



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

March 24, 2009

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 \$11,076,797 for the year ended June 30, 2008, which included \$522,455 in tax credits from the state. The County forwarded \$8,006,359 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,070,438 of the local tax revenue to finance County operations, a 3.2 percent decrease from the prior year. Other revenues included charges for service of \$776,097, operating grants, contributions and restricted interest of \$2,916,346, capital grants, contributions and restricted interest of \$1,032,699, tax increment financing of \$287,926, local option sales tax of \$354,818, unrestricted investment earnings of \$240,414, gain on disposition of capital assets of \$9,055 and other general revenues of \$106,359.

Expenses for County operations totaled \$8,092,007, a 6.4 percent increase over the prior year. Expenses included \$3,259,338 for roads and transportation, \$1,618,084 for public safety and legal services and \$1,127,713 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>.

# # #



**FREMONT COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2008**

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	25
Notes to Financial Statements		26-38
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		40-41
Budget to GAAP Reconciliation		42
Notes to Required Supplementary Information – Budgetary Reporting		43
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46-47
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	48-49
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	50-51
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	52-53
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	54-55
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		59-60
Schedule of Findings		61-66
Staff		67

**Fremont County  
Officials**

<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**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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, 2008, 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.

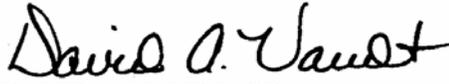
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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.

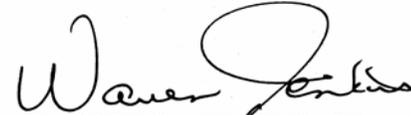
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County at June 30, 2008, and the respective changes in financial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

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2009 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 seven years ended June 30, 2007 (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 2, 2009

---

## **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, 2008, along with comparative data for the year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2008 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 7.3%, or approximately \$600,000, from fiscal 2007 to fiscal 2008. Property and other county tax decreased approximately \$80,000 from 2007. Operating grants, contributions and restricted interest decreased approximately \$159,000, capital grants, contributions and restricted interest increased approximately \$807,000 and charges for service increased approximately \$123,000.
- Program expenses of the County's governmental activities increased 6.4%, or approximately \$484,000. Public safety and legal services expenses increased approximately \$202,000, roads and transportation expenses increased approximately \$165,000 and county environment and education expenses increased approximately \$97,000.
- The County's net assets increased approximately \$702,000 from June 30, 2007 to June 30, 2008.

### **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,	
	2008	2007
Current and other assets	\$ 9,583,589	8,516,191
Capital assets	9,109,643	7,953,152
Total assets	<u>18,693,232</u>	<u>16,469,343</u>
Long-term liabilities	1,760,335	401,488
Other liabilities	3,641,179	3,478,282
Total liabilities	<u>5,401,514</u>	<u>3,879,770</u>
Net assets:		
Invested in capital assets, net of related debt	8,956,115	7,953,152
Restricted	3,590,781	3,492,451
Unrestricted	744,822	1,143,970
Total net assets	<u>\$ 13,291,718</u>	<u>12,589,573</u>

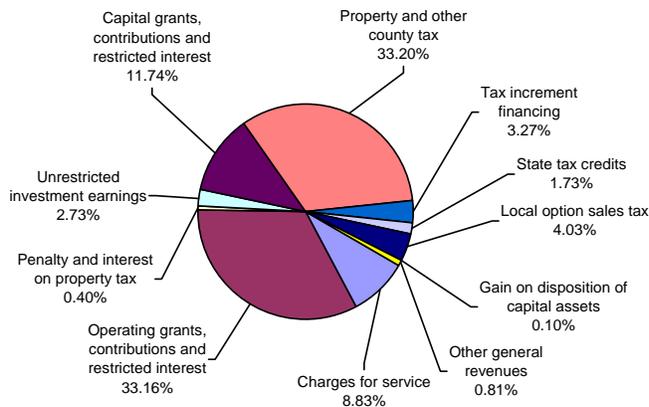
Net assets of Fremont County's governmental activities increased 5.6%, or approximately \$702,000, during the year. The largest portion of the County's net assets is invested in capital assets (i.e. land, buildings, infrastructure, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net 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 \$1,144,000 at June 30, 2007 to approximately \$745,000 at the end of this year, a decrease of 35%, primarily due to an increase in investment in capital assets, net of related debt and an increase in local option sales tax restricted in fiscal year 2008.

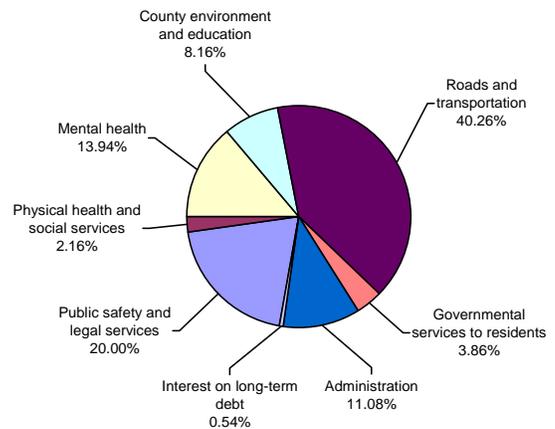
**Changes in Net Assets of Governmental Activities**

	Year ended June 30,	
	2008	2007
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 776,097	653,074
Operating grants, contributions and restricted interest	2,916,346	3,075,319
Capital grants, contributions and restricted interest	1,032,699	225,861
<b>General revenues:</b>		
Property and other county tax	2,918,317	2,998,204
Tax increment financing	287,926	249,628
Penalty and interest on property tax	34,830	35,958
State tax credits	152,121	174,738
Local option sales tax	354,818	366,556
Unrestricted investment earnings	240,414	271,543
Gain on disposition of capital assets	9,055	94,778
Other general revenues	71,529	48,232
<b>Total revenues</b>	<b>8,794,152</b>	<b>8,193,891</b>
<b>Program expenses:</b>		
Public safety and legal services	1,618,084	1,416,095
Physical health and social services	174,823	161,926
Mental health	1,127,713	1,147,851
County environment and education	660,414	563,092
Roads and transportation	3,259,338	3,094,398
Governmental services to residents	311,986	275,332
Administration	896,353	948,859
Interest on long-term debt	43,296	-
<b>Total expenses</b>	<b>8,092,007</b>	<b>7,607,553</b>
<b>Increase in net assets</b>	<b>702,145</b>	<b>586,338</b>
<b>Net assets beginning of year</b>	<b>12,589,573</b>	<b>12,003,235</b>
<b>Net assets end of year</b>	<b>\$ 13,291,718</b>	<b>12,589,573</b>

**Revenues by Source**



**Expenses by Program**



Overall, revenues increased approximately \$600,000, or 7.3%, during the year. The increase is primarily due to an increase in capital grants, contributions and restricted interest.

Fremont County's property tax rates for fiscal 2008 decreased \$.45275 per \$1,000 of taxable valuation in the rural levy. The rural assessed property taxable valuation increased \$875,408. The countywide assessed property taxable valuation increased \$4,737,732. The general basic levy remained at \$3.50 per \$1,000 of taxable valuation and the general supplemental and the mental health levies decreased \$.02945 and \$.41430 per \$1,000 of taxable valuation, respectively.

The cost of all governmental activities this year was approximately \$8.1 million compared to approximately \$7.6 million last year, an increase of 6.4%.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Fremont County completed the year, its governmental funds reported a combined fund balance of \$5,863,344 compared to \$4,958,407 at June 30, 2007, an increase of \$904,937, or 18.3%.

The General Fund, the operating fund for Fremont County, ended FY08 with a balance of \$2,580,841, an increase of \$1,070,488 from the FY07 ending balance of \$1,510,353. The increase in fund balance is primarily due to general obligation bonds issued for \$1,265,000. The bond proceeds were loaned to the Fremont County Landfill Commission. Total expenditures increased approximately \$542,000 and total revenues increased approximately \$185,000. The significant increase in expenditures was primarily due to debt service on the bonds, the purchase of golf and turf equipment and lightning damage repairs.

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 \$176,413, or 40.9%, from the prior year to \$255,109, primarily due to an increase in property tax.

The Rural Services Fund ending fund balance decreased \$61,895 from the prior year to \$445,205. Expenditures for the public safety and legal services function increased \$12,050. Other revenues and expenditures remained relatively unchanged.

The Secondary Roads Fund ended 2008 with a \$2,449,844 fund balance, an increase of \$71,305 compared to the prior year ending fund balance of \$2,378,539. Intergovernmental revenues decreased \$278,518 and expenditures increased \$234,087 and \$81,686 in roads and transportation and capital projects, respectively.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Fremont County amended its budget once. The amendment was made in May 2008 and resulted in an increase in budgeted disbursements to include the general obligation bond issuance and repairs due to lightning damages.

The County's receipts were \$181,834 more than budgeted, a variance of 2.3%. The most significant variance resulted from the hotel/motel tax collected for the first year in FY2008.

Total disbursements were \$921,446 less than the amended budget. Major variations between budget to actual disbursements were \$1,243,260 more in disbursements than budgeted for county environment and education and \$1,238,274 less in disbursements than budgeted for debt service, both the result of the issuance of the general obligation bonds for the landfill of \$1,265,000. Actual disbursements for the roads and transportation, mental health, public safety and legal services and governmental services to residents functions were \$184,539, \$279,342, \$287,943 and \$70,405, respectively, less than budgeted. This was primarily due to cost cutting measures instituted county-wide.

The County exceeded the amount budgeted for the county environment and education function for the year ended June 30, 2008. Also, disbursements in the social services, medical examiners, and communications departments exceeded original appropriations prior to amendment. Disbursements in the conservation department exceeded the amount appropriated at year end.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2008, Fremont County had approximately \$9.11 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1.16 million.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2008	2007
Land	\$ 1,542,473	1,542,473
Buildings	2,573,110	2,634,284
Improvements other than buildings	118,791	124,191
Equipment and vehicles	1,744,223	1,765,216
Infrastructure	3,131,046	1,886,988
Total	<u>\$ 9,109,643</u>	<u>7,953,152</u>
This year's additions included:		
Secondary roads equipment	\$ 68,202	
Conservation department equipment	175,424	
Data processing equipment	14,866	
Mental health department equipment	15,200	
Sheriff's department equipment	99,936	
Secondary roads infrastructure	1,120,046	
Other infrastructure	206,800	
Total	<u>\$ 1,700,474</u>	

Fremont County had depreciation expense of \$553,038 in fiscal 2008 and total accumulated depreciation of \$4,675,215 at June 30, 2008. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

**Long-Term Debt**

In fiscal year 2008, the county issued general obligation bonds of \$1,265,000 for the landfill and entered into a capital lease purchase agreement for \$153,528. Principal paid on the general obligation bonds totaled \$90,000 during the year ended June 30, 2008. Payments on the capital lease purchase agreement will begin in fiscal year 2009.

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 \$24.8 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 FY2009 operating budget are approximately \$9.1 million, a decrease of 3.3% from the final 2008 budget. Property tax (including general fund levies set at \$5.54727 per \$1,000 of taxable valuation) are expected to decrease, offset by expected increases in other county tax/TIF and miscellaneous receipts.

The Fremont County Board of Supervisors reserved 30% of the local option sales tax for infrastructure.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Fremont County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joan Kirk at the Fremont County Auditor's Office, by mail at 506 Filmore, Sidney, IA 51652, or by telephone at (712) 374-2031.

**Fremont County**

## **Basic Financial Statements**

Fremont County  
Statement of Net Assets  
June 30, 2008

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 4,321,548
Receivables:	
Property tax:	
Delinquent	16,340
Succeeding year	3,166,000
Interest and penalty on property tax	19,245
Accounts	9,174
Accrued interest	17,763
Loan	1,175,000
Due from other governments	278,641
Inventories	390,219
Prepaid items	189,659
Capital assets - nondepreciable	1,542,473
Capital assets - depreciable (net)	7,567,170
	18,693,232
<b>Total assets</b>	
<b>Liabilities</b>	
Accounts payable	234,520
Salaries and benefits payable	126,983
Due to other governments	113,676
Deferred revenue:	
Succeeding year property tax	3,166,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	25,206
General obligation bonds	95,000
Compensated absences	88,312
Portion due or payable after one year:	
Capital lease purchase agreement	128,322
General obligation bonds	1,080,000
Compensated absences	343,495
	5,401,514
<b>Total liabilities</b>	
<b>Net Assets</b>	
Invested in capital assets, net of related debt	8,956,115
Restricted for:	
Supplemental levy purposes	555,470
Mental health purposes	241,493
Secondary roads purposes	2,158,031
Local option sales tax	503,442
Other purposes	132,345
Unrestricted	744,822
	\$ 13,291,718

See notes to financial statements.

Fremont County  
Statement of Activities  
Year ended June 30, 2008

	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	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,618,084	236,919	-	-	(1,381,165)
Physical health and social services	174,823	10,217	79,290	-	(85,316)
Mental health	1,127,713	255,317	380,204	-	(492,192)
County environment and education	660,414	79,850	13,063	-	(567,501)
Roads and transportation	3,259,338	19,517	2,395,061	1,032,699	187,939
Governmental services to residents	311,986	152,163	290	-	(159,533)
Administration	896,353	22,114	5,142	-	(869,097)
Interest on long-term debt	43,296	-	43,296	-	-
<b>Total</b>	<b>\$ 8,092,007</b>	<b>776,097</b>	<b>2,916,346</b>	<b>1,032,699</b>	<b>(3,366,865)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					2,793,052
Tax increment financing					287,926
Penalty and interest on property tax					34,830
State tax credits					152,121
Local option sales tax					354,818
Hotel/motel tax					125,265
Unrestricted investment earnings					240,414
Gain on disposition of capital assets					9,055
Miscellaneous					71,529
<b>Total general revenues</b>					<b>4,069,010</b>
Change in net assets					702,145
Net assets beginning of year					12,589,573
Net assets end of year					<b>\$ 13,291,718</b>

See notes to financial statements.

Fremont County  
Balance Sheet  
Governmental Funds

June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 1,405,435	355,520	445,855	1,982,331
Receivables:				
Property tax:				
Delinquent	11,208	1,771	3,361	-
Succeeding year	1,913,000	302,000	659,000	-
Interest and penalty on property tax	19,244	1	-	-
Accounts	8,994	50	-	130
Accrued interest	17,763	-	-	-
Loan	1,175,000	-	-	-
Due from other governments	72,879	24,950	-	180,812
Inventories	-	-	-	390,219
Prepaid items	127,433	1,238	-	60,988
<b>Total assets</b>	<b>\$ 4,750,956</b>	<b>685,530</b>	<b>1,108,216</b>	<b>2,614,480</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 107,071	13,053	650	113,684
Salaries and benefits payable	67,537	8,528	-	50,918
Due to other governments	8,564	105,078	-	34
Deferred revenue:				
Succeeding year property tax	1,913,000	302,000	659,000	-
Other	73,943	1,762	3,361	-
Total liabilities	2,170,115	430,421	663,011	164,636
Fund balances:				
Reserved for:				
Supplemental levy purposes	562,731	-	-	-
Local option sales tax	503,442	-	-	-
Loan receivable	1,175,000	-	-	-
Unreserved, reported in:				
General fund	339,668	-	-	-
Special revenue funds	-	255,109	445,205	2,449,844
Total fund balances	2,580,841	255,109	445,205	2,449,844
<b>Total liabilities and fund balances</b>	<b>\$ 4,750,956</b>	<b>685,530</b>	<b>1,108,216</b>	<b>2,614,480</b>

See notes to financial statements.

Nonmajor	Total
132,407	4,321,548
-	16,340
292,000	3,166,000
-	19,245
-	9,174
-	17,763
-	1,175,000
-	278,641
-	390,219
-	189,659
424,407	9,583,589
62	234,520
-	126,983
-	113,676
292,000	3,166,000
-	79,066
292,062	3,720,245
-	562,731
-	503,442
-	1,175,000
-	339,668
132,345	3,282,503
132,345	5,863,344
424,407	9,583,589

**Fremont County**

Fremont County

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

June 30, 2008

**Total governmental fund balances (page 19)** \$ 5,863,344

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$13,784,858 and the accumulated depreciation is \$4,675,215. 9,109,643

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 79,066

Long-term liabilities, including capital lease purchase agreement payable, bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,760,335)

**Net assets of governmental activities (page 16)** \$ 13,291,718

See notes to financial statements.

Fremont County

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

Year ended June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 1,851,061	303,059	642,066	-
Local option sales tax	190,159	-	164,659	-
Hotel/motel tax	125,265	-	-	-
Tax increment financing	-	-	-	-
Interest and penalty on property tax	32,132	-	-	-
Intergovernmental	239,248	652,083	34,146	2,500,653
Licenses and permits	11,638	-	-	2,110
Charges for service	244,272	-	-	-
Use of money and property	267,619	-	-	1,200
Miscellaneous	266,010	384	-	17,142
<b>Total revenues</b>	<b>3,227,404</b>	<b>955,526</b>	<b>840,871</b>	<b>2,521,105</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	1,571,304	-	12,050	-
Physical health and social services	167,894	-	1,890	-
Mental health	-	1,131,939	-	-
County environment and education	441,604	-	57,874	-
Roads and transportation	-	-	-	3,081,546
Governmental services to residents	302,823	-	2,039	-
Administration	949,115	-	-	-
Capital projects	-	-	-	197,167
Debt service	133,296	-	-	-
<b>Total expenditures</b>	<b>3,566,036</b>	<b>1,131,939</b>	<b>73,853</b>	<b>3,278,713</b>
Excess (deficiency) of revenues over (under) expenditures	(338,632)	(176,413)	767,018	(757,608)
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	828,913
Operating transfers out	-	-	(828,913)	-
Capital lease purchase agreement	153,528	-	-	-
General obligation bonds issued	1,265,000	-	-	-
General obligation bond discount	(9,408)	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,409,120</b>	<b>-</b>	<b>(828,913)</b>	<b>828,913</b>
Net change in fund balances	1,070,488	(176,413)	(61,895)	71,305
Fund balances beginning of year	1,510,353	431,522	507,100	2,378,539
Fund balances end of year	\$ 2,580,841	255,109	445,205	2,449,844

See notes to financial statements.

Nonmajor	Total
-	2,796,186
-	354,818
-	125,265
287,926	287,926
-	32,132
15,468	3,441,598
-	13,748
1,560	245,832
4,325	273,144
4,810	288,346
<u>314,089</u>	<u>7,858,995</u>
6,381	1,589,735
3,477	173,261
-	1,131,939
298,847	798,325
-	3,081,546
3,932	308,794
-	949,115
-	197,167
-	133,296
<u>312,637</u>	<u>8,363,178</u>
<u>1,452</u>	<u>(504,183)</u>
5,571	834,484
(5,571)	(834,484)
-	153,528
-	1,265,000
-	(9,408)
<u>-</u>	<u>1,409,120</u>
1,452	904,937
<u>130,893</u>	<u>4,958,407</u>
<u>132,345</u>	<u>5,863,344</u>

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, 2008

**Net change in fund balances - Total governmental funds (page 23)** \$ 904,937

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

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

Expenditures for capital assets	\$ 773,937	
Contributed capital assets from Department of Transportation	926,537	
Depreciation expense	<u>(553,038)</u>	1,147,436

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. 9,055

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	(4,943)	
Other	<u>4,507</u>	(436)

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

Issued	(1,418,528)	
Repaid	<u>90,000</u>	(1,328,528)

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		(30,319)
----------------------	--	----------

**Change in net assets of governmental activities (page 17)** \$ 702,145

See notes to financial statements.

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

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,225,759
Other County officials	32,325
Receivables:	
Property tax:	
Delinquent	42,629
Succeeding year	7,668,000
Accounts	11,118
Drainage assessments	1,414
Prepaid items	4,787
<b>Total assets</b>	<b>8,986,032</b>

**Liabilities**

Accounts payable	3,707
Salaries and benefits payable	5,565
Due to other governments	8,915,207
Trusts payable	24,565
Compensated absences	36,988
<b>Total liabilities</b>	<b>8,986,032</b>

<b>Net assets</b>	\$ -
-------------------	------

See notes to financial statements.

Fremont County

Notes to Financial Statements

June 30, 2008

**(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, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for a capital lease purchase agreement attributable to the acquisition of those assets.

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary 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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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

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, 2008. 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, 2008, disbursements exceeded the amount budgeted for the county environment and education function. Disbursements in the conservation department exceeded the amount appropriated at June 30, 2008. Also disbursements in certain departments exceeded the amount appropriated during the fiscal year prior to appropriation amendments.

**(2) Cash and Pooled Investments**

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

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,914 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, 2008 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 828,913
Low to Moderate Income Assistance	Tax Increment Financing Rebate	5,571
Total		\$ 834,484

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

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,542,473	-	-	1,542,473
Construction in progress	-	193,509	(193,509)	-
Total capital assets not being depreciated	<u>1,542,473</u>	<u>193,509</u>	<u>(193,509)</u>	<u>1,542,473</u>
Capital assets being depreciated:				
Buildings	3,112,621	-	-	3,112,621
Improvements other than buildings	142,836	-	-	142,836
Equipment and vehicles	5,294,481	382,683	(79,209)	5,597,955
Infrastructure, road network	1,908,078	1,120,046	-	3,028,124
Infrastructure, other	154,049	206,800	-	360,849
Total capital assets being depreciated	<u>10,612,065</u>	<u>1,709,529</u>	<u>(79,209)</u>	<u>12,242,385</u>
Less accumulated depreciation for:				
Buildings	478,337	61,174	-	539,511
Improvements other than buildings	18,645	5,400	-	24,045
Equipment and vehicles	3,529,265	403,676	(79,209)	3,853,732
Infrastructure, road network	144,329	70,760	-	215,089
Infrastructure, other	30,810	12,028	-	42,838
Total accumulated depreciation	<u>4,201,386</u>	<u>553,038</u>	<u>(79,209)</u>	<u>4,675,215</u>
Total capital assets being depreciated, net	<u>6,410,679</u>	<u>1,156,491</u>	<u>-</u>	<u>7,567,170</u>
Governmental activities capital assets, net	<u>\$ 7,953,152</u>	<u>1,350,000</u>	<u>(193,509)</u>	<u>9,109,643</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 46,891
Physical health and social services	1,562
Mental health	5,040
County environment and education	29,426
Roads and transportation	434,503
Governmental services to residents	693
Administration	<u>34,923</u>
Total depreciation expense - governmental activities	<u>\$ 553,038</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	\$ 8,564
Special Revenue:		
Mental Health	Services	105,078
Secondary Roads		34
Total for governmental funds		<u>\$ 113,676</u>
Agency:		
County Assessor	Collections	\$ 269,881
Schools		5,540,075
Community Colleges		296,616
Corporations		1,578,446
Townships		152,171
Auto License and Use Tax		152,355
Drainage Districts		635,656
All other		290,007
Total for agency funds		<u>\$ 8,915,207</u>

**(6) Long-Term Liabilities**

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

	<u>Capital Lease</u>	<u>General</u>	<u>Compensated</u>	
	<u>Purchase</u>	<u>Obligation</u>	<u>Absences</u>	<u>Total</u>
	<u>Agreement</u>	<u>Bonds</u>		
Balance beginning of year	\$ -	-	401,488	401,488
Increases	153,528	1,265,000	257,927	1,676,455
Decreases	-	90,000	227,608	317,608
Balance end of year	<u>\$ 153,528</u>	<u>1,175,000</u>	<u>431,807</u>	<u>1,760,335</u>
Due within one year	<u>\$ 25,206</u>	<u>95,000</u>	<u>88,312</u>	<u>208,518</u>

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease golf and turf equipment for \$153,528. The following is a schedule of the future minimum lease payments, including interest at a rate of 4.902% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2008:

Year ending June 30,	Golf and Turf Equipment
2009	\$ 29,052
2010	29,052
2011	29,052
2012	29,052
2013	29,052
2014	29,052
Total minimum lease payments	\$ 174,312
Less amount representing interest	(20,784)
Present value of net minimum lease payments	<u>\$ 153,528</u>

The County did not make any payments under the capital lease purchase agreement during the year ended June 30, 2008.

#### Bonds Payable

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

Annual debt service requirements to maturity for the general obligation bonded indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2009	3.90%	\$ 95,000	48,445	143,445
2010	3.90	100,000	44,740	144,740
2011	3.95	105,000	40,840	145,840
2012	3.95	110,000	36,692	146,692
2013	4.00	110,000	32,348	142,348
2014-2018	4.125-4.25	355,000	108,352	463,352
2019-2022	4.30-4.40	300,000	33,890	333,890
Total		<u>\$ 1,175,000</u>	<u>345,307</u>	<u>1,520,307</u>

During the year ended June 30, 2008, the County issued \$1,265,000 of general obligation bonds and retired \$90,000 of bonds.

**(7) Loan Receivable**

The County loaned bond proceeds to the Fremont County Landfill Commission. Under the agreement, the Fremont County Landfill Commission is to make payments to the County equal to the payments the County is required to make on the general obligation solid waste disposal bonds, as detailed in Note 6 of the notes to financial statements. The principal and interest payments from the Fremont County Landfill Commission are credited to the General Fund.

**(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$163,234, \$153,054 and \$159,201, respectively, equal to the required contributions for each year.

**(9) 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 whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$142,970.

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

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

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

#### **(10) 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, 2008, \$26,896 was rebated to the developer, K&M Lyons, Inc., with a cumulative total of \$158,313 rebated to the developer as of June 30, 2008.

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, 2008, \$246,269 was rebated to the company on behalf of the developers, with a cumulative total of \$1,060,360 rebated to the developer as of June 30, 2008.

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, 2008, \$9,190 was rebated to the developer, with a cumulative total of \$32,934 rebated to the developer as of June 30, 2008.

**(11) 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, 2008 are \$1,435,986 and the County's financial assurance obligation amount is \$1,080,053.

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.

**(12) Subsequent Event**

On July 3, 2008, the County entered into a capital lease agreement to lease an asphalt zipper with a historical cost of \$ 113,305.

**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, 2008

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 3,594,110	-	3,594,110
Interest and penalty on property tax	32,144	-	32,144
Intergovernmental	3,703,578	-	3,703,578
Licenses and permits	14,088	-	14,088
Charges for service	249,134	-	249,134
Use of money and property	280,923	3,246	277,677
Miscellaneous	370,281	1,560	368,721
Total receipts	<u>8,244,258</u>	<u>4,806</u>	<u>8,239,452</u>
<b>Disbursements:</b>			
Public safety and legal services	1,615,987	-	1,615,987
Physical health and social services	176,499	-	176,499
Mental health	1,159,519	-	1,159,519
County environment and education	1,878,687	11,875	1,866,812
Roads and transportation	3,045,461	-	3,045,461
Governmental services to residents	306,768	-	306,768
Administration	944,530	-	944,530
Non-program	-	-	-
Debt service	133,296	-	133,296
Capital projects	197,280	-	197,280
Total disbursements	<u>9,458,027</u>	<u>11,875</u>	<u>9,446,152</u>
Excess (deficiency) of receipts over (under) disbursements	(1,213,769)	(7,069)	(1,206,700)
Other financing sources, net	1,255,592	-	1,255,592
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	41,823	(7,069)	48,892
Balance beginning of year	<u>4,279,725</u>	<u>32,537</u>	<u>4,247,188</u>
Balance end of year	<u>\$ 4,321,548</u>	<u>25,468</u>	<u>4,296,080</u>

See accompanying independent auditor's report.

---

Budgeted Amounts		Final to Net Variance
Original	Final	
3,427,984	3,457,984	136,126
21,025	21,025	11,119
3,758,236	3,758,236	(54,658)
11,555	11,555	2,533
293,215	293,215	(44,081)
219,815	219,815	57,862
139,661	295,788	72,933
<u>7,871,491</u>	<u>8,057,618</u>	<u>181,834</u>
1,720,542	1,903,930	287,943
181,582	188,356	11,857
1,438,861	1,438,861	279,342
623,552	623,552	(1,243,260)
3,230,000	3,230,000	184,539
377,173	377,173	70,405
970,356	1,010,356	65,826
2,800	2,800	2,800
-	1,371,570	1,238,274
221,000	221,000	23,720
<u>8,765,866</u>	<u>10,367,598</u>	<u>921,446</u>
(894,375)	(2,309,980)	1,103,280
<u>24,000</u>	<u>1,395,570</u>	<u>(139,978)</u>
(870,375)	(914,410)	963,302
<u>3,307,149</u>	<u>3,307,149</u>	<u>940,039</u>
<u>2,436,774</u>	<u>2,392,739</u>	<u>1,903,341</u>

---

Fremont County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,244,258	(385,263)	7,858,995
Expenditures	9,458,027	(1,094,849)	8,363,178
Net	(1,213,769)	709,586	(504,183)
Other financing sources, net	1,255,592	153,528	1,409,120
Beginning fund balances	4,279,725	678,682	4,958,407
Ending fund balances	<u>\$ 4,321,548</u>	<u>1,541,796</u>	<u>5,863,344</u>

See accompanying independent auditor's report.

Fremont County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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

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

Formal and legal budgetary control is based upon 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 \$1,601,732. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2008, disbursements exceeded the amount budgeted for the county environment and education function. Disbursements in the conservation department exceeded the amount appropriated at June 30, 2008. Also, disbursements in certain departments exceeded the amounts appropriated during the fiscal year prior to appropriation amendments.

**Fremont County**

**Other Supplementary Information**

Fremont County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2008

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Conservation Land Acquisition
<b>Assets</b>				
Cash and pooled investments	\$ 14,283	252	25,468	1,573
Receivables:				
Succeeding year property tax	-	-	-	-
<b>Total assets</b>	<b>\$ 14,283</b>	<b>252</b>	<b>25,468</b>	<b>1,573</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Total liabilities	-	-	-	-
Fund equity:				
Unreserved fund balances	14,283	252	25,468	1,573
<b>Total liabilities and fund equity</b>	<b>\$ 14,283</b>	<b>252</b>	<b>25,468</b>	<b>1,573</b>

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		Total
-	19,988	53,007	919	16,917		132,407
292,000	-	-	-	-		292,000
292,000	19,988	53,007	919	16,917		424,407
-	-	-	-	62		62
292,000	-	-	-	-		292,000
292,000	-	-	-	62		292,062
-	19,988	53,007	919	16,855		132,345
292,000	19,988	53,007	919	16,917		424,407

Fremont County

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

Year ended June 30, 2008

	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	1,560	-	-	-
Use of money and property	281	4	3,246	-
Miscellaneous	-	-	1,560	-
Total revenues	1,841	4	4,806	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	11,875	-
Governmental services to residents	3,932	-	-	-
Total expenditures	3,932	-	11,875	-
Excess (deficiency) of revenues over (under) expenditures	(2,091)	4	(7,069)	-
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	(2,091)	4	(7,069)	-
Fund balances beginning of year	16,374	248	32,537	1,573
Fund balances end of year	\$ 14,283	252	25,468	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
287,926	-	-	-	-	-	-	287,926
-	-	12,269	-	-	3,199	-	15,468
-	-	-	-	-	-	-	1,560
-	-	794	-	-	-	-	4,325
-	-	-	-	3,250	-	-	4,810
287,926	-	13,063	-	3,250	3,199	-	314,089
-	-	-	-	6,381	-	-	6,381
-	-	-	-	-	3,477	-	3,477
282,355	-	4,617	-	-	-	-	298,847
-	-	-	-	-	-	-	3,932
282,355	-	4,617	-	6,381	3,477	-	312,637
5,571	-	8,446	-	(3,131)	(278)	-	1,452
-	5,571	-	-	-	-	-	5,571
(5,571)	-	-	-	-	-	-	(5,571)
(5,571)	5,571	-	-	-	-	-	-
-	5,571	8,446	-	(3,131)	(278)	-	1,452
-	14,417	44,561	919	19,986	278	-	130,893
-	19,988	53,007	919	16,855	-	-	132,345

Fremont County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	2,310	156,304	88,324
Other County officials	32,325	-	-	-
Receivables:				
Property tax:				
Delinquent	-	606	900	31,751
Succeeding year	-	103,000	154,000	5,420,000
Accounts	-	-	120	-
Drainage assessments	-	-	-	-
Prepaid items	-	-	3,100	-
<b>Total assets</b>	<b>\$ 32,325</b>	<b>105,916</b>	<b>314,424</b>	<b>5,540,075</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	1,990	-
Salaries and benefits payable	-	-	5,565	-
Due to other governments	7,760	105,916	269,881	5,540,075
Trusts payable	24,565	-	-	-
Compensated absences	-	-	36,988	-
<b>Total liabilities</b>	<b>\$ 32,325</b>	<b>105,916</b>	<b>314,424</b>	<b>5,540,075</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
4,940	20,496	2,432	152,355	634,242	164,356	1,225,759
-	-	-	-	-	-	32,325
1,676	6,950	739	-	-	7	42,629
290,000	1,551,000	149,000	-	-	1,000	7,668,000
-	-	-	-	-	10,998	11,118
-	-	-	-	1,414	-	1,414
-	-	-	-	-	1,687	4,787
<b>296,616</b>	<b>1,578,446</b>	<b>152,171</b>	<b>152,355</b>	<b>635,656</b>	<b>178,048</b>	<b>8,986,032</b>
-	-	-	-	-	1,717	3,707
-	-	-	-	-	-	5,565
296,616	1,578,446	152,171	152,355	635,656	176,331	8,915,207
-	-	-	-	-	-	24,565
-	-	-	-	-	-	36,988
<b>296,616</b>	<b>1,578,446</b>	<b>152,171</b>	<b>152,355</b>	<b>635,656</b>	<b>178,048</b>	<b>8,986,032</b>

Fremont County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 28,449	102,289	371,032	5,161,192
Additions:				
Property and other county tax	-	102,212	152,709	5,407,953
E911 surcharge	-	-	-	-
State tax credits	-	5,386	10,579	273,985
Drivers license fees	-	-	-	-
Office fees and collections	161,124	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	406,960	-	-	-
Miscellaneous	1,780	-	4,987	-
Total additions	569,864	107,598	168,275	5,681,938
Deductions:				
Agency remittances:				
To other funds	85,746	-	-	-
To other governments	76,837	103,971	224,883	5,303,055
Trusts paid out	403,405	-	-	-
Total deductions	565,988	103,971	224,883	5,303,055
Balances end of year	\$ 32,325	105,916	314,424	5,540,075

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
291,492	1,425,528	151,182	148,924	596,342	177,043	8,453,473
288,868	1,532,807	150,334	-	-	1,142	7,636,025
-	-	-	-	-	52,162	52,162
15,502	56,749	8,070	-	-	63	370,334
-	-	-	37,601	-	-	37,601
-	-	-	-	-	1,830	162,954
-	-	-	-	-	1,562	1,562
-	-	-	1,984,689	-	255	1,984,944
-	-	-	-	115,627	-	115,627
-	-	-	-	-	287,451	694,411
-	1,659	482	-	35,075	44,536	88,519
304,370	1,591,215	158,886	2,022,290	150,702	389,001	11,144,139
-	-	-	94,754	-	-	180,500
299,246	1,438,297	157,897	1,924,105	111,388	76,506	9,716,185
-	-	-	-	-	311,490	714,895
299,246	1,438,297	157,897	2,018,859	111,388	387,996	10,611,580
296,616	1,578,446	152,171	152,355	635,656	178,048	8,986,032

Fremont County

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

For the Last Eight Years

	2008	2007	Modified 2006
<b>Revenues:</b>			
Property and other county tax	\$ 2,796,186	2,954,419	2,896,357
Local option sales tax	354,818	366,556	320,013
Hotel/motel tax	125,265	-	-
Tax increment financing	287,926	249,628	226,431
Interest and penalty on property tax	32,132	32,363	36,374
Intergovernmental	3,441,598	3,803,528	3,569,818
Licenses and permits	13,748	11,085	15,238
Charges for service	245,832	266,114	267,302
Use of money and property	273,144	295,786	198,819
Fines, forfeitures and defaults	-	-	-
Miscellaneous	288,346	70,275	89,066
<b>Total</b>	<b>\$ 7,858,995</b>	<b>8,049,754</b>	<b>7,619,418</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 1,589,735	1,440,145	1,541,422
Physical health and social services	173,261	160,364	151,511
Mental health	1,131,939	1,148,688	1,076,418
County environment and education	798,325	569,297	544,600
Roads and transportation	3,081,546	2,847,459	3,132,924
Governmental services to residents	308,794	283,362	394,944
Administration	949,115	904,719	894,836
Non-program	-	-	540
Capital projects	197,167	141,305	284,134
Debt service	133,296	-	-
<b>Total</b>	<b>\$ 8,363,178</b>	<b>7,495,339</b>	<b>8,021,329</b>

See accompanying independent auditor's report.

Accrual Basis				
2005	2004	2003	2002	2001
2,980,737	2,958,560	2,853,150	2,839,580	2,531,125
301,586	309,600	263,615	262,321	234,907
-	-	-	-	-
246,880	193,882	54,396	13,267	-
31,149	29,109	30,180	42,073	27,753
3,355,608	3,475,783	3,389,112	3,385,309	3,459,046
13,932	18,424	12,918	16,480	4,607
282,084	296,107	262,914	251,277	224,674
144,583	147,749	194,678	293,588	439,191
-	-	-	10,279	5,749
65,073	125,355	70,817	101,458	88,977
<b>7,421,632</b>	<b>7,554,569</b>	<b>7,131,780</b>	<b>7,215,632</b>	<b>7,016,029</b>
1,490,027	1,429,674	1,325,858	1,310,069	1,189,527
156,665	132,073	191,449	258,101	316,704
1,011,944	995,212	964,931	1,028,632	1,026,871
600,397	478,330	350,949	229,525	309,947
4,048,002	3,974,302	2,851,143	2,731,905	2,828,920
331,275	279,894	269,407	274,750	249,047
814,262	746,481	834,924	785,010	721,205
1,015	215	7,660	16,999	11,168
45,766	226,211	565,510	394,194	492,280
-	-	-	-	-
<b>8,499,353</b>	<b>8,262,392</b>	<b>7,361,831</b>	<b>7,029,185</b>	<b>7,145,669</b>

**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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Officials of 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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 2, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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), (B) and (D) 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, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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 2, 2009

Fremont County  
 Schedule of Findings  
 Year ended June 30, 2008

**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.

Responses –

- (1) With the department only having one employee, this is an issue that is very hard to resolve. As far as endorsing checks upon receipt, this will be taken care of.
- (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, 2008

- (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.

Conclusions –

- (1) Response acknowledged.
- (2) Response accepted.
- (3) Response accepted.
- (4) Response accepted.
- (5) Response accepted.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables and capital asset additions 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 capital asset additions are identified and included in the County's financial statements.

Response – The accounts payable clerk has already started to implement our software provider's code which should catch any asset additions in the future.

Conclusion – Response acknowledged. However, the County should implement procedures to ensure all receivables are identified and included in the County's financial statements.

- (C) County Sheriff – Separate bank accounts were maintained for the collections and disbursements 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.

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

Fremont County  
Schedule of Findings  
Year ended June 30, 2008

Response – As of July 1, 2008 all funds were remitted to the Fremont County Treasurer.

Conclusion – Response accepted.

- (D) Tax Increment Financing – The County Auditor has not prepared a work paper reconciliation for each city to reconcile the TIF tax remitted with the amount of debt certified.

Recommendation – The County should prepare a work paper reconciliation for each city to reconcile the yearly TIF tax remitted with the amount of debt certified.

Response – We will prepare a work paper reconciliation for each city to reconcile the yearly TIF tax remitted with the amount of debt certified.

Conclusion – Response accepted.

- (E) Long-Term Debt Issuance – Fremont County entered into a written agreement with the Fremont County Landfill Commission to issue general obligation bonds of \$1,265,000 on behalf of the Commission during fiscal year 2008. In accordance with the agreement, the Commission is required to pay the principal and interest payments to the County and the County will make payments to the bond holders. During fiscal year 2008, the Commission paid the principal and interest payments directly to the bond holders.

Recommendation – The County should make the principal and interest payments to the bond holders and request reimbursement from the Commission in accordance with the written agreement.

Response – The County has been in contact with the Fremont County Landfill Commission accountant regarding the principal and interest payment running through the County. The Fremont County Board of Supervisor Chairman said he would contact the Fremont County Landfill Commission to let them know also. Our goal is not to let this happen again.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Fremont County  
Schedule of Findings  
Year ended June 30, 2008

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in the county environment and education function. Disbursements in the conservation department exceeded the amount appropriated at June 30, 2008. Also, disbursements in certain departments exceeded the amounts appropriated during the fiscal year prior to appropriation amendments.

Recommendation – The budget should have been amended in sufficient amount in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Responses –

County Auditor – The Communications Department had extensive lightening damage which caused them to replace equipment before insurance could reimburse them. This involved several thousand dollars and caused delay in the budget amendment being done in a timely manner.

Conservation Director – The Department will try to do all that it can to make sure the appropriated amount for FY09 is not exceeded.

Conclusion – Responses 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	\$ 437
Gene Kirk, Spouse of County Auditor, Owner of Signs by Gene	Signs	\$ 140

Fremont County

Schedule of Findings

Year ended June 30, 2008

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 and Gene Kirk 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.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

- (10) Emergency Management Commission – The County did not adopt, certify and submit a budget on or before February 28, 2007 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 will work with the County Auditor to ensure the budget is adopted by February 28, 2009.

Conclusion – Response accepted.

Fremont County

Schedule of Findings

Year ended June 30, 2008

- (11) Deficit Cash Balance – The Agency, Tax Sale Redemption Fund had a deficit cash balance during the year ended June 30, 2008 and at June 30, 2008. This appears to violate Chapter 331.476 of the Code of Iowa.

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

Response – This was a clerical error. The error has been corrected.

Conclusion – Response accepted.

Fremont County

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Melissa M. Wellhausen, CPA, Senior Auditor  
Gelu Sherpa, Staff Auditor  
Michael F. Conroy, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State