



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

Contact: Andy Nielsen

FOR RELEASE _____ March 19, 2010

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 \$11,226,974 for the year ended June 30, 2009, which included \$553,772 in tax credits from the state. The County forwarded \$8,054,292 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,172,682 of the local tax revenue to finance County operations, a 3.3 percent increase over the prior year. Other revenues included charges for service of \$726,505, operating grants, contributions and restricted interest of \$2,993,724, capital grants, contributions and restricted interest of \$755,182, tax increment financing of \$294,230, local option sales tax of \$298,869, unrestricted investment earnings of \$154,402 and other general revenues of \$149,301.

Expenses for County operations totaled \$8,262,332, a 2.1 percent increase over the prior year. Expenses included \$3,415,048 for roads and transportation, \$1,566,435 for public safety and legal services and \$1,084,292 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/index.html>.

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

JUNE 30, 2009

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Fremont County

Officials

(Before January 2009)

<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

(After January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Earl Hendrickson	Board of Supervisors	Jan 2011
Chuck Larson	Board of Supervisors	Jan 2011
Cara Morgan	Board of Supervisors	Jan 2013
Joan Kirk	County Auditor	Jan 2013
Judith M. Crain	County Treasurer	Jan 2011
Margaret Henkle	County Recorder	Jan 2011
Kevin Aistrope	County Sheriff	Jan 2013
Margaret E. Johnson	County Attorney	Jan 2011
Karen L. Berry	County Assessor	Jan 2010

Fremont County



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Independent Auditor's Report

To the Officials of Fremont County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County, Iowa, as of and for the year ended June 30, 2009, 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.

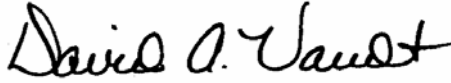
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2009, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2010 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 eight years ended June 30, 2008 (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

February 19, 2010

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, 2009, along with comparative data for the year ended June 30, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 2.8%, or approximately \$249,300, from fiscal year 2008 to fiscal year 2009. Property and other county tax increased approximately \$96,600 from 2008. Operating grants, contributions and restricted interest increased approximately \$77,400, capital grants, contributions and restricted interest decreased approximately \$277,500 and charges for service decreased approximately \$49,600.
- Program expenses of the County's governmental activities increased 2.1%, or approximately \$170,300. Governmental services to residents expenses increased approximately \$122,900, roads and transportation expenses increased approximately \$155,700 and county environment and education expenses decreased approximately \$93,000.
- The County's net assets increased approximately \$282,600 from June 30, 2008 to June 30, 2009.

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,	
	2009	2008
Current and other assets	\$ 9,487,181	9,583,589
Capital assets	9,724,808	9,109,643
Total assets	<u>19,211,989</u>	<u>18,693,232</u>
Long-term liabilities	1,740,211	1,760,335
Other liabilities	3,897,497	3,641,179
Total liabilities	<u>5,637,708</u>	<u>5,401,514</u>
Net assets:		
Invested in capital assets, net of related debt	9,503,749	8,956,115
Restricted	3,656,899	3,590,781
Unrestricted	413,633	744,822
Total net assets	<u>\$ 13,574,281</u>	<u>13,291,718</u>

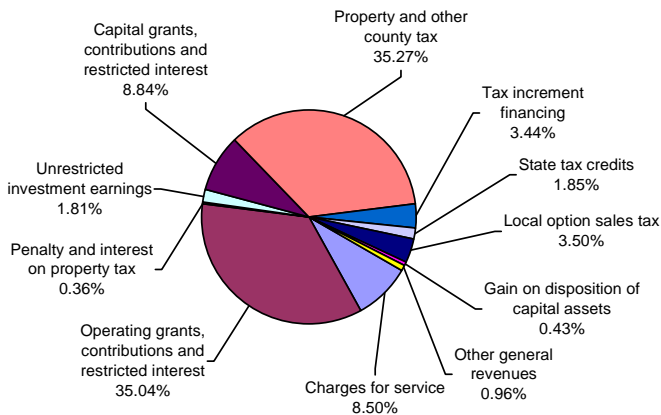
Net assets of Fremont County's governmental activities increased 2.1%, or approximately \$282,600, during the year. The largest portion of the County's net assets is invested in capital assets (i.e. land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment 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 \$745,000 at June 30, 2008 to approximately \$413,600 at the end of this year, a decrease of 44.5%, 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 2009.

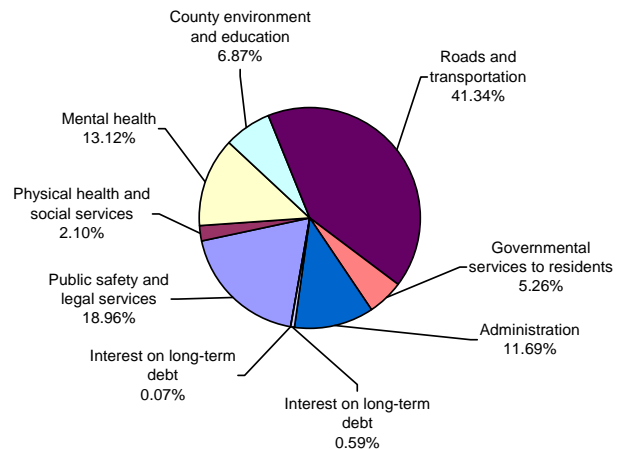
Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 726,505	776,097
Operating grants, contributions and restricted interest	2,993,724	2,916,346
Capital grants, contributions and restricted interest	755,182	1,032,699
General revenues:		
Property and other county tax	3,014,901	2,918,317
Tax increment financing	294,230	287,926
Penalty and interest on property tax	31,105	34,830
State tax credits	157,781	152,121
Local option sales tax	298,869	354,818
Unrestricted investment earnings	154,402	240,414
Gain on disposition of capital assets	36,330	9,055
Other general revenues	81,866	71,529
Total revenues	8,544,895	8,794,152
Program expenses:		
Public safety and legal services	1,566,435	1,618,084
Physical health and social services	173,847	174,823
Mental health	1,084,292	1,127,713
County environment and education	567,399	660,414
Roads and transportation	3,415,048	3,259,338
Governmental services to residents	434,923	311,986
Administration	966,193	896,353
Interest on long-term debt	48,445	43,296
Non-program	5,750	-
Total expenses	8,262,332	8,092,007
Increase in net assets	282,563	702,145
Net assets beginning of year	13,291,718	12,589,573
Net assets end of year	\$ 13,574,281	13,291,718

Revenues by Source



Expenses by Program



Overall, revenues decreased approximately \$249,300, or 2.8%, during the year. The decrease is primarily due to a decrease in capital grants, contributions and restricted interest.

Fremont County's property tax rates for fiscal year 2009 decreased \$.21217 per \$1,000 of taxable valuation in the rural levy. The rural assessed property taxable valuation increased \$14,724,553. The countywide assessed property taxable valuation increased \$16,918,233. The general basic levy remained at \$3.50 per \$1,000 of taxable valuation and the general supplemental and the mental health levies decreased \$.09896 and \$.04802 per \$1,000 of taxable valuation, respectively.

The cost of all governmental activities this year was approximately \$8.3 million compared to approximately \$8.1 million last year, an increase of 2.1%.

INDIVIDUAL MAJOR FUND ANALYSIS

As Fremont County completed the year, its governmental funds reported a combined fund balance of \$5,527,951 compared to \$5,863,344 at June 30, 2008, a decrease of \$335,393, or 5.7%.

The General Fund, the operating fund for Fremont County, ended fiscal year 2009 with a balance of \$2,416,906, a decrease of \$163,935 from the fiscal year 2008 ending balance of \$2,580,841. Total expenditures decreased approximately \$234,000 and total revenues decreased approximately \$60,000.

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 \$118,777, or 46.6%, from the prior year to \$136,332. There were no significant changes in revenues and expenditures from the prior year.

The Rural Services Fund ending fund balance decreased \$157,424 from the prior year to \$287,781. The decrease is primarily due to a decrease in local option sales tax revenue and an increase in operating transfers out to the Secondary Roads Fund.

The Secondary Roads Fund ended fiscal year 2009 with a \$2,552,894 fund balance, an increase of \$103,050 compared to the prior year ending fund balance of \$2,449,844. The increase in fund balance is primarily due to an increase in operating transfers in from the Rural Services Fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, Fremont County amended its budget once. The amendment was made in April 2009 and resulted in an increase in budgeted disbursements primarily due to repairs from flood damages.

The County's receipts were \$132,148 less than budgeted, a variance of 1.6%. The most significant variance resulted from property and other county tax receipts.

Total disbursements were \$1,103,309 less than the amended budget. Actual disbursements for the roads and transportation, mental health, public safety and legal services, debt service, capital projects and governmental services to residents functions were \$213,306, \$103,619, \$291,547, \$143,445, \$138,938 and \$68,894, respectively, less than budgeted. This was primarily due to cost cutting measures instituted countywide.

The County exceeded the amount budgeted for the non-program function for the year ended June 30, 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Fremont County had approximately \$9.7 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 \$615,200, or 6.8%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2009	2008
Land	\$ 1,542,473	1,542,473
Buildings	2,511,936	2,573,110
Improvements other than buildings	113,391	118,791
Equipment and vehicles	1,933,720	1,744,223
Infrastructure	3,623,288	3,131,046
Total	\$ 9,724,808	9,109,643
This year's additions included:		
Voting machines	\$ 46,080	
Mental health department vehicle	14,249	
Sheriff department equipment	29,610	
Sheriff department vehicles	32,447	
Secondary roads department equipment	459,004	
Secondary roads department infrastructure	592,808	
Total	\$ 1,174,198	

Fremont County had depreciation expense of \$595,363 in fiscal year 2009 and total accumulated depreciation of \$4,745,907 at June 30, 2009. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

In fiscal year 2009, the County entered into a capital lease purchase agreement for \$113,305. Principal paid on the general obligation bonds totaled \$95,000 during the year ended June 30, 2009. Principal payments made in fiscal year 2009 on the capital lease purchase agreements totaled \$45,774.

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 approximately \$26.8 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 fiscal year 2010 county budget, tax rates and fees for the various County services. One of those factors is the economy.

Amounts available for appropriation in the fiscal year 2010 operating budget are approximately \$9.7 million, an increase of 3.3% over the final 2009 budget. Property tax (including general fund levies set at \$5.48861 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

Exhibit A

Fremont County
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,015,762
Receivables:	
Property tax:	
Delinquent	16,878
Succeeding year	3,503,000
Interest and penalty on property tax	15,788
Accounts	12,512
Accrued interest	12,855
Loan	1,080,000
Due from other governments	306,019
Inventories	318,862
Prepaid items	205,505
Capital assets - nondepreciable	1,542,473
Capital assets - depreciable (net)	8,182,335
	<u>19,211,989</u>
Total assets	
Liabilities	
Accounts payable	127,595
Salaries and benefits payable	143,688
Due to other governments	123,214
Deferred revenue:	
Succeeding year property tax	3,503,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	33,872
General obligation bonds	100,000
Compensated absences	79,783
Portion due or payable after one year:	
Capital lease purchase agreements	187,187
General obligation bonds	980,000
Compensated absences	359,369
	<u>5,637,708</u>
Total liabilities	
Net Assets	
Invested in capital assets, net of related debt	9,503,749
Restricted for:	
Supplemental levy purposes	602,041
Mental health purposes	127,122
Secondary roads purposes	2,243,055
Local option sales tax	550,643
Other purposes	134,038
Unrestricted	413,633
	<u>13,574,281</u>
Total net assets	<u>\$ 13,574,281</u>

See notes to financial statements.

Fremont County
Statement of Activities
Year ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,566,435	149,832	-	-	(1,416,603)
Physical health and social services	173,847	11,431	81,014	-	(81,402)
Mental health	1,084,292	270,646	384,856	-	(428,790)
County environment and education	567,399	98,104	14,460	-	(454,835)
Roads and transportation	3,415,048	38,192	2,454,378	755,182	(167,296)
Governmental services to residents	434,923	140,568	81	-	(294,274)
Administration	966,193	17,732	10,490	-	(937,971)
Interest on long-term debt	48,445	-	48,445	-	-
Non-program	5,750	-	-	-	(5,750)
Total	\$ 8,262,332	726,505	2,993,724	755,182	(3,786,921)
General Revenues:					
Property and other county tax levied for general purposes					2,878,091
Tax increment financing					294,230
Penalty and interest on property tax					31,105
State tax credits					157,781
Local option sales tax					298,869
Hotel/motel tax					136,810
Unrestricted investment earnings					154,402
Gain on disposition of capital assets					36,330
Miscellaneous					81,866
Total general revenues					4,069,484
Change in net assets					282,563
Net assets beginning of year					13,291,718
Net assets end of year					\$ 13,574,281

See notes to financial statements.

Fremont County
Balance Sheet
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,241,478	250,607	270,593	2,119,000
Receivables:				
Property tax:				
Delinquent	10,470	2,318	4,090	-
Succeeding year	1,951,000	432,000	794,000	-
Interest and penalty on property tax	15,788	-	-	-
Accounts	11,910	2	-	600
Accrued interest	12,855	-	-	-
Loan	1,080,000	-	-	-
Due from other governments	84,187	25,678	17,740	178,414
Inventories	-	-	-	318,862
Prepaid items	127,489	665	-	77,351
Total assets	\$ 4,535,177	711,270	1,086,423	2,694,227
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 28,290	15,992	650	82,617
Salaries and benefits payable	76,322	8,722	-	58,644
Due to other governments	7,148	115,994	-	72
Deferred revenue:				
Succeeding year property tax	1,951,000	432,000	794,000	-
Other	55,511	2,230	3,992	-
Total liabilities	2,118,271	574,938	798,642	141,333
Fund balances:				
Reserved for:				
Supplemental levy purposes	609,151	-	-	-
Local option sales tax	550,643	-	-	-
Loan receivable	1,080,000	-	-	-
Unreserved, reported in:				
General fund	177,112	-	-	-
Special revenue funds	-	136,332	287,781	2,552,894
Total fund balances	2,416,906	136,332	287,781	2,552,894
Total liabilities and fund balances	\$ 4,535,177	711,270	1,086,423	2,694,227

See notes to financial statements.

Nonmajor	Total
134,084	4,015,762
-	16,878
326,000	3,503,000
-	15,788
-	12,512
-	12,855
-	1,080,000
-	306,019
-	318,862
-	205,505
460,084	9,487,181
46	127,595
-	143,688
-	123,214
326,000	3,503,000
-	61,733
326,046	3,959,230
-	609,151
-	550,643
-	1,080,000
-	177,112
134,038	3,111,045
134,038	5,527,951
460,084	9,487,181

Fremont County

Fremont County

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

June 30, 2009

Total governmental fund balances (page 19)	\$ 5,527,951
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
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 \$14,470,715 and the accumulated depreciation is \$4,745,907.	9,724,808
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	61,733
Long-term liabilities, including capital lease purchase agreements 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.	(1,740,211)
Net assets of governmental activities (page 16)	<u><u>\$ 13,574,281</u></u>

See notes to financial statements.

Fremont County

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

Year ended June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 1,924,174	304,017	663,559	-
Local option sales tax	191,468	-	107,401	-
Hotel/motel tax	136,810	-	-	-
Tax increment financing	-	-	-	-
Interest and penalty on property tax	34,779	-	-	-
Intergovernmental	259,688	672,084	36,244	2,627,376
Licenses and permits	13,746	-	-	7,991
Charges for service	279,889	-	-	-
Use of money and property	196,298	-	-	-
Miscellaneous	130,980	26	8	196,701
Total revenues	<u>3,167,832</u>	<u>976,127</u>	<u>807,212</u>	<u>2,832,068</u>
Expenditures:				
Operating:				
Public safety and legal services	1,550,951	-	13,573	-
Physical health and social services	171,955	-	1,892	-
Mental health	-	1,094,904	-	-
County environment and education	223,488	-	62,178	-
Roads and transportation	-	-	-	3,540,488
Governmental services to residents	309,731	-	2,160	-
Administration	926,447	-	5,400	-
Non-program	5,750	-	-	-
Capital projects	-	-	-	181,268
Debt service	143,445	-	-	-
Total expenditures	<u>3,331,767</u>	<u>1,094,904</u>	<u>85,203</u>	<u>3,721,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(163,935)</u>	<u>(118,777)</u>	<u>722,009</u>	<u>(889,688)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	879,433
Operating transfers out	-	-	(879,433)	-
Capital lease purchase agreement	-	-	-	113,305
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(879,433)</u>	<u>992,738</u>
Net change in fund balances	(163,935)	(118,777)	(157,424)	103,050
Fund balances beginning of year	<u>2,580,841</u>	<u>255,109</u>	<u>445,205</u>	<u>2,449,844</u>
Fund balances end of year	<u>\$ 2,416,906</u>	<u>136,332</u>	<u>287,781</u>	<u>2,552,894</u>

See notes to financial statements.

Nonmajor	Total
-	2,891,750
-	298,869
-	136,810
294,230	294,230
-	34,779
14,197	3,609,589
-	21,737
1,823	281,712
4,123	200,421
7,000	334,715
<u>321,373</u>	<u>8,104,612</u>
13,146	1,577,670
-	173,847
-	1,094,904
306,534	592,200
-	3,540,488
-	311,891
-	931,847
-	5,750
-	181,268
-	143,445
<u>319,680</u>	<u>8,553,310</u>
<u>1,693</u>	<u>(448,698)</u>
6,320	885,753
(6,320)	(885,753)
-	113,305
<u>-</u>	<u>113,305</u>
1,693	(335,393)
<u>132,345</u>	<u>5,863,344</u>
<u>134,038</u>	<u>5,527,951</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, 2009

Net change in fund balances - Total governmental funds (page 23) \$ (335,393)

***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	\$ 752,913	
Contributed capital assets from the Iowa Department of Transportation	421,285	
Depreciation expense	<u>(595,363)</u>	578,835

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.		36,330
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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	(13,659)	
Other	<u>(3,674)</u>	(17,333)

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 repayments exceeded issuances, as follows:

Issued	(113,305)	
Repaid	<u>140,774</u>	27,469

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences		<u>(7,345)</u>
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Change in net assets of governmental activities (page 17) \$ 282,563

See notes to financial statements.

Fremont County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,144,051
Other County officials	20,490
Receivables:	
Property tax:	
Delinquent	39,134
Succeeding year	7,686,000
Accounts	10,275
Drainage assessments	1,032
Due from other governments	4,868
Prepaid items	3,973
Total assets	8,909,823

Liabilities

Accounts payable	11,398
Salaries and benefits payable	6,302
Due to other governments	8,837,719
Trusts payable	15,834
Compensated absences	38,570
Total liabilities	8,909,823

Net assets	\$ -
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See notes to financial statements.

Fremont County

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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 capital lease purchase agreements 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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, 2009. 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, 2009, disbursements exceeded the amount budgeted in the non-program function.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2009 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 \$1,935 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, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 879,433
Low to Moderate Income Assistance	Tax Increment Financing Rebate	6,320
Total		\$ 885,753

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, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,542,473	-	-	1,542,473
Construction in progress	-	171,523	(171,523)	-
Total capital assets not being depreciated	<u>1,542,473</u>	<u>171,523</u>	<u>(171,523)</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	5,597,955	741,145	(648,096)	5,691,004
Infrastructure, road network	3,028,124	592,808	-	3,620,932
Infrastructure, other	360,849	-	-	360,849
Total capital assets being depreciated	<u>12,242,385</u>	<u>1,333,953</u>	<u>(648,096)</u>	<u>12,928,242</u>
Less accumulated depreciation for:				
Buildings	539,511	61,174	-	600,685
Improvements other than buildings	24,045	5,400	-	29,445
Equipment and vehicles	3,853,732	428,223	(524,671)	3,757,284
Infrastructure, road network	215,089	88,538	-	303,627
Infrastructure, other	42,838	12,028	-	54,866
Total accumulated depreciation	<u>4,675,215</u>	<u>595,363</u>	<u>(524,671)</u>	<u>4,745,907</u>
Total capital assets being depreciated, net	<u>7,567,170</u>	<u>738,590</u>	<u>(123,425)</u>	<u>8,182,335</u>
Governmental activities capital assets, net	<u>\$ 9,109,643</u>	<u>910,113</u>	<u>(294,948)</u>	<u>9,724,808</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 52,097
Mental health	5,076
County environment and education	27,033
Roads and transportation	467,400
Governmental services to residents	9,909
Administration	33,848
Total depreciation expense - governmental activities	<u>\$ 595,363</u>

(5) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 7,148
Special Revenue:		
Mental Health	Services	115,994
Secondary Roads		72
Total for governmental funds		<u>\$ 123,214</u>
Agency:		
County Assessor	Collections	\$ 320,055
Schools		5,508,665
Community Colleges		338,646
Corporations		1,490,235
Townships		167,339
Auto License and Use Tax		176,306
Drainage Districts		588,812
All other		247,661
Total for agency funds		<u>\$ 8,837,719</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>Capital Lease Purchase Agreements</u>	<u>General Obligation Bonds</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 153,528	1,175,000	431,807	1,760,335
Increases	113,305	-	356,446	469,751
Decreases	45,774	95,000	349,101	489,875
Balance end of year	<u>\$ 221,059</u>	<u>1,080,000</u>	<u>439,152</u>	<u>1,740,211</u>
Due within one year	\$ 33,872	100,000	79,783	213,655

Capital Lease Purchase Agreements

On May 20, 2008, the County entered into a capital lease purchase agreement to lease golf and turf equipment for \$153,528 with 4.902% per annum interest. The County made a principal payment of \$25,206 and an interest payment of \$3,846 during the year ended June 30, 2009.

On July 1, 2008, the County entered into a capital lease purchase agreement to lease asphalt zipper equipment for \$113,305 with 4.790% per annum interest. The County made a principal payment of \$20,568 and an interest payment of \$5,184 during the year ended June 30, 2009.

The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreements in effect at June 30, 2009:

Year ending June 30,	Golf and Turf Equipment	Asphalt Zipper	Total
2010	\$ 29,052	12,876	41,928
2011	29,052	25,752	54,804
2012	29,052	25,752	54,804
2013	29,052	25,752	54,804
2014	29,052	12,876	41,928
Total minimum lease payments	\$ 145,260	\$ 103,008	\$ 248,268
Less amount representing interest	(16,938)	(10,271)	(27,209)
Present value of net minimum lease payments	\$ 128,322	\$ 92,737	\$ 221,059

General Obligation Bonds

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 has agreed to make payments to Fremont County to pay the 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
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	4.125	80,000	27,948	107,948
2015-2019	4.125-4.30	345,000	93,462	438,462
2020-2022	4.30-4.40	230,000	20,832	250,832
Total		\$ 1,080,000	296,862	1,376,862

During the year ended June 30, 2009, the County retired \$95,000 of general obligation bonds.

(7) Loan Receivable

The County loaned bond proceeds to the Fremont County Landfill Commission. Under the agreement, the Fremont County Landfill Commission has agreed to make payments to the County equal to the payments the County is required to make on the general obligation 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 4.10% of their annual covered salary and the County is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$180,811, \$163,234 and \$153,054, 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 577 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, 2009 were \$157,574.

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 by the Travelers Insurance Company.

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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, 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, 2009, \$26,796 was rebated to the developer, K&M Lyons, Inc., with a cumulative total of \$185,109 rebated to the developer as of June 30, 2009.

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, 2009, \$250,689 was rebated to the company on behalf of the developers, with a cumulative total of \$1,311,049 rebated to the developer as of June 30, 2009.

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, 2009, \$10,425 was rebated to the developer, with a cumulative total of \$43,359 rebated to the developer as of June 30, 2009.

(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 county and municipalities.

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 111.6(8) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2009 are \$1,265,753 and the County's financial assurance obligation amount is \$801,508.

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.

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, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 3,584,745	-	3,584,745
Interest and penalty on property tax	34,561	-	34,561
Intergovernmental	3,605,620	-	3,605,620
Licenses and permits	21,437	-	21,437
Charges for service	279,761	-	279,761
Use of money and property	201,546	-	201,546
Miscellaneous	271,081	3,784	267,297
Total receipts	<u>7,998,751</u>	<u>3,784</u>	<u>7,994,967</u>
Disbursements:			
Public safety and legal services	1,566,848	-	1,566,848
Physical health and social services	177,338	-	177,338
Mental health	1,080,282	-	1,080,282
County environment and education	638,472	5,714	632,758
Roads and transportation	3,395,694	-	3,395,694
Governmental services to residents	311,251	-	311,251
Administration	964,972	-	964,972
Non-program	5,750	-	5,750
Debt service	-	-	-
Capital projects	181,062	-	181,062
Total disbursements	<u>8,321,669</u>	<u>5,714</u>	<u>8,315,955</u>
Excess (deficiency) of receipts over (under) disbursements	(322,918)	(1,930)	(320,988)
Other financing sources, net	17,132	-	17,132
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(305,786)	(1,930)	(303,856)
Balance beginning of year	4,321,548	25,468	4,296,080
Balance end of year	<u>\$ 4,015,762</u>	<u>23,538</u>	<u>3,992,224</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
3,701,944	3,701,944	(117,199)
21,025	21,025	13,536
3,672,689	3,704,205	(98,585)
12,555	12,555	8,882
291,615	291,615	(11,854)
219,815	219,815	(18,269)
162,956	175,956	91,341
<u>8,082,599</u>	<u>8,127,115</u>	<u>(132,148)</u>
1,743,550	1,858,395	291,547
196,002	212,288	34,950
1,183,901	1,183,901	103,619
675,866	675,866	43,108
3,459,000	3,609,000	213,306
380,145	380,145	68,894
1,031,924	1,031,924	66,952
4,300	4,300	(1,450)
143,445	143,445	143,445
320,000	320,000	138,938
<u>9,138,133</u>	<u>9,419,264</u>	<u>1,103,309</u>
(1,055,534)	(1,292,149)	971,161
<u>167,445</u>	<u>167,445</u>	<u>(150,313)</u>
(888,089)	(1,124,704)	820,848
<u>4,522,916</u>	<u>4,522,916</u>	<u>(226,836)</u>
<u><u>3,634,827</u></u>	<u><u>3,398,212</u></u>	<u><u>594,012</u></u>

Fremont County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 7,998,751	105,861	8,104,612
Expenditures	8,321,669	231,641	8,553,310
Net	(322,918)	(125,780)	(448,698)
Other financing sources, net	17,132	96,173	113,305
Beginning fund balances	4,321,548	1,541,796	5,863,344
Ending fund balances	\$ 4,015,762	1,512,189	5,527,951

See accompanying independent auditor's report.

Fremont County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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 \$281,131. 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, 2009, disbursements exceeded the amount budgeted in the non-program function.

Fremont County

Other Supplementary Information

Fremont County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition
Assets				
Cash and pooled investments	\$ 16,181	253	23,538	1,573
Receivables:				
Succeeding year property tax	-	-	-	-
Total assets	\$ 16,181	253	23,538	1,573
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Total liabilities	-	-	-	-
Fund equity:				
Unreserved fund balances	16,181	253	23,538	1,573
Total liabilities and fund equity	\$ 16,181	253	23,538	1,573

See accompanying independent auditor's report.

Special Revenue					
Tax Increment Financing Rebate	Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Total
-	26,307	54,558	919	10,755	134,084
326,000	-	-	-	-	326,000
326,000	26,307	54,558	919	10,755	460,084
-	-	-	-	46	46
326,000	-	-	-	-	326,000
326,000	-	-	-	46	326,046
-	26,307	54,558	919	10,709	134,038
326,000	26,307	54,558	919	10,755	460,084

Fremont County

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

Year ended June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	1,823	-	-	-
Use of money and property	75	1	3,784	-
Miscellaneous	-	-	-	-
Total revenues	1,898	1	3,784	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	5,714	-
Total expenditures	-	-	5,714	-
Excess (deficiency) of revenues over (under) expenditures	1,898	1	(1,930)	-
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	1,898	1	(1,930)	-
Fund balances beginning of year	14,283	252	25,468	1,573
Fund balances end of year	\$ 16,181	253	23,538	1,573

See accompanying independent auditor's report.

Special Revenue						
Tax Increment Financing Rebate	Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement		Total
294,230	-	-	-	-		294,230
-	-	14,197	-	-		14,197
-	-	-	-	-		1,823
-	-	263	-	-		4,123
-	-	-	-	7,000		7,000
294,230	-	14,460	-	7,000		321,373
-	-	-	-	13,146		13,146
287,910	1	12,909	-	-		306,534
287,910	1	12,909	-	13,146		319,680
6,320	(1)	1,551	-	(6,146)		1,693
-	6,320	-	-	-		6,320
(6,320)	-	-	-	-		(6,320)
(6,320)	6,320	-	-	-		-
-	6,319	1,551	-	(6,146)		1,693
-	19,988	53,007	919	16,855		132,345
-	26,307	54,558	919	10,709		134,038

Fremont County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,348	130,346	91,812
Other County officials	20,490	-	-	-
Receivables:				
Property tax:				
Delinquent	-	572	1,234	27,853
Succeeding year	-	107,000	230,000	5,389,000
Accounts	-	-	55	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	3,403	-
Total assets	\$ 20,490	109,920	365,038	5,508,665
Liabilities				
Accounts payable	\$ -	-	848	-
Salaries and benefits payable	-	-	5,565	-
Due to other governments	4,656	109,920	320,055	5,508,665
Trusts payable	15,834	-	-	-
Compensated absences	-	-	38,570	-
Total liabilities	\$ 20,490	109,920	365,038	5,508,665

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
4,881	20,362	2,508	176,306	587,780	127,708	1,144,051
-	-	-	-	-	-	20,490
1,765	6,873	831	-	-	6	39,134
332,000	1,463,000	164,000	-	-	1,000	7,686,000
-	-	-	-	-	10,220	10,275
-	-	-	-	1,032	-	1,032
-	-	-	-	-	4,868	4,868
-	-	-	-	-	570	3,973
338,646	1,490,235	167,339	176,306	588,812	144,372	8,909,823
-	-	-	-	-	10,550	11,398
-	-	-	-	-	737	6,302
338,646	1,490,235	167,339	176,306	588,812	133,085	8,837,719
-	-	-	-	-	-	15,834
-	-	-	-	-	-	38,570
338,646	1,490,235	167,339	176,306	588,812	144,372	8,909,823

Fremont County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 32,325	105,916	314,424	5,540,075
Additions:				
Property and other county tax	-	108,006	230,785	5,413,571
E911 surcharge	-	-	-	-
State tax credits	-	5,676	8,428	296,737
Drivers license fees	-	-	-	-
Office fees and collections	173,274	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	124,713	-	-	-
Miscellaneous	4,145	-	11,528	-
Total additions	302,132	113,682	250,741	5,710,308
Deductions:				
Agency remittances:				
To other funds	95,397	-	-	-
To other governments	85,121	109,678	200,127	5,741,718
Trusts paid out	133,449	-	-	-
Total deductions	313,967	109,678	200,127	5,741,718
Balances end of year	\$ 20,490	109,920	365,038	5,508,665

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
296,616	1,578,446	152,171	152,355	635,656	178,048	8,986,032
333,082	1,406,349	165,299	-	-	1,209	7,658,301
-	-	-	-	-	41,992	41,992
15,709	61,129	8,246	-	-	66	395,991
-	-	-	48,620	-	-	48,620
-	-	-	-	-	4,730	178,004
-	-	-	-	-	1,824	1,824
-	-	-	2,062,317	-	227	2,062,544
-	-	-	-	104,732	-	104,732
-	-	-	-	-	193,950	318,663
-	3,073	126	-	62,682	73,376	154,930
348,791	1,470,551	173,671	2,110,937	167,414	317,374	10,965,601
-	-	-	100,916	-	-	196,313
306,761	1,558,762	158,503	1,986,070	214,258	112,297	10,473,295
-	-	-	-	-	238,753	372,202
306,761	1,558,762	158,503	2,086,986	214,258	351,050	11,041,810
338,646	1,490,235	167,339	176,306	588,812	144,372	8,909,823

Fremont County

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

For the Last Nine Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 2,891,750	2,796,186	2,954,419	2,896,357
Local option sales tax	298,869	354,818	366,556	320,013
Hotel/motel tax	136,810	125,265	-	-
Tax increment financing	294,230	287,926	249,628	226,431
Interest and penalty on property tax	34,779	32,132	32,363	36,374
Intergovernmental	3,609,589	3,441,598	3,803,528	3,569,818
Licenses and permits	21,737	13,748	11,085	15,238
Charges for service	281,712	245,832	266,114	267,302
Use of money and property	200,421	273,144	295,786	198,819
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	334,715	288,346	70,275	89,066
Total	\$ 8,104,612	7,858,995	8,049,754	7,619,418
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,577,670	1,589,735	1,440,145	1,541,422
Physical health and social services	173,847	173,261	160,364	151,511
Mental health	1,094,904	1,131,939	1,148,688	1,076,418
County environment and education	592,200	798,325	569,297	544,600
Roads and transportation	3,540,488	3,081,546	2,847,459	3,132,924
Governmental services to residents	311,891	308,794	283,362	394,944
Administration	931,847	949,115	904,719	894,836
Non-program	5,750	-	-	540
Capital projects	181,268	197,167	141,305	284,134
Debt service	143,445	133,296	-	-
Total	\$ 8,553,310	8,363,178	7,495,339	8,021,329

See accompanying independent auditor's report.

Modified 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
7,421,632	7,554,569	7,131,780	7,215,632	7,016,029
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
-	-	-	-	-
8,499,353	8,262,392	7,361,831	7,029,185	7,145,669

Fremont County

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

Fremont County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of Fremont County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 19, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

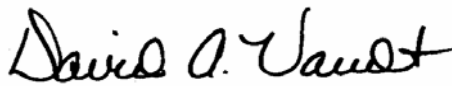
As part of obtaining reasonable assurance about whether Fremont County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 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.

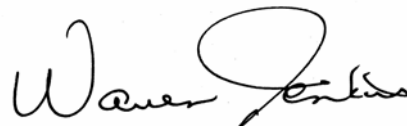
Fremont County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Fremont County's responses and, accordingly, we express no opinion on them.

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

February 19, 2010

Fremont County
Schedule of Findings
Year ended June 30, 2009

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) A listing of cash and checks received in the mail is not prepared.	Conservation
(3) A restrictive endorsement (for deposit only) was not placed on checks immediately upon receipt.	Conservation
(4) Treasurer receipts – collecting, recording and posting of receipts along with maintaining receivable records.	Treasurer
(5) Investments – investing, custody and accounting.	Treasurer
(6) Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash.	Treasurer
(7) 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.

Fremont County
Schedule of Findings
Year ended June 30, 2009

Responses –

- (1) We will prepare a listing of mail transactions.
- (2) Receipts will be taken twice a week to Treasurer's office.
- (3) We will purchase a stamp for deposit only.
- (4) 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. A rotation schedule has been established for reconciling and balancing daily.
- (5) A request for interest quotes is mailed 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 the investments. Spreadsheets are prepared for individual investments by the tax deputies (rotated).
- (6) All employees are needed to sign checks, handle, or record cash to serve the customers.
- (7) All employees are trained in each division of the office. We rotate daily balancing. To serve our customers, all must handle and receipt money received.

Conclusions – Responses accepted.

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

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

- (C) County Conservation – Receipts were not deposited with the County Treasurer timely.

The County does not have a lease agreement for rental of the County Golf Course Pro Shop.

Fuel purchased by the County is used by the Pro Shop for rental golf carts. The Pro Shop subsequently reimburses the County for the fuel. Since the County does not pay gas tax on the fuel purchases for County use, the Pro Shop should not use the fuel.

Proper supporting documentation was not retained for receipts at the golf course. For example, cash register tapes were missing and unaccounted for and credit card sales were not supported.

Fremont County
Schedule of Findings
Year ended June 30, 2009

The County does not have a policy for employees who have other jobs which could result in a conflict of interest with the employee's job responsibilities with the County.

Annual golf course membership fees are not reconciled with a listing of golf course members and are not reconciled to deposits with the County Treasurer's Office.

Recommendation – Receipts should be deposited with the County Treasurer timely.

The County should have a written lease agreement for rental of the Pro Shop.

The Pro Shop should not use fuel purchased by the County for rental golf carts.

Cash register tapes and receipts for credit card sales should be retained and recorded on daily/monthly summary sheets which are reconciled to deposits with the County Treasurer's Office.

The County should establish a policy concerning employees having other jobs which could result in a conflict of interest with the employee's job responsibilities with the County.

Annual golf course membership fees should be reconciled with a listing of golf course members and traced to deposits with the County Treasurer's Office. Also, the reconciliation should be reviewed by an independent person.

Response – Receipts need to be deposited more often.

A lease agreement will be signed either each year or a three year contract.

All fuel for golf carts will be stored separately from the County's fuel.

We will have a breakdown of green fees, membership dues, and all tournament sheets will be turned into the County Auditor's Office bi-weekly and accounts receivable bi-monthly.

All proceeds from the golf course concessions need receipts for proceeds taken in and receipts for green fees separate. Each employee will sign a statement of conflict of interest to the Conservation Board.

We have established a new and more accountable system to keep better records.

Conclusion – Response accepted.

Fremont County
Schedule of Findings
Year ended June 30, 2009

- (D) County Assessor Timesheets – Certain salaried personnel, other than elected officials, do not prepare and file timesheets.

Recommendation – Except for elected officials, timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted to the County Assessor’s office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and should be reviewed and signed by the employee’s immediate supervisor prior to submission. The timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days. For internal control, as well as for potential legal claims (payroll dispute/grievance), time sheets would provide an accurate record of hours worked.

Response – We are a small office of three salaried employees. There are no timesheets but there are accurate time records for each employee. I will keep official records for all of us documenting time worked and time off.

Conclusion – Response accepted.

- (E) Treasurer Bank Reconciliations – While monthly bank reconciliations for the checking account were prepared, the overall book and bank balances, including investments, were not reconciled monthly. This matter was resolved for audit purposes.

Recommendation – To improve financial accountability and control, the book and bank balances should be reconciled monthly and retained for all bank accounts and investments. Any variances should be investigated and resolved in a timely manner.

Response – We will make sure to document all reconciling items.

Conclusion – Response accepted.

- (F) 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 2009, the Commission paid one interest payment 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 contacted the Fremont County Landfill accountant regarding the principal and interest payments being made to the County and the problem has been corrected for the June 2009 payment.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Fremont County
Schedule of Findings
Year ended June 30, 2009

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the non-program function.

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.

Response – In the future, we will pay close attention not to exceed amounts budgeted in any department.

Conclusion – Response accepted.

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Gene Kirk, Spouse of County Auditor, Owner of Signs by Gene	Signs	\$ 1,690

The transactions with Gene Kirk may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

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

Response – In the future, we will request bids for any labor over \$1,500 in regards to conflict of interest.

Conclusion – Response acknowledged. The County should also consult legal counsel.

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

Fremont County
Schedule of Findings
Year ended June 30, 2009

- (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, 2009 for the County Extension Office exceeded the amount budgeted.

Recommendation – The budget should have been amended in sufficient amount in accordance with Chapter 24 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will monitor the budget closer.

Conclusion – Response accepted.

- (10) County Extension Office Certified Budget – The notice of the budget hearing was not published at least 10 days prior to the hearing as required by Chapters 331.434(2) and 331.435 of the Code of Iowa.

Recommendation – The notice of the budget hearing should be published not less than 10 days or more than 20 days prior to the hearing date.

Response – We will publish notice as per Code of Iowa.

Conclusion – Response accepted.

- (11) Deficit Fund Balances – The Agency, Tax Sale Redemption Fund had a deficit balance during the year ended June 30, 2009. 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 in coding. Year end procedures were changed to prevent this from happening in the future.

Conclusion – Response accepted.

Fremont County

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Melissa M. Wellhausen, CPA, Senior Auditor
Joshua B. Ludwig, Staff Auditor
Ainslee M. Barnes, Assistant 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 large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State