Jan 2009
Judith M. Crain	County Treasurer	Jan 2011
Margaret Henkle	County Recorder	Jan 2011
Steven H. MacDonald	County Sheriff	Jan 2009
Margaret E. Johnson	County Attorney	Jan 2011
Karen L. Berry	County Assessor	Jan 2010

Fremont County



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Independent Auditor's Report

To the Officials of Fremont County:

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, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Fremont County's management. Our responsibility is to express opinions on these financial statements based on our audit.

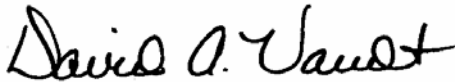
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County at June 30, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2008 on our consideration of Fremont County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 40 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other 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. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 6, 2008

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, 2007, along with comparative data for the year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 1.0%, or approximately \$81,000, from fiscal 2006 to fiscal 2007. Property and other county tax increased approximately \$101,000 over 2006. Operating grants, contributions and restricted interest increased approximately \$27,000, capital grants, contributions and restricted interest decreased approximately \$126,000 and local option sales tax increased approximately \$47,000.
- Program expenses of the County's governmental activities decreased 3.6%, or approximately \$286,000. Roads and transportation expenses decreased \$94,000, public safety and legal services expenses decreased approximately \$180,000 and mental health expenses increased approximately \$62,000.
- The County's net assets increased approximately \$586,000 from June 30, 2006 to June 30, 2007.

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 Assets 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 statements by providing information about the most significant funds. The remaining statements provide financial 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.
- Other Supplementary Information provides detailed information about the nonmajor governmental funds 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 Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

The County has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

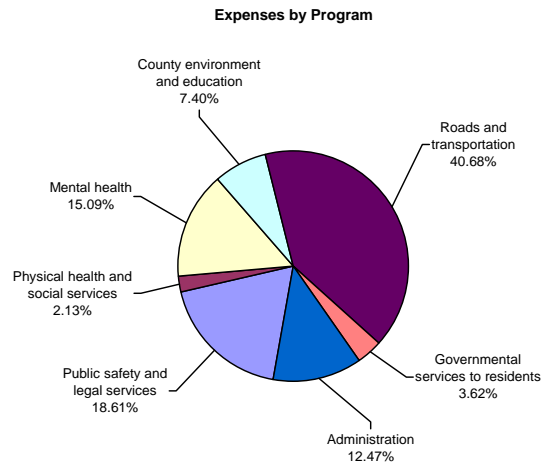
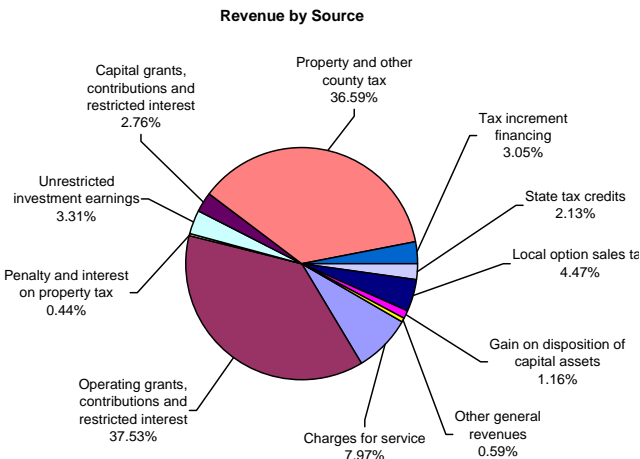
Net Assets of Governmental Activities		
	June 30,	
	2007	2006
Current and other assets	\$ 8,516,191	8,104,831
Capital assets	7,953,152	8,061,307
Total assets	<u>16,469,343</u>	<u>16,166,138</u>
Long-term liabilities	401,488	467,002
Other liabilities	3,478,282	3,695,901
Total liabilities	<u>3,879,770</u>	<u>4,162,903</u>
Net assets:		
Invested in capital assets	7,953,152	8,014,935
Restricted	3,128,568	2,449,458
Unrestricted	<u>1,507,853</u>	<u>1,538,842</u>
Total net assets	<u>\$ 12,589,573</u>	<u>12,003,235</u>

Net assets of Fremont County’s governmental activities increased 4.9%, or \$586,338, during the year. The largest portion of the County’s net assets is invested in capital assets (i.e. land, buildings, infrastructure, and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from approximately \$1,539,000 at June 30, 2006 to approximately \$1,508,000 at the end of this year, a decrease of 2%.

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 653,074	618,013
Operating grants, contributions and restricted interest	3,075,319	3,048,703
Capital grants, contributions and restricted interest	225,861	351,530
General revenues:		
Property and other county tax	2,998,204	2,897,381
Tax increment financing	249,628	226,431
Penalty and interest on property tax	35,958	39,016
State tax credits	174,738	180,437
Local option sales tax	366,556	320,013
Unrestricted investment earnings	271,543	178,026
Gain on disposition of capital assets	94,778	212,500
Other general revenues	48,232	40,672
Total revenues	8,193,891	8,112,722
Program expenses:		
Public safety and legal services	1,416,095	1,596,464
Physical health and social services	161,926	153,074
Mental health	1,147,851	1,086,074
County environment and education	563,092	628,133
Roads and transportation	3,094,398	3,188,101
Governmental services to residents	275,332	409,134
Administration	948,859	831,560
Non-program	-	540
Total expenses	7,607,553	7,893,080
Increase in net assets	586,338	219,642
Net assets beginning of year	12,003,235	11,783,593
Net assets end of year	\$ 12,589,573	12,003,235



Overall, revenues increased \$81,169, or 1.0%, during the year. The increase is primarily due to an increase in property and other county tax.

Fremont County's property tax rates for fiscal 2007 decreased \$.40332 per \$1,000 of taxable valuation in the rural levy. The rural assessed property taxable valuation decreased \$11,748,817. The countywide assessed property taxable valuation decreased \$12,615,450. The general basic levy remained at \$3.50 per \$1,000 of taxable valuation, the general supplemental levy increased \$.07670 per \$1,000 of taxable valuation and the mental health levy increased \$.32662 per \$1,000 of taxable valuation.

The cost of all governmental activities this year was approximately \$7.6 million compared to approximately \$7.9 million last year, a decrease of 3.6%.

INDIVIDUAL MAJOR FUND ANALYSIS

As Fremont County completed the year, its governmental funds reported a combined fund balance of \$4,958,407 compared to \$4,376,787 at June 30, 2006, an increase of \$581,620, or 13.3%.

The General Fund, the operating fund for Fremont County, ended FY07 with a balance of \$1,510,353, an increase of \$21,610 from the FY06 ending balance of \$1,488,743. The increase in fund balance is primarily due to a decrease in revenues of \$255,118 along with a decrease in expenditures of \$306,605. The decrease in revenues is primarily due to a decrease in intergovernmental revenues. The County received a state grant for the Southern Hills Welcome Center of \$68,000 and a federal grant for HAVA funding of \$84,000 in FY06 which were not received in FY07. Also, the Child Support Incentive program was transferred to the state level in FY07, which resulted in an additional decrease of \$170,000 in intergovernmental revenues. The decrease in expenditures is primarily due to the completion of the retaining wall project in FY06, a reduction in the Treasurer's Office staff and voting equipment purchased in FY06 but not in FY07.

The County has continued to look for ways to effectively manage the cost of mental health services. The Mental Health Fund balance at year-end decreased \$34,922, or 7.5%, from the prior year to \$431,522, primarily because expenditures exceeded revenues.

The Rural Services Fund ending fund balance decreased \$78,674 from the prior year to \$507,100. The decrease is primarily the result of a modest decrease in property tax and local option sales tax revenues of approximately \$15,000, a modest decrease in intergovernmental revenues of \$3,485 and an increase in transfers to the Secondary Roads Fund of \$22,966. Other expenditures within the Rural Services Fund remained virtually unchanged. The local option sales tax received and credited to the Rural Services Fund meets the requirements of the referendum for property tax relief.

The Secondary Roads Fund ended 2007 with a \$2,378,539 fund balance, an increase of \$689,632 compared to the prior year ending fund balance of \$1,688,907. The increase in fund balance is primarily due to an increase in revenues of \$484,307 and a decrease in expenditures of \$353,962. The increase in revenues is primarily due to receiving \$200,000 from the State for transfer of jurisdiction, \$115,000 more in State grants and reimbursements and \$75,000 for federal reimbursements. Expenditures decreased, primarily due to the completion of the Secondary Roads building, \$150,000 less was spent on rock and \$53,000 less was spent on flood and erosion control.

BUDGETARY HIGHLIGHTS

Over the course of the year, Fremont County amended its budget one time. The amendment was made in June 2007 and resulted in an increase in budgeted disbursements to update parcel descriptions due to widening several miles of roadways, golf course chemicals, parts, fuels, maintenance and repair and for scanning old record books.

The County's receipts were \$135,485 more than budgeted, a variance of 1.7%. The most significant variance resulted from the County receiving more property tax and other county tax and use of money and property than anticipated.

Total disbursements were \$1,201,857 less than the amended budget. Actual disbursements for the roads and transportation, mental health, public safety and legal services and governmental services to residents functions were \$371,953, \$177,824, \$288,036 and \$117,891, respectively, less than budgeted. This was primarily due to cost cutting measures instituted county-wide.

The County did not exceed the budgeted amounts by function for the year ended June 30, 2007. However, the conservation department exceeded the amount appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Fremont County had approximately \$7.95 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net decrease (including additions and deletions) of \$108,155. The decrease is primarily due to a decrease of approximately \$369,000 in purchases of Secondary Roads equipment in FY07, a decrease of approximately \$96,000 in FY07 due to the retaining wall built in the prior year, a decrease of approximately \$43,000 in Secondary Roads infrastructure, a decrease of approximately \$277,000 in infrastructure projects through Iowa DOT and an increase of \$28,189 for sheriff's department equipment.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2007	2006
Land	\$ 1,542,473	1,542,473
Buildings	2,634,284	2,695,458
Improvements other than buildings	124,191	129,590
Equipment and vehicles	1,765,216	1,848,909
Infrastructure	1,886,988	1,844,877
Total	<u>\$ 7,953,152</u>	<u>8,061,307</u>
This year's major additions included:		
Secondary roads equipment	\$ 252,357	
Sheriff's department equipment	49,928	
Secondary roads infrastructure	112,917	
Total	<u>\$ 415,202</u>	

Fremont County had depreciation expense of \$520,929 in fiscal 2007 and total accumulated depreciation of \$4,201,386 at June 30, 2007. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

Payments under the capital lease purchase agreements totaled \$49,242 during the year ended June 30, 2007. During fiscal year 2007, both capital lease purchase agreements were paid in full.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Fremont County's constitutional debt limit is \$24 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 county budget, tax rates and fees for the various County services. One of those factors is the economy.

Amounts available for appropriation in the operating budget are \$11.2 million, a decrease of 3% from the final 2007 budget. Property tax (including general fund levies set at \$5.64623 per \$1,000 of taxable valuation) are expected to decrease, offset by expected increases in intergovernmental and miscellaneous receipts.

Budgeted disbursements are expected to increase approximately \$351,000. The County has added hotel/motel revenues to the 2008 budget.

The Fremont County Board of Supervisors dedicates 30% of the local option sales tax received for property tax relief.

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, Sidney, IA 51652, or by telephone at (712) 374-2031.

Fremont County

Basic Financial Statements

Exhibit A

Fremont County
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,279,725
Receivables:	
Property tax:	
Delinquent	21,418
Succeeding year	3,084,000
Interest and penalty on property tax	16,558
Accounts	5,298
Accrued interest	25,542
Due from other governments	568,043
Inventories	347,460
Prepaid items	168,147
Capital assets - nondepreciable	1,542,473
Capital assets - depreciable (net)	6,410,679
	<u>16,469,343</u>
Total assets	<u>16,469,343</u>
Liabilities	
Accounts payable	163,320
Salaries and benefits payable	107,111
Due to other governments	123,851
Deferred revenue:	
Succeeding year property tax	3,084,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	86,252
Portion due or payable after one year:	
Compensated absences	315,236
	<u>3,879,770</u>
Total liabilities	<u>3,879,770</u>
Net Assets	
Invested in capital assets	7,953,152
Restricted for:	
Supplemental levy purposes	473,455
Mental health purposes	422,862
Secondary roads purposes	2,101,358
Other purposes	130,893
Unrestricted	1,507,853
	<u>\$ 12,589,573</u>
Total net assets	<u>\$ 12,589,573</u>

See notes to financial statements.

Fremont County
Statement of Activities
Year ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,416,095	113,967	20,527	2,000	(1,279,601)
Physical health and social services	161,926	8,226	78,095	-	(75,605)
Mental health	1,147,851	269,913	388,291	-	(489,647)
County environment and education	563,092	85,212	22,080	-	(455,800)
Roads and transportation	3,094,398	19,142	2,556,831	223,861	(294,564)
Governmental services to residents	275,332	145,202	3,141	-	(126,989)
Administration	948,859	11,412	6,354	-	(931,093)
Total	\$ 7,607,553	653,074	3,075,319	225,861	(3,653,299)
General Revenues:					
Property and other county tax levied for general purposes					2,998,204
Tax increment financing					249,628
Penalty and interest on property tax					35,958
State tax credits					174,738
Local option sales tax					366,556
Unrestricted investment earnings					271,543
Gain on disposition of capital assets					94,778
Miscellaneous					48,232
Total general revenues					4,239,637
Change in net assets					586,338
Net assets beginning of year					12,003,235
Net assets end of year					\$ 12,589,573

See notes to financial statements.

Fremont County
Balance Sheet
Governmental Funds

June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,452,007	539,439	507,867	1,651,028
Receivables:				
Property tax:				
Delinquent	14,090	2,308	5,020	-
Succeeding year	1,854,000	304,000	638,000	-
Interest and penalty on property tax	16,558	-	-	-
Accounts	5,258	-	-	40
Accrued interest	25,542	-	-	-
Due from other governments	115,542	45,060	-	404,927
Inventories	-	-	-	347,460
Prepaid items	104,676	1,133	-	62,338
Total assets	\$ 3,587,673	891,940	1,150,887	2,465,793
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 86,248	31,393	810	44,095
Salaries and benefits payable	56,961	6,836	-	43,124
Due to other governments	7,871	115,904	-	35
Deferred revenue:				
Succeeding year property tax	1,854,000	304,000	638,000	-
Other	72,240	2,285	4,977	-
Total liabilities	2,077,320	460,418	643,787	87,254
Fund balances:				
Reserved for supplemental levy purposes	478,396	-	-	-
Unreserved, reported in:				
General fund	1,031,957	-	-	-
Special revenue funds	-	431,522	507,100	2,378,539
Total fund balances	1,510,353	431,522	507,100	2,378,539
Total liabilities and fund balances	\$ 3,587,673	891,940	1,150,887	2,465,793

See notes to financial statements.

Nonmajor	Total
129,384	4,279,725
-	21,418
288,000	3,084,000
-	16,558
-	5,298
-	25,542
2,514	568,043
-	347,460
-	168,147
419,898	8,516,191
774	163,320
190	107,111
41	123,851
288,000	3,084,000
-	79,502
289,005	3,557,784
-	478,396
-	1,031,957
130,893	3,448,054
130,893	4,958,407
419,898	8,516,191

Fremont County

Fremont County

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

June 30, 2007

Total governmental fund balances (page 19) \$ 4,958,407

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$12,154,538 and the accumulated depreciation is \$4,201,386. 7,953,152

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 79,502

Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds. (401,488)

Net assets of governmental activities (page 16) \$ 12,589,573

See notes to financial statements.

Fremont County

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

Year ended June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 1,892,011	429,398	633,010	-
Local option sales tax	224,176	-	142,380	-
Tax increment financing	-	-	-	-
Interest and penalty on property tax	32,363	-	-	-
Intergovernmental	287,000	684,286	37,766	2,779,171
Licenses and permits	9,350	-	-	1,735
Charges for service	264,182	-	-	-
Use of money and property	290,092	-	-	1,255
Miscellaneous	42,873	82	-	17,742
Total revenues	3,042,047	1,113,766	813,156	2,799,903
Expenditures:				
Operating:				
Public safety and legal services	1,434,707	-	-	-
Physical health and social services	155,566	-	1,890	-
Mental health	-	1,148,688	-	-
County environment and education	230,881	-	58,547	-
Roads and transportation	-	-	-	2,847,459
Governmental services to residents	272,190	-	2,479	-
Administration	904,719	-	-	-
Capital projects	25,824	-	-	115,481
Total expenditures	3,023,887	1,148,688	62,916	2,962,940
Excess (deficiency) of revenues over (under) expenditures	18,160	(34,922)	750,240	(163,037)
Other financing sources (uses):				
Operating transfers in	-	-	-	828,914
Operating transfers out	-	-	(828,914)	-
Disposition of capital assets	3,450	-	-	23,755
Total other financing sources (uses)	3,450	-	(828,914)	852,669
Net change in fund balances	21,610	(34,922)	(78,674)	689,632
Fund balances beginning of year	1,488,743	466,444	585,774	1,688,907
Fund balances end of year	\$ 1,510,353	431,522	507,100	2,378,539

See notes to financial statements.

Nonmajor	Total
-	2,954,419
-	366,556
249,628	249,628
-	32,363
15,305	3,803,528
-	11,085
1,932	266,114
4,439	295,786
9,578	70,275
<u>280,882</u>	<u>8,049,754</u>

5,438	1,440,145
2,908	160,364
-	1,148,688
279,869	569,297
-	2,847,459
8,693	283,362
-	904,719
-	141,305
<u>296,908</u>	<u>7,495,339</u>

(16,026)	554,415
----------	---------

7,267	836,181
(7,267)	(836,181)
-	27,205
<u>-</u>	<u>27,205</u>

(16,026)	581,620
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146,919	4,376,787
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<u>130,893</u>	<u>4,958,407</u>
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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, 2007

Net change in fund balances - Total governmental funds (page 23) \$ 581,620

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

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

Expenditures for capital assets	\$ 343,201	
Contributed capital assets from Emergency Management	2,000	
Depreciation expense	<u>(520,929)</u>	(175,728)

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. 67,573

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

Property tax	1,956	
Other	<u>45,403</u>	47,359

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 46,372

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		<u>19,142</u>
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Change in net assets of governmental activities (page 17) \$ 586,338

See notes to financial statements.

Fremont County
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2007

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,216,063
Other County officials	28,442
Receivables:	
Property tax:	
Delinquent	48,386
Succeeding year	7,149,000
Accounts	3,979
Drainage assessments	1,394
Due from other governments	1,836
Prepaid items	4,373
Total assets	8,453,473

Liabilities

Accounts payable	5,994
Salaries and benefits payable	5,079
Due to other governments	8,353,271
Trusts payable	51,366
Compensated absences	37,763
Total liabilities	8,453,473

Net assets	\$ -
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See notes to financial statements.

Fremont County

Notes to Financial Statements

June 30, 2007

(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 that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Thirty-four 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, seven of them are controlled, managed and supervised by the Fremont 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 Fremont 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 Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt 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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

D. Assets, Liabilities and Fund Equity

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

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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. Delinquent 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 in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Asset Class	Amount
Infrastructure	\$ 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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused 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, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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 Assets.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function. However disbursements in the conservation department exceeded the amount appropriated.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,846 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 828,914
Low to Moderate Income Assistance	Tax Increment Financing Rebate	7,267
Total		\$ 836,181

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, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,542,473	-	-	1,542,473
Construction in progress	-	112,917	(112,917)	-
Total capital assets not being depreciated	<u>1,542,473</u>	<u>112,917</u>	<u>(112,917)</u>	<u>1,542,473</u>
Capital assets being depreciated:				
Buildings	3,175,121	-	(62,500)	3,112,621
Improvements other than buildings	142,836	-	-	142,836
Equipment and vehicles	5,249,957	302,285	(257,761)	5,294,481
Infrastructure, road network	1,795,161	112,917	-	1,908,078
Infrastructure, other	154,049	-	-	154,049
Total capital assets being depreciated	<u>10,517,124</u>	<u>415,202</u>	<u>(320,261)</u>	<u>10,612,065</u>
Less accumulated depreciation for:				
Buildings	479,663	61,174	(62,500)	478,337
Improvements other than buildings	13,246	5,399	-	18,645
Equipment and vehicles	3,401,048	383,550	(255,333)	3,529,265
Infrastructure, road network	78,658	65,671	-	144,329
Infrastructure, other	25,675	5,135	-	30,810
Total accumulated depreciation	<u>3,998,290</u>	<u>520,929</u>	<u>(317,833)</u>	<u>4,201,386</u>
Total capital assets being depreciated, net	<u>6,518,834</u>	<u>(105,727)</u>	<u>(2,428)</u>	<u>6,410,679</u>
Governmental activities capital assets, net	<u>\$ 8,061,307</u>	<u>7,190</u>	<u>(115,345)</u>	<u>7,953,152</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 49,106
Physical health and social services	1,562
Mental health	2,000
County environment and education	14,250
Roads and transportation	418,922
Governmental services to residents	693
Administration	34,396
Total depreciation expense - governmental activities	<u>\$ 520,929</u>

(5) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 7,871
Special Revenue:		
Mental Health	Services	115,904
Secondary Roads		35
Sheriff Special Law Enforcement	Services	41
Total for governmental funds		<u>\$ 123,851</u>
Agency:		
County Assessor	Collections	\$ 328,308
Schools		5,161,192
Community Colleges		291,492
Corporations		1,425,528
Townships		151,182
Auto License and Use Tax		148,924
Drainage Districts		596,342
All other		250,303
Total for agency funds		<u>\$ 8,353,271</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	<u>Capital Lease</u>		
	<u>Purchase</u>	<u>Compensated</u>	
	<u>Agreements</u>	<u>Absences</u>	<u>Total</u>
Balance beginning of year	\$ 46,372	420,630	467,002
Increases	-	241,865	241,865
Decreases	46,372	261,007	307,379
Balance end of year	<u>\$ -</u>	<u>401,488</u>	<u>401,488</u>
Due within one year	<u>\$ -</u>	<u>86,252</u>	<u>86,252</u>

Capital Lease Purchase Agreements

The County entered into capital lease purchase agreements to lease a golf course irrigation system and a conservation mower with historical costs of \$154,048 and \$39,880, respectively, and accumulated depreciation of \$25,675 and \$3,988, respectively.

Payments under capital lease purchase agreements totaled \$49,242 during the year ended June 30, 2007. The capital lease purchase agreements were paid off during the year ended June 30, 2007.

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$153,054, \$159,201 and \$150,541, respectively, equal to the required contributions for each year.

(8) Risk Management

Fremont County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$138,723.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$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.

(9) Development Agreements

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

The County agreed to rebate 100% of the incremental tax paid by the developer in exchange for the costs of certain improvements. The incremental 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, 2001. During the year ended June 30, 2007, \$26,465 was rebated to the developer, K&M Lyons, Inc., with a cumulative total of \$131,417 rebated to the developer as of June 30, 2007.

The County agreed to rebate 100% of the incremental 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 tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developers and 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, 2007, \$208,737 was rebated to the company on behalf of the developers, with a cumulative total of \$814,091 rebated to the developer as of June 30, 2007.

The County agreed to rebate 62.26% of the incremental tax paid by the developer in exchange for the construction of certain road, water and sanitary sewer improvements. The incremental 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, 2007, \$8,982 was rebated to the developer, with a cumulative total of \$23,744 rebated to the developer as of June 30, 2007.

(10) Financial Assurance

Fremont County participates in an agreement with the Fremont County Landfill Commission, a political subdivision 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 counties 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 111.6(8) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2007 are \$793,045 and the County's financial assurance obligation amount is \$506,830.

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.

(11) Subsequent Event

On August 9, 2007, the County issued \$1,265,000 of general obligation solid waste disposal bonds on behalf of the Fremont County Landfill to finance the construction of the Phase I and II Expansion project and an office building and to purchase equipment. The Commission will make payments to Fremont County in subsequent years to pay principal and interest on the general obligation solid waste disposal bonds.

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, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 3,567,696	-	3,567,696
Interest and penalty on property tax	32,664	-	32,664
Intergovernmental	3,652,682	-	3,652,682
Licenses and permits	11,114	-	11,114
Charges for service	263,070	-	263,070
Use of money and property	300,170	-	300,170
Miscellaneous	75,170	3,230	71,940
Total receipts	<u>7,902,566</u>	<u>3,230</u>	<u>7,899,336</u>
Disbursements:			
Public safety and legal services	1,417,793	-	1,417,793
Physical health and social services	151,019	-	151,019
Mental health	1,167,648	-	1,167,648
County environment and education	574,184	14,081	560,103
Roads and transportation	2,959,047	-	2,959,047
Governmental services to residents	283,901	-	283,901
Administration	947,673	-	947,673
Non-program	-	-	-
Capital projects	141,779	-	141,779
Total disbursements	<u>7,643,044</u>	<u>14,081</u>	<u>7,628,963</u>
Excess (deficiency) of receipts over (under) disbursements	259,522	(10,851)	270,373
Other financing sources, net	27,205	-	27,205
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	286,727	(10,851)	297,578
Balance beginning of year	3,992,998	43,388	3,949,610
Balance end of year	<u>\$ 4,279,725</u>	<u>32,537</u>	<u>4,247,188</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
3,514,061	3,544,061	23,635
21,025	21,025	11,639
3,627,575	3,630,692	21,990
11,555	11,555	(441)
287,665	287,665	(24,595)
219,815	219,815	80,355
49,038	49,038	22,902
<u>7,730,734</u>	<u>7,763,851</u>	<u>135,485</u>
1,705,829	1,705,829	288,036
183,287	183,287	32,268
1,345,472	1,345,472	177,824
592,091	617,533	57,430
3,331,000	3,331,000	371,953
396,792	401,792	117,891
956,407	997,107	49,434
2,800	2,800	2,800
246,000	246,000	104,221
<u>8,759,678</u>	<u>8,830,820</u>	<u>1,201,857</u>
(1,028,944)	(1,066,969)	1,337,342
<u>27,000</u>	<u>27,000</u>	<u>205</u>
(1,001,944)	(1,039,969)	1,337,547
<u>3,518,193</u>	<u>3,518,193</u>	<u>431,417</u>
<u>2,516,249</u>	<u>2,478,224</u>	<u>1,768,964</u>

Fremont County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 7,902,566	147,188	8,049,754
Expenditures	7,643,044	(147,705)	7,495,339
Net	259,522	294,893	554,415
Other financing sources, net	27,205	-	27,205
Beginning fund balances	3,992,998	383,789	4,376,787
Ending fund balances	\$ 4,279,725	678,682	4,958,407

See accompanying independent auditor's report.

Fremont County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$71,142. 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, 2007, disbursements did not exceed the amounts budgeted by function. However, disbursements in the conservation department exceeded the amount appropriated.

Fremont County

Other Supplementary Information

Fremont County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Conservation Land Acquisition
Assets				
Cash and pooled investments	\$ 16,374	248	32,537	1,573
Receivables:				
Succeeding year property tax	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 16,374	248	32,537	1,573
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Total liabilities	-	-	-	-
Fund equity:				
Unreserved fund balances	16,374	248	32,537	1,573
Total liabilities and fund equity	\$ 16,374	248	32,537	1,573

See accompanying independent auditor's report.

Revenue							
Tax Increment Financing Rebate	Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Decate- gorization		Total
-	14,417	42,677	919	20,064	575		129,384
288,000	-	-	-	-	-		288,000
-	-	2,514	-	-	-		2,514
288,000	14,417	45,191	919	20,064	575		419,898
-	-	630	-	37	107		774
-	-	-	-	-	190		190
-	-	-	-	41	-		41
288,000	-	-	-	-	-		288,000
288,000	-	630	-	78	297		289,005
-	14,417	44,561	919	19,986	278		130,893
288,000	14,417	45,191	919	20,064	575		419,898

Fremont County

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

Year ended June 30, 2007

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Conservation Land Acquisition
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	1,932	-	-	-
Use of money and property	407	4	3,230	-
Miscellaneous	-	-	-	-
Total revenues	2,339	4	3,230	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	14,081	-
Governmental services to residents	8,693	-	-	-
Total expenditures	8,693	-	14,081	-
Excess (deficiency) of revenues over (under) expenditures	(6,354)	4	(10,851)	-
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(6,354)	4	(10,851)	-
Fund balances beginning of year	22,728	244	43,388	1,573
Fund balances end of year	\$ 16,374	248	32,537	1,573

See accompanying independent auditor's report.

Revenue							
Tax Increment Financing Rebate	Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Decate- gorization		Total
249,628	-	-	-	-	-	-	249,628
-	-	11,919	-	200	3,186	-	15,305
-	-	-	-	-	-	-	1,932
-	-	798	-	-	-	-	4,439
-	-	-	-	9,578	-	-	9,578
249,628	-	12,717	-	9,778	3,186	-	280,882
-	-	-	-	5,438	-	-	5,438
-	-	-	-	-	2,908	-	2,908
244,184	31	21,573	-	-	-	-	279,869
-	-	-	-	-	-	-	8,693
244,184	31	21,573	-	5,438	2,908	-	296,908
5,444	(31)	(8,856)	-	4,340	278	-	(16,026)
-	7,267	-	-	-	-	-	7,267
(7,267)	-	-	-	-	-	-	(7,267)
(7,267)	7,267	-	-	-	-	-	-
(1,823)	7,236	(8,856)	-	4,340	278	-	(16,026)
1,823	7,181	53,417	919	15,646	-	-	146,919
-	14,417	44,561	919	19,986	278	-	130,893

Fremont County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,540	172,158	100,685
Other County officials	28,442	-	-	-
Receivables:				
Property tax:				
Delinquent	7	749	1,471	37,507
Succeeding year	-	99,000	194,000	5,023,000
Accounts	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	3,403	-
Total assets	\$ 28,449	102,289	371,032	5,161,192
Liabilities				
Accounts payable	\$ -	-	51	-
Salaries and benefits payable	-	-	4,910	-
Due to other governments	7,439	102,289	328,308	5,161,192
Trusts payable	21,010	-	-	-
Compensated absences	-	-	37,763	-
Total liabilities	\$ 28,449	102,289	371,032	5,161,192

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
4,337	20,202	3,020	148,924	594,948	169,249	1,216,063
-	-	-	-	-	-	28,442
2,155	5,326	1,162	-	-	9	48,386
285,000	1,400,000	147,000	-	-	1,000	7,149,000
-	-	-	-	-	3,979	3,979
-	-	-	-	1,394	-	1,394
-	-	-	-	-	1,836	1,836
-	-	-	-	-	970	4,373
291,492	1,425,528	151,182	148,924	596,342	177,043	8,453,473
-	-	-	-	-	5,943	5,994
-	-	-	-	-	169	5,079
291,492	1,425,528	151,182	148,924	596,342	140,575	8,353,271
-	-	-	-	-	30,356	51,366
-	-	-	-	-	-	37,763
291,492	1,425,528	151,182	148,924	596,342	177,043	8,453,473

Fremont County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 16,188	95,903	333,831	4,879,237
Additions:				
Property and other county tax	-	99,035	194,211	4,998,195
E911 surcharge	-	-	-	-
State tax credits	-	5,656	11,261	287,925
Drivers license fees	-	-	-	-
Office fees and collections	198,673	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	204,327	-	-	-
Miscellaneous	3,385	-	3,027	-
Total additions	406,385	104,691	208,499	5,286,120
Deductions:				
Agency remittances:				
To other funds	100,145	-	-	-
To other governments	98,885	98,305	171,298	5,004,165
Trusts paid out	195,094	-	-	-
Total deductions	394,124	98,305	171,298	5,004,165
Balances end of year	\$ 28,449	102,289	371,032	5,161,192

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
216,521	1,364,896	147,585	142,761	569,304	95,467	7,861,693
284,546	1,382,936	147,434	-	-	1,280	7,107,637
-	-	-	-	-	44,639	44,639
12,634	58,862	8,821	-	-	78	385,237
-	-	-	17,059	-	-	17,059
-	-	-	-	-	815	199,488
-	-	-	-	-	1,936	1,936
-	-	-	1,881,412	-	216	1,881,628
-	-	-	-	133,689	197	133,886
-	-	-	-	-	137,671	341,998
-	3,929	-	-	829	64,545	75,715
297,180	1,445,727	156,255	1,898,471	134,518	251,377	10,189,223
-	-	-	84,658	-	-	184,803
222,209	1,385,095	152,658	1,807,650	107,480	72,064	9,119,809
-	-	-	-	-	97,737	292,831
222,209	1,385,095	152,658	1,892,308	107,480	169,801	9,597,443
291,492	1,425,528	151,182	148,924	596,342	177,043	8,453,473

Fremont County

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

For the Last Seven Years

	2007	2006	Modified 2005
Revenues:			
Property and other county tax	\$ 2,954,419	2,896,357	2,980,737
Local option sales tax	366,556	320,013	301,586
Tax increment financing	249,628	226,431	246,880
Interest and penalty on property tax	32,363	36,374	31,149
Intergovernmental	3,803,528	3,569,818	3,355,608
Licenses and permits	11,085	15,238	13,932
Charges for service	266,114	267,302	282,084
Use of money and property	295,786	198,819	144,583
Fines, forfeitures and defaults	-	-	-
Miscellaneous	70,275	89,066	65,073
Total	\$ 8,049,754	7,619,418	7,421,632
Expenditures:			
Operating:			
Public safety and legal services	\$ 1,440,145	1,541,422	1,490,027
Physical health and social services	160,364	151,511	156,665
Mental health	1,148,688	1,076,418	1,011,944
County environment and education	569,297	544,600	600,397
Roads and transportation	2,847,459	3,132,924	4,048,002
Governmental services to residents	283,362	394,944	331,275
Administration	904,719	894,836	814,262
Non-program	-	540	1,015
Capital projects	141,305	284,134	45,766
Total	\$ 7,495,339	8,021,329	8,499,353

See accompanying independent auditor's report.

Accrual Basis			
2004	2003	2002	2001
2,958,560	2,853,150	2,839,580	2,531,125
309,600	263,615	262,321	234,907
193,882	54,396	13,267	-
29,109	30,180	42,073	27,753
3,475,783	3,389,112	3,385,309	3,459,046
18,424	12,918	16,480	4,607
296,107	262,914	251,277	224,674
147,749	194,678	293,588	439,191
-	-	10,279	5,749
125,355	70,817	101,458	88,977
7,554,569	7,131,780	7,215,632	7,016,029
1,429,674	1,325,858	1,310,069	1,189,527
132,073	191,449	258,101	316,704
995,212	964,931	1,028,632	1,026,871
478,330	350,949	229,525	309,947
3,974,302	2,851,143	2,731,905	2,828,920
279,894	269,407	274,750	249,047
746,481	834,924	785,010	721,205
215	7,660	16,999	11,168
226,211	565,510	394,194	492,280
8,262,392	7,361,831	7,029,185	7,145,669

Fremont County

**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**

Fremont County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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Independent Auditor's Report on 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 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, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 6, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

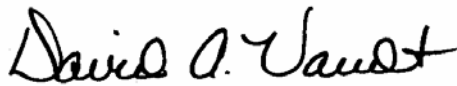
As part of obtaining reasonable assurance about whether Fremont County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 that 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, 2007 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 findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Fremont County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Fremont County and other parties to whom Fremont County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 6, 2008

Fremont County
 Schedule of Findings
 Year ended June 30, 2007

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

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

	Applicable Offices
(1) Golf course receipts – opening and listing mail receipts, collecting, posting and daily reconciling.	Conservation
(2) Treasurer receipts – collecting, recording and posting of receipts along with maintaining receivables.	Treasurer
(3) Investments – investing, custody and accounting.	Treasurer
(4) Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash.	Treasurer
(5) One individual in the County Treasurer's office has custody of the change fund and can handle more than one fund along with other cash receipts and also can collect and reconcile receipts.	Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response –

- (1) Due to a limited budget we are unable to hire multiple people.
- (2) Employees take turns in collecting the mail. The Treasurer opens the mail and records in a spreadsheet including name, bank, amount, and check number. All employees enter receipts. The Treasurer has established a rotation schedule for reconciling and daily balancing.

Fremont County

Schedule of Findings

Year ended June 30, 2007

- (3) 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 the tax deputies (rotated).
- (4) All employees are needed to sign checks, handle or record cash to serve the customers. Two people review the bank reconciliation.
- (5) 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.

Conclusion –

- (1) Response acknowledged.
- (2) Response acknowledged. We will review the procedures described during the subsequent audit.
- (3) Response accepted.
- (4) Response accepted.
- (5) Response accepted.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables, payables and compensated absences not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

Response – In the future receivables and payables will be reviewed carefully to make sure these are recorded in the proper year. Someone in the County Auditor's Office will be appointed to ensure compensated absences are recorded correctly.

Conclusion – Response accepted.

- (C) County Sheriff – Separate bank accounts were maintained for the collections and expenditures of the Sheriff Deputies Reserve Officers and the Operation Santa Claus programs. These transactions were not reflected in the County's accounting system and have not been included in the County's annual budget or financial report.

Fremont County

Schedule of Findings

Year ended June 30, 2007

Recommendation – All collections for the Sheriff Deputies Reserve Officers and Operation Santa Claus programs should be remitted to the County Treasurer and all expenditures should be reflected in the County’s accounting system, annual budget and financial report.

Response – The Sheriff’s Office will now run the funds through the Treasurer’s Office.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Fremont County
 Schedule of Findings
 Year ended June 30, 2007

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted by function. However, disbursements in the conservation department exceeded the amount appropriated.

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

Response – I will start the amendment process earlier in the future.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ryan Funke, Conservation Director and Golf Course Manager, owner of Paper Tiger	Paper shredding services	\$ 127

In addition, Ryan Funke operated a golf pro shop, sold food and liquor and rented golf carts at the County-owned golf course. These operations were conducted as a private business rather than a County activity.

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Paper Tiger do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

The County Attorney has opined the contract to use County property as a pro shop is not prohibited under Chapter 331.342 of the Code of Iowa.

- (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 insure the coverage is adequate for current operations.

Fremont County
Schedule of Findings
Year ended June 30, 2007

- (6) Board Minutes – Except as noted in (9) below, 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 Conservation Board Minutes – Certain minutes of the County Conservation Board were not signed.

Recommendation – The minutes should be signed to authenticate the record.

Response – This is an error on my part. I will keep better tabs on it in the future.

Conclusion – Response accepted.

- (10) 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, 2007 for the County Extension Office did not exceed the amount budgeted.

- (11) Emergency Management Fund – The County did not adopt, certify and submit a budget on or before February 28, 2006 to the Board of Supervisors as required by Chapter 29C.17 of the Code of Iowa.

Recommendation – A budget for the Emergency Management Commission should be adopted, certified and submitted to the Board of Supervisors on or before February 28 of each year as required by Chapter 29C.17 of the Code of Iowa.

Response – The Emergency Management Director is aware of the problem. It was caused by lack of experience and the Director is planning on resolving the issue.

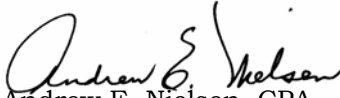
Conclusion – Response accepted.

Fremont County

Staff

This audit was performed by:

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James R. Wittenwyler, Staff Auditor
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