



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

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NEWS RELEASE

FOR RELEASE March 20, 2003

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The Office of Auditor of State today released an audit report on Fremont County, Iowa.

The County had local tax revenue of \$10,708,930 for the year ended June 30, 2002, which included \$927,648 in tax credits from the state. The County forwarded \$7,309,811 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,399,119 of the local tax revenue to finance County operations, a twelve percent increase from the prior year. Other revenues included \$3,041,687 from the state, including indirect federal funding, and \$271,529 in interest on investments.

Expenditures for County operations totaled \$7,029,185, a 2 percent decrease from the prior year. Expenditures included \$2,731,905 for roads and transportation, \$1,265,833 for public safety and \$1,028,632 for mental health.

A copy of the audit report is available for review in the office of the Auditor of State and the County Auditor's office.

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FREMONT COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2002

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Fremont County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John E. Whipple	Board of Supervisors	Jan 2003
David Aistrope	Board of Supervisors	Jan 2003
Keith D. Hickey	Board of Supervisors	Jan 2005
Lucille Hunt	County Auditor	Jan 2005
Christine M. Sheldon	County Treasurer	Jan 2003
Margaret Henkle	County Recorder	Jan 2003
Steven H. MacDonald	County Sheriff	Jan 2005
Vicki R. Danley	County Attorney	Jan 2003
Karen L. Berry	County Assessor	Jan 2004

Fremont County



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Independent Auditor's Report

To the Officials of Fremont County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Fremont County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Fremont County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Fremont County at June 30, 2002, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Fremont County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2003 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 grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 7 is presented for purposes of additional analysis, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

February 11, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Fremont County

Financial Statements

Fremont County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types	
	General	Special Revenue
Assets and Other Debits		
Cash and pooled investments:		
County Treasurer	\$ 1,386,728	4,607,638
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	12,692	6,512
Succeeding year	1,503,000	1,209,000
Interest and penalty on property tax	50,576	-
Accounts	5,357	5,270
Accrued interest	31,328	-
Special assessments	-	-
Drainage assessments:		
Current	-	760
Future	-	5,933
Due from other funds (note 3)	10,988	213
Due from other governments	18,292	230,451
Inventories	-	370,552
Prepaid items	79,062	74,697
Property and equipment (note 4)	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	\$ 3,098,023	6,511,026

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
1,046,290	-	-	7,040,656
12,633	-	-	12,633
67,736	-	-	86,940
6,416,000	-	-	9,128,000
-	-	-	50,576
13,584	-	-	24,211
1,259	-	-	32,587
530	-	-	530
414	-	-	1,174
5,634	-	-	11,567
-	-	-	11,201
1,306	-	-	250,049
-	-	-	370,552
2,950	-	-	156,709
-	8,133,428	-	8,133,428
-	-	450,672	450,672
7,568,336	8,133,428	450,672	25,761,485

Fremont County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types	
	General	Special Revenue
Liabilities, Fund Equity and Other Credits		
Liabilities:		
Accounts payable	\$ 144,604	120,479
Salaries and benefits payable	2,593	17,535
Due to other funds (note 3)	-	-
Due to other governments (note 5)	5,836	35,878
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	1,503,000	1,209,000
Other	62,996	6,047
Capital lease purchase agreements (note 6)	-	-
Compensated absences	21,333	16,170
Total liabilities	1,740,362	1,405,109
Fund equity and other credits:		
Investment in general fixed assets	-	-
Fund balances:		
Reserved for:		
Inventories	-	370,552
Prepaid items	79,062	74,697
Supplemental levy purposes	64,233	-
Unreserved:		
Designated for land and building improvements	150,000	1,000,000
Undesignated	1,064,366	3,660,668
Total fund equity and other credits	1,357,661	5,105,917
 Total liabilities, fund equity and other credits	 \$ 3,098,023	 6,511,026

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
2,367	-	-	267,450
-	-	-	20,128
11,201	-	-	11,201
7,531,395	-	-	7,573,109
7,929	-	-	7,929
-	-	-	2,712,000
-	-	-	69,043
-	-	118,620	118,620
13,871	-	332,052	383,426
7,566,763	-	450,672	11,162,906
-	8,133,428	-	8,133,428
-	-	-	370,552
-	-	-	153,759
-	-	-	64,233
-	-	-	1,150,000
1,573	-	-	4,726,607
1,573	8,133,428	-	14,598,579
7,568,336	8,133,428	450,672	25,761,485

Exhibit B

Fremont County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Total</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fund Type Expendable Trust</u>	
Revenues:				
Property and other County tax	\$ 1,684,437	1,430,731	-	3,115,168
Interest and penalty on property tax	42,073	-	-	42,073
Intergovernmental	381,286	3,004,023	-	3,385,309
Licenses and permits	15,625	855	-	16,480
Charges for service	248,687	2,590	-	251,277
Use of money and property	290,998	2,590	-	293,588
Fines, forfeitures, and defaults	4,710	5,569	-	10,279
Miscellaneous	47,633	53,825	-	101,458
Total revenues	<u>2,715,449</u>	<u>4,500,183</u>	-	<u>7,215,632</u>
Expenditures:				
Operating:				
Public safety	1,261,582	4,251	-	1,265,833
Court services	44,236	-	-	44,236
Physical health and education	42,778	21,118	-	63,896
Mental health	-	1,028,632	-	1,028,632
Social services	192,521	1,684	-	194,205
County environment	168,838	60,687	-	229,525
Roads and transportation	-	2,731,905	-	2,731,905
State and local government services	272,425	2,325	-	274,750
Interprogram services	785,010	-	-	785,010
Non-program	16,999	-	-	16,999
Capital projects	167,066	158,744	68,384	394,194
Total expenditures	<u>2,951,455</u>	<u>4,009,346</u>	<u>68,384</u>	<u>7,029,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(236,006)</u>	<u>490,837</u>	<u>(68,384)</u>	<u>186,447</u>

Fremont County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	Governmental Fund Types		Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Fund Type Expendable Trust	
Other financing sources (uses):				
Sale of general fixed assets	12,212	15,760	-	27,972
Capital lease purchase agreement	110,813	-	-	110,813
Operating transfers in	-	912,436	11,897	924,333
Operating transfers out	(11,897)	(912,436)	-	(924,333)
Total other financing sources (uses)	111,128	15,760	11,897	138,785
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(124,878)	506,597	(56,487)	325,232
Fund balances beginning of year	1,483,904	4,576,088	58,060	6,118,052
Increase (decrease) in reserve for:				
Inventories	-	9,017	-	9,017
Prepaid items	(1,365)	14,215	-	12,850
Fund balances end of year	\$ 1,357,661	5,105,917	1,573	6,465,151

See notes to financial statements.

Fremont County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Fund

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 3,111,393	-
Interest and penalty on property tax	41,946	-
Intergovernmental	3,364,342	-
Licenses and permits	16,309	-
Charges for service	251,383	-
Use of money and property	311,485	-
Fines, forfeitures, and defaults	4,849	-
Miscellaneous	92,052	8,869
Total receipts	7,193,759	8,869
Disbursements:		
Public safety	1,187,222	-
Court services	43,695	-
Physical health and education	63,727	-
Mental health	1,100,066	-
Social services	206,906	-
County environment	236,409	-
Roads and transportation	2,802,526	-
State and local government services	275,743	-
Interprogram services	770,106	-
Non-program	16,999	-
Debt service	-	-
Capital projects	279,633	14,942
Total disbursements	6,983,032	14,942
Excess (deficiency) of receipts over (under) disbursements	210,727	(6,073)
Other financing sources, net	27,972	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	238,699	(6,073)
Balance beginning of year	5,757,240	47,576
Balance end of year	\$ 5,995,939	41,503

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
3,111,393	3,068,044	43,349	101%
41,946	21,025	20,921	200%
3,364,342	3,649,523	(285,181)	92%
16,309	11,555	4,754	141%
251,383	249,730	1,653	101%
311,485	370,125	(58,640)	84%
4,849	3,025	1,824	160%
83,183	47,540	35,643	175%
<u>7,184,890</u>	<u>7,420,567</u>	<u>(235,677)</u>	<u>97%</u>
1,187,222	1,225,303	38,081	97%
43,695	47,546	3,851	92%
63,727	71,193	7,466	90%
1,100,066	1,313,747	213,681	84%
206,906	296,494	89,588	70%
236,409	320,671	84,262	74%
2,802,526	3,203,000	400,474	87%
275,743	295,733	19,990	93%
770,106	816,450	46,344	94%
16,999	17,000	1	100%
-	-	-	
264,691	545,000	280,309	49%
<u>6,968,090</u>	<u>8,152,137</u>	<u>1,184,047</u>	<u>85%</u>
216,800	(731,570)		
<u>27,972</u>	<u>52,250</u>		
244,772	(679,320)		
<u>5,709,664</u>	<u>5,699,328</u>		
<u>5,954,436</u>	<u>5,020,008</u>		

Fremont County

Notes to Financial Statements

June 30, 2002

(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.

A. Reporting Entity

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

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

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

Thirty-three 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, six 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 also participates in several jointly governed organizations for which the County is not financially accountable or that the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Fremont County Assessor's Conference Board, Fremont County Joint E911 Service Board and Fremont County Emergency Management Commission. 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 an Agency Fund 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 Area Crime Commission.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are 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 expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Fiduciary Funds

Trust Fund - The Trust Fund is used to account for assets held by the County in a trustee capacity. This includes an Expendable Trust Fund which is accounted for in essentially the same manner as Governmental Funds.

Agency Funds - The 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets – This account group is established to account for the general fixed assets of the County.

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this Account Group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and the Expendable Trust Fund are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and the Expendable Trust Fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and 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. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

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.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

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 that 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 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, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

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.

Special Assessments Receivable – Special assessments receivable represents the amounts due from individuals for work done which benefits 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. Special assessments receivable represents assessments which are due and payable but have not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represents 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. Current drainage assessments receivable represent assessments which are due and payable but have not been collected.

Future drainage assessments receivable represents amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

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. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

General Fixed Assets - General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

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 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, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours and longevity benefits for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments and longevity benefits expected to be liquidated currently are recorded as liabilities of the Governmental Funds. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

F. Budgets and Budgetary Accounting

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 agency funds, and the blended component units, 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 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds and expendable trust fund. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 2,728,793	(13,344)	2,715,449	4,464,966	35,217	4,500,183
Expenditures	2,756,736	194,719	2,951,455	4,157,912	(148,566)	4,009,346
Net	(27,943)	(208,063)	(236,006)	307,054	183,783	490,837
Other financing sources, net	315	110,813	111,128	15,760	-	15,760
Beginning fund balances	1,414,356	69,548	1,483,904	4,284,824	291,264	4,576,088
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	9,017	9,017
Prepaid items	-	(1,365)	(1,365)	-	14,215	14,215
Ending fund balances	\$ 1,386,728	(29,067)	1,357,661	4,607,638	498,279	5,105,917

	Fiduciary Fund Type			Total		
	Expendable Trust			Cash Basis	Accrual Adjustments	Modified Accrual Basis
	Cash Basis	Accrual Adjustments	Modified Accrual Basis			
Revenues	\$ -	-	-	7,193,759	21,873	7,215,632
Expenditures	68,384	-	68,384	6,983,032	46,153	7,029,185
Net	(68,384)	-	(68,384)	210,727	(24,280)	186,447
Other financing sources, net	11,897	-	11,897	27,972	110,813	138,785
Beginning fund balances	58,060	-	58,060	5,757,240	360,812	6,118,052
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	9,017	9,017
Prepaid items	-	-	-	-	12,850	12,850
Ending fund balances	\$ 1,573	-	1,573	5,995,939	469,212	6,465,151

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2002 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 \$1,642 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2002 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Recorder	\$ 4,327
	County Sheriff	1,979
	Auto License and Use Tax	4,682
Special Revenue:		
County Recorder's	Trust and Agency:	
Records Management	County Recorder	213
Total		<u>\$ 11,201</u>

(4) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 188,875	101,000	1,002	288,873
Buildings	1,363,891	156,049	-	1,519,940
Equipment	5,640,479	1,029,039	344,903	6,324,615
Total	\$ 7,193,245	1,286,088	345,905	8,133,428

Equipment includes \$176,618 of assets acquired under capital leases.

(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. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 5,836
Special Revenue:		
Mental Health	Services	34,488
Secondary Roads	Services	1,390
		<u>35,878</u>
Trust and Agency:		
County Assessor	Collections	400,748
Schools		4,737,109
Corporations		1,079,349
Community Colleges		281,600
Auto License and Use Tax		129,537
Drainage Districts		559,615
City Special Assessments		1,038
E911		110,924
All other		231,475
		<u>7,531,395</u>
Total		\$ 7,573,109

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Capital Lease Purchase Agreements	Compensated Absences	Total
Balance beginning of year	\$ 11,233	318,652	329,885
Additions	110,813	13,400	124,213
Reductions	(3,426)	-	(3,426)
Balance end of year	\$ 118,620	332,052	450,672

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease copiers and a golf course irrigation system. The following is a schedule of the future minimum lease payments, including interest ranging from 6.25% to 8.00% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2002:

Year Ending June 30,	County Mental Health CPC Copier	County Attorney Copier	Conservation Golf Course Irrigation System	Total
2003	\$ 2,004	2,196	25,845	30,045
2004	2,004	1,465	25,845	29,314
2005	835	-	25,845	26,680
2006	-	-	25,845	25,845
2007	-	-	25,846	25,846
Total minimum lease payments	4,843	3,661	129,226	137,730
Less amount representing interest	(453)	(244)	(18,413)	(19,110)
Present value of net minimum lease payments	\$ 4,390	3,417	110,813	118,620

Payments under capital lease purchase agreements for the year ended June 30, 2002 totaled \$4,200.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the County is required to contribute 5.75% of annual payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000, were \$135,498, \$131,170, and \$129,803, respectively, equal to the required contributions for each year.

(8) Risk Management

Fremont County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$121,858.

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 \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that 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 that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Related Party Transactions

The County had business transactions between the County and County officials (or relatives of County officials) totaling \$1,612 during the year ended June 30, 2002. In addition, an employee of the County Conservation Board operates a golf pro shop, sells food and liquor and rents golf carts at the County-owned golf course. Such operations are conducted as a private business rather than a County activity. According to an opinion by the County Attorney, these transactions do not represent conflicts of interest as defined by Chapter 331.342 of the Code of Iowa.

(10) Pending Litigation

The County is a defendant in several lawsuits. The probability and amount of loss, if any, is undeterminable.

Supplemental Information

Fremont County

Fremont County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 1,496,331	
Local option sales tax	115,639	
Utility tax replacement excise tax	72,054	
Other	413	\$ 1,684,437
		<hr/>

Interest and penalty on property tax		42,073
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Intergovernmental:

State shared revenues:

Franchise tax	7,540	
Other	1,573	
	<hr/>	9,113
		<hr/>

State grants and reimbursements including
indirect federal funding:

Human services administrative reimbursements	39,027	
Home care aide grant	9,736	
Public health nurse grant	14,183	
Other	18,929	
	<hr/>	81,875
		<hr/>

State tax replacements:

State tax credits	156,854	
State allocation	75,184	
	<hr/>	232,038
		<hr/>

Contributions and reimbursements from other
governmental units:

Contract law enforcement	35,178	
Other	22,375	
	<hr/>	57,553
		<hr/>

Payments in lieu of taxes	707	381,286
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Licenses and permits		15,625
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Charges for service:

Office fees and collections	83,789	
Auto registration, use tax and mailing	63,931	
Conservation golf fees	93,130	
Other	7,837	248,687
	<hr/>	

Schedule 1

Fremont County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Use of money and property:		
Interest on investments	270,571	
Land and building rent	<u>20,427</u>	290,998
Fines, forfeitures and defaults		4,710
Miscellaneous		47,633
Total revenues		<u>2,715,449</u>
Expenditures:		
Operating:		
Public safety		1,261,582
Court services		44,236
Physical health and education		42,778
Social services		192,521
County environment		168,838
State and local government services		272,425
Interprogram services		785,010
Non-program		16,999
Capital projects		167,066
Total expenditures		<u>2,951,455</u>
Deficiency of revenues under expenditures		<u>(236,006)</u>
Other financing sources (uses):		
Sale of general fixed assets		12,212
Capital lease purchase agreement		110,813
Operating transfers out:		
Expendable Trust:		
Conservation Land Acquisition Trust		(11,897)
Total other financing sources (uses)		<u>111,128</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		<u>(124,878)</u>
Fund balance beginning of year		1,483,904
Decrease in reserve for prepaid items		<u>(1,365)</u>
Fund balance end of year		<u><u>\$ 1,357,661</u></u>

See accompanying independent auditor's report.

Fremont County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 346,177	
Investigations	6,845	
Law enforcement communication	358,876	
Adult correctional services	231,232	
Administration	181,582	
	<u>1,124,712</u>	

Legal services:

Criminal prosecution	124,954	
Medical examinations	2,779	
	<u>127,733</u>	

Emergency services:

Ambulance services	5,573	
Emergency management	3,564	
	<u>9,137</u>	\$ 1,261,582

Court Services Service Area:

Assistance to judges and magistrates:

Physical operations	<u>9,448</u>	
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Court proceedings:

Juries and witnesses	568	
Detention services	24,717	
	<u>25,285</u>	

Juvenile justice administration:

Juvenile victim restitution	2,159	
Juvenile representation service	5,034	
Court-appointed attorneys for juveniles	2,310	
	<u>9,503</u>	44,236

Physical Health and Education Service Area:

Physical health services:

Sanitation	16,665	
Health administration	141	
	<u>16,806</u>	

Educational services:

Historic preservation	3,000	
Fair and 4-H clubs	22,972	
	<u>25,972</u>	42,778

Schedule 2

Fremont County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:

Services to the poor:

Administration	70,549	
General welfare services	8,648	
Care in County Care Facility	25,576	
	<u>104,773</u>	

Services to military veterans:

Administration	7,481	
General services to veterans	5,683	
	<u>13,164</u>	

Services to other adults:

Services to the elderly	65,315	
Other social services	3,000	
	<u>68,315</u>	

Chemical dependency:

Treatment services	<u>6,269</u>	192,521
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County Environment Service Area:

Conservation and recreation services:

Administration	80,284	
Maintenance and operations	3,659	
Recreation and environmental education	84,525	
	<u>168,468</u>	

County development:

Land use and building controls	<u>370</u>	168,838
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State and Local Government Services Service Area:

Representation services:

Elections administration	49,280	
Local elections	21,237	
	<u>70,517</u>	

State administrative services:

Motor vehicle registrations and licensing	101,859	
Recording of public documents	100,049	
	<u>201,908</u>	272,425

Fremont County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Interprogram Services Service Area:		
Policy and administration:		
General County management	138,929	
Administrative management services	153,020	
Treasury management services	112,236	
Other policy and administration	34,604	
	<u>438,789</u>	
Central services:		
General services	153,339	
Data processing services	117,905	
	<u>271,244</u>	
Risk management services:		
Tort liability	35,645	
Safety of the workplace	35,779	
Fidelity of public officers	2,276	
Unemployment compensation	1,277	
	<u>74,977</u>	785,010
Non-program Service Area:		
County farm operations		16,999
Capital Projects Service Area:		
Other capital projects		<u>167,066</u>
Total		<u>\$ 2,951,455</u>

See accompanying independent auditor's report.

Fremont County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Assets			
Cash and pooled investments	\$ 638,107	3,264,400	575,867
Receivables:			
Property tax:			
Delinquent	3,010	-	3,502
Succeeding year	794,000	-	415,000
Accounts	-	20	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other funds	-	-	-
Due from other governments	23,570	192,733	14,148
Inventories	-	370,552	-
Prepaid items	-	65,758	8,939
Total assets	\$ 1,458,687	3,893,463	1,017,456
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 650	108,558	11,271
Salaries and benefits payable	-	17,535	-
Due to other governments	-	1,390	34,488
Deferred revenue:			
Succeeding year property tax	794,000	-	415,000
Other	2,737	-	3,310
Compensated absences	-	14,254	1,916
Total liabilities	797,387	141,737	465,985
Fund equity:			
Fund balances:			
Reserved for:			
Inventories	-	370,552	-
Prepaid items	-	65,758	8,939
Unreserved:			
Designated for land and building improvements	-	1,000,000	-
Undesignated	661,300	2,315,416	542,532
Total fund equity	661,300	3,751,726	551,471
Total liabilities and fund equity	\$ 1,458,687	3,893,463	1,017,456

See accompanying independent auditor's report.

Resource Enhancement and Protection	County Recorder's Records Management	Sheriff Special Law Enforcement	County Attorney Special Law Enforcement	Drainage Districts	Total
56,785	13,074	16,983	919	41,503	4,607,638
-	-	-	-	-	6,512
-	-	-	-	-	1,209,000
-	-	5,250	-	-	5,270
-	-	-	-	760	760
-	-	-	-	5,933	5,933
-	213	-	-	-	213
-	-	-	-	-	230,451
-	-	-	-	-	370,552
-	-	-	-	-	74,697
56,785	13,287	22,233	919	48,196	6,511,026
-	-	-	-	-	120,479
-	-	-	-	-	17,535
-	-	-	-	-	35,878
-	-	-	-	-	1,209,000
-	-	-	-	-	6,047
-	-	-	-	-	16,170
-	-	-	-	-	1,405,109
-	-	-	-	-	370,552
-	-	-	-	-	74,697
-	-	-	-	-	1,000,000
56,785	13,287	22,233	919	48,196	3,660,668
56,785	13,287	22,233	919	48,196	5,105,917
56,785	13,287	22,233	919	48,196	6,511,026

Fremont County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues:			
Property and other County tax:			
Property tax	\$ 796,865	-	412,395
Local option sales tax	146,682	-	-
Utility tax replacement excise tax	41,446	-	19,858
Tax increment financing	-	-	-
Other	104	-	114
	<u>985,097</u>	<u>-</u>	<u>432,367</u>
Intergovernmental:			
State shared revenues:			
Road use tax	-	2,297,960	-
State grants and reimbursements including indirect federal funding:			
Social services block grant	-	-	40,970
Other	-	37,122	162,782
	<u>-</u>	<u>37,122</u>	<u>203,752</u>
State tax replacements:			
State tax credits	83,865	-	43,232
Mental health property tax relief	-	-	327,616
	<u>83,865</u>	<u>-</u>	<u>370,848</u>
Contributions and reimbursements from other governmental units			
	-	1,411	-
	<u>83,865</u>	<u>2,336,493</u>	<u>574,600</u>
Licenses and permits	-	855	-
Charges for service	-	-	-
Use of money and property:			
Interest on investments	-	-	-
Land rent	-	1,632	-
	<u>-</u>	<u>1,632</u>	<u>-</u>
Fines, forfeitures and defaults	-	-	-

Resource Enhancement and Protection	County Recorder's Records Management	Sheriff Special Law Enforcement	County Attorney Special Law Enforcement	Drainage Districts	Tax Increment Financing Rebate	Total
-	-	-	-	-	-	1,209,260
-	-	-	-	-	-	146,682
-	-	-	-	-	-	61,304
-	-	-	-	-	13,267	13,267
-	-	-	-	-	-	218
-	-	-	-	-	13,267	1,430,731
-	-	-	-	-	-	2,297,960
-	-	-	-	-	-	40,970
7,615	-	1,450	-	-	-	208,969
7,615	-	1,450	-	-	-	249,939
-	-	-	-	-	-	127,097
-	-	-	-	-	-	327,616
-	-	-	-	-	-	454,713
-	-	-	-	-	-	1,411
7,615	-	1,450	-	-	-	3,004,023
-	-	-	-	-	-	855
-	2,590	-	-	-	-	2,590
793	165	-	-	-	-	958
-	-	-	-	-	-	1,632
793	165	-	-	-	-	2,590
-	-	5,250	319	-	-	5,569

Fremont County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues (continued):			
Miscellaneous:			
Drainage assessments	-	-	-
Other	-	34,910	4,303
	-	34,910	4,303
Total revenues	1,068,962	2,373,890	1,011,270
Expenditures:			
Operating:			
Public Safety Service Area:			
Investigations	-	-	-
Physical Health and Education Service Area:			
Educational services:			
Libraries	21,118	-	-
Mental Health Service Area:			
Persons with mental health problems - mental illness:			
General administration	-	-	186,794
Treatment services	-	-	37,183
Institutional, hospital, and commitment services	-	-	12,807
	-	-	236,784
Persons with chronic mental illness:			
Information and education	-	-	542
Personal and environmental support	-	-	522
Treatment services	-	-	37,367
Vocational and day services	-	-	4,870
Licensed or certified living arrangements	-	-	28,635
Institutional, hospital, and commitment services	-	-	1,721
	-	-	73,657

Resource Enhancement and Protection	County Recorder's Records Management	Sheriff Special Law Enforcement	County Attorney Special Law Enforcement	Drainage Districts	Tax Increment Financing Rebate	Total
-	-	-	-	14,482	-	14,482
-	-	130	-	-	-	39,343
-	-	130	-	14,482	-	53,825
8,408	2,755	6,830	319	14,482	13,267	4,500,183
-	-	4,251	-	-	-	4,251
-	-	-	-	-	-	21,118
-	-	-	-	-	-	186,794
-	-	-	-	-	-	37,183
-	-	-	-	-	-	12,807
-	-	-	-	-	-	236,784
-	-	-	-	-	-	542
-	-	-	-	-	-	522
-	-	-	-	-	-	37,367
-	-	-	-	-	-	4,870
-	-	-	-	-	-	28,635
-	-	-	-	-	-	1,721
-	-	-	-	-	-	73,657

Fremont County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Mental Health Service Area:			
Persons with mental retardation:			
Coordination services	-	-	16,038
Personal and environmental support	-	-	121,249
Vocational and day services	-	-	96,436
Licensed or certified living arrangements	-	-	232,017
Institutional, hospital, and commitment services	-	-	252,363
	-	-	718,103
Persons with other developmental disabilities:			
Coordination services	-	-	88
	-	-	1,028,632
Social Services Service Area:			
Services to other adults:			
Services to the elderly	1,684	-	-
County Environment Service Area:			
Environmental quality:			
Weed eradication	159	-	-
Solid waste disposal	35,600	-	-
	35,759	-	-
Conservation and recreation:			
Maintenance and operations	-	-	-
County development:			
Economic development	-	-	-
	35,759	-	-

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff Special Law Enforcement	County Attorney Special Law Enforcement	Drainage Districts	Tax Increment Financing Rebate	Total
-	-	-	-	-	-	16,038
-	-	-	-	-	-	121,249
-	-	-	-	-	-	96,436
-	-	-	-	-	-	232,017
-	-	-	-	-	-	252,363
-	-	-	-	-	-	718,103
-	-	-	-	-	-	88
-	-	-	-	-	-	1,028,632
-	-	-	-	-	-	1,684
-	-	-	-	-	-	159
-	-	-	-	-	-	35,600
-	-	-	-	-	-	35,759
11,661	-	-	-	-	-	11,661
-	-	-	-	-	13,267	13,267
11,661	-	-	-	-	13,267	60,687

Fremont County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Roads and Transportation Service Area:			
Secondary roads administration and engineering:			
Administration	-	129,744	-
Engineering	-	185,947	-
	-	315,691	-
Roadway maintenance:			
Bridges and culverts	-	110,168	-
Roads	-	1,367,972	-
Snow and ice control	-	34,711	-
Traffic controls	-	62,792	-
Road clearing	2,820	132,834	-
	2,820	1,708,477	-
General roadway:			
Equipment	-	129,600	-
Equipment operations	-	445,377	-
Tools, materials, and supplies	-	19,010	-
Real estate and buildings	-	110,930	-
	-	704,917	-
	2,820	2,729,085	-
State and Local Government Services Service Area:			
Representation services:			
Township officials	2,325	-	-
Capital Projects Service Area:			
Roadway construction	-	143,802	-
Drainage district construction and repair	-	-	-
	-	143,802	-
Total expenditures	63,706	2,872,887	1,028,632
Excess (deficiency) of revenues over (under) expenditures	1,005,256	(498,997)	(17,362)

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff Special Law Enforcement	County Attorney Special Law Enforcement	Drainage Districts	Tax Increment Financing Rebate	Total
-	-	-	-	-	-	129,744
-	-	-	-	-	-	185,947
-	-	-	-	-	-	315,691
-	-	-	-	-	-	110,168
-	-	-	-	-	-	1,367,972
-	-	-	-	-	-	34,711
-	-	-	-	-	-	62,792
-	-	-	-	-	-	135,654
-	-	-	-	-	-	1,711,297
-	-	-	-	-	-	129,600
-	-	-	-	-	-	445,377
-	-	-	-	-	-	19,010
-	-	-	-	-	-	110,930
-	-	-	-	-	-	704,917
-	-	-	-	-	-	2,731,905
-	-	-	-	-	-	2,325
-	-	-	-	-	-	143,802
-	-	-	-	14,942	-	14,942
-	-	-	-	14,942	-	158,744
11,661	-	4,251	-	14,942	13,267	4,009,346
(3,253)	2,755	2,579	319	(460)	-	490,837

Fremont County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
Other financing sources (uses):			
Sale of general fixed assets	-	6,100	-
Operating transfers in (out):			
Special Revenue:			
Rural Services	-	912,436	-
Secondary Roads	(912,436)	-	-
Total other financing sources (uses)	<u>(912,436)</u>	<u>918,536</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	92,820	419,539	(17,362)
Fund balances beginning of year	568,480	3,317,894	559,894
Increase in reserve for:			
Inventories	-	9,017	-
Prepaid items	-	5,276	8,939
Fund balances end of year	<u>\$ 661,300</u>	<u>3,751,726</u>	<u>551,471</u>

See accompanying independent auditor's report.

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff Special Law Enforcement	County Attorney Special Law Enforcement	Drainage Districts	Tax Increment Financing Rebate	Total
-	-	9,660	-	-	-	15,760
-	-	-	-	-	-	912,436
-	-	-	-	-	-	(912,436)
-	-	9,660	-	-	-	15,760
(3,253)	2,755	12,239	319	(460)	-	506,597
60,038	10,532	9,994	600	48,656	-	4,576,088
-	-	-	-	-	-	9,017
-	-	-	-	-	-	14,215
56,785	13,287	22,233	919	48,196	-	5,105,917

Fremont County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Expendable Trust Fund			
	Conservation	County Offices		Agricultural Extension Education
	Land Acquisition Trust	County Recorder	County Sheriff	
Assets				
Cash and pooled investments:				
County Treasurer	\$ 1,573	-	-	993
Other County officials	-	7,190	5,443	-
Receivables:				
Property tax:				
Delinquent	-	-	-	569
Succeeding year	-	-	-	67,000
Accounts	-	118	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Drainage assessments:				
Current	-	-	-	-
Future	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 1,573	7,308	5,443	68,562
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other funds	-	4,540	1,979	-
Due to other governments	-	2,768	20	68,562
Trusts payable	-	-	3,444	-
Compensated absences	-	-	-	-
Total liabilities	-	7,308	5,443	68,562
Fund equity:				
Unreserved fund balance	1,573	-	-	-
Total liabilities and fund equity	\$ 1,573	7,308	5,443	68,562

Agency Funds

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
156,125	62,465	3,275	11,970	1,787	134,219	26
-	-	-	-	-	-	-
2,150	38,644	2,325	23,379	658	-	11
255,000	4,636,000	276,000	1,044,000	137,000	-	1,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,950	-	-	-	-	-	-
416,225	4,737,109	281,600	1,079,349	139,445	134,219	1,037
1,606	-	-	-	-	-	-
-	-	-	-	-	4,682	-
400,748	4,737,109	281,600	1,079,349	139,445	129,537	1,037
-	-	-	-	-	-	-
13,871	-	-	-	-	-	-
416,225	4,737,109	281,600	1,079,349	139,445	134,219	1,037
-	-	-	-	-	-	-
416,225	4,737,109	281,600	1,079,349	139,445	134,219	1,037

Fremont County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Drainage Districts	Emergency Management Services	City Special Assess- ments	Tax Sale Redemption
Assets				
Cash and pooled investments:				
County Treasurer	552,308	5,612	508	1,935
Other County officials	-	-	-	-
Receivables:				
Property tax				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Accrued interest	1,259	-	-	-
Special assessments	-	-	530	-
Drainage assessments:				
Current	414	-	-	-
Future	5,634	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	559,615	5,612	1,038	1,935
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	559,615	5,612	1,038	-
Trusts payable	-	-	-	1,935
Compensated absences	-	-	-	-
Total liabilities	559,615	5,612	1,038	1,935
Fund equity:				
Unreserved fund balance	-	-	-	-
Total liabilities and fund equity	559,615	5,612	1,038	1,935

See accompanying independent auditor's report.

Agency Funds

E911	Advance Tax	Partial Tax Payments	E911 Contributions	Total
98,219	14,016	1,244	15	1,046,290
-	-	-	-	12,633
-	-	-	-	67,736
-	-	-	-	6,416,000
13,466	-	-	-	13,584
-	-	-	-	1,259
-	-	-	-	530
-	-	-	-	414
-	-	-	-	5,634
-	-	1,306	-	1,306
-	-	-	-	2,950
111,685	14,016	2,550	15	7,568,336
761	-	-	-	2,367
-	-	-	-	11,201
110,924	14,016	-	15	7,531,395
-	-	2,550	-	7,929
-	-	-	-	13,871
111,685	14,016	2,550	15	7,566,763
-	-	-	-	1,573
111,685	14,016	2,550	15	7,568,336

Fremont County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices		Agricultural	County
	County Recorder	County Sheriff	Extension Education	Assessor
Assets and Liabilities				
Balances beginning of year	\$ 11,298	6,296	69,304	386,994
Additions:				
Property and other County tax	-	-	69,851	267,069
E911 surcharge	-	-	-	-
State tax credits	-	-	7,015	26,216
State allocation	-	-	-	2,180
Drivers license fees	-	-	-	-
Office fees and collections	103,540	22,441	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	3,736	65,705	-	-
Miscellaneous	-	-	-	2,056
Total additions	107,276	88,146	76,866	297,521
Deductions:				
Agency Remittances:				
To other funds	51,606	21,822	-	-
To other governments	55,924	264	77,608	268,290
Trusts paid out	3,736	66,913	-	-
Total deductions	111,266	88,999	77,608	268,290
Balances end of year	\$ 7,308	5,443	68,562	416,225

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
4,428,102	228,039	1,005,117	125,407	134,716	2,059
4,851,888	286,975	1,044,960	144,534	-	837
-	-	-	-	-	-
485,150	23,147	91,720	10,264	-	185
-	-	-	-	-	-
-	-	-	-	19,217	-
-	-	-	-	-	-
-	-	-	-	1,915,142	-
-	-	-	-	-	-
-	-	-	-	-	-
5,337,038	310,122	1,136,680	154,798	1,934,359	1,022
-	-	-	-	208,632	-
5,028,031	256,561	1,062,448	140,760	1,726,224	2,044
-	-	-	-	-	-
5,028,031	256,561	1,062,448	140,760	1,934,856	2,044
4,737,109	281,600	1,079,349	139,445	134,219	1,037

Fremont County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Drainage Districts	Emergency Management Services	City Special Assess- ments	Tax Sale Redemption
Assets and Liabilities				
Balances beginning of year	573,327	7,196	3,150	2,507
Additions:				
Property and other County tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
State allocation	-	-	-	-
Drivers license fees	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	127,950	-	-	-
Trusts	-	-	-	86,701
Miscellaneous	15,567	4,164	-	-
Total additions	143,517	4,164	-	86,701
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	157,229	5,748	2,112	-
Trusts paid out	-	-	-	87,273
Total deductions	157,229	5,748	2,112	87,273
Balances end of year	559,615	5,612	1,038	1,935

See accompanying independent auditor's report.

E911	Advance Tax	Partial Tax Payments	E911 Contributions	Anatomical Gift Public Awareness and Transportation	Mental Health Clearing	Total
62,527	7,385	4,596	15	27	-	7,058,062
-	-	-	-	-	-	6,666,114
53,961	-	-	-	-	-	53,961
-	-	-	-	-	-	643,697
-	-	-	-	-	-	2,180
-	-	-	-	-	-	19,217
-	-	-	-	-	-	125,981
-	-	-	-	272	-	1,915,414
-	-	-	-	-	-	127,950
-	13,527	-	-	-	-	169,669
35,159	-	2,550	-	-	4	59,500
89,120	13,527	2,550	-	272	4	9,783,683
-	-	-	-	-	-	282,060
39,962	6,896	4,596	-	299	4	8,835,000
-	-	-	-	-	-	157,922
39,962	6,896	4,596	-	299	-	9,274,982
111,685	14,016	2,550	15	-	-	7,566,763

Schedule 7

Fremont County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 2,705,591	2,375,937	2,457,485	2,468,123
Local option sales tax	262,321	264,706	234,907	266,941
Utility tax replacement excise tax	133,358	124,883	-	-
Tax increment financing	13,267	-	-	-
Other	631	506	598	1,502
	<u>3,115,168</u>	<u>2,766,032</u>	<u>2,692,990</u>	<u>2,736,566</u>
Intergovernmental:				
State shared revenues:				
Road use tax	2,297,960	2,203,628	2,235,673	1,751,976
Franchise tax	7,540	14,308	6,923	12,882
Other	1,573	2,063	1,513	2,278
State grants and reimbursements including indirect federal funding:				
MH-DD community services fund allocation	-	57,019	52,049	52,026
Human services administrative reimbursements	39,027	27,628	23,437	19,876
Highway planning and construction grants	-	-	-	36,095
Social services block grant	40,970	41,119	41,984	42,567
Home care aide grant	9,736	31,268	37,849	37,117
Public assistance grants	-	-	214,931	56,355
Public health nurse grant	14,183	19,904	17,704	17,359
Other	227,898	165,802	40,214	105,205
State tax replacements:				
State tax credits	283,951	276,120	248,865	251,207
State allocation	75,184	80,179	80,411	67,453
Mental health property tax relief	327,616	327,617	327,617	327,617
Other	-	37,677	40,181	39,943
Direct federal grants and entitlements:				
Watershed protection and flood prevention grant	-	22,149	53,145	85,258
Public safety partnership and community policing grant	-	74,999	-	-
Contributions and reimbursements from other governmental units:				
Contract law enforcement	35,178	33,503	30,388	30,388
Other	23,786	43,448	197,962	115,472
Payments in lieu of taxes	707	615	-	-
	<u>3,385,309</u>	<u>3,459,046</u>	<u>3,650,846</u>	<u>3,051,074</u>
Total	<u>\$ 6,500,477</u>	<u>6,225,078</u>	<u>6,343,836</u>	<u>5,787,640</u>

See accompanying independent auditor's report.

**Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting**

Fremont County



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

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**Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting**

To the Officials of Fremont County:

We have audited the general purpose financial statements of Fremont County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated February 11, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Fremont County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance 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, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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. Prior year statutory comments have all been resolved except for items (1), (10) and (12).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fremont County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Fremont County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item (A) is a material weakness. Prior year reportable conditions have been resolved except for items (A) and (B).

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.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 11, 2003

Fremont County
Schedule of Findings
Year ended June 30, 2002

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- (A) Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that 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. One individual in the Conservation Department has control over opening and listing mail receipts, collecting, posting and the daily reconciling of receipts, for which no compensating controls exist.

Recommendation - We realize that with a limited number of employees, segregation of duties is difficult. 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 county personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response - The Conservation Director is the only full time employee. He takes every day's receipts to the County Treasurer where they are recorded on the County's computer system. A reconciling work sheet is also given to the County Treasurer's office daily. As green fees are collected, each person signs a receipt for the round(s) of golf purchased. These signed receipts are turned into the County Treasurer daily with receipts, monies and reconciling worksheets.

Conclusion - Response accepted.

- (B) Electronic Data Processing Systems - During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- requiring password changes because software does not require the user to change log-ins/passwords periodically.

Fremont County

Schedule of Findings

Year ended June 30, 2002

- ensuring that only software licensed to the County is installed on computers.
- ownership of in-house developed software and data.

Also, the County does not have a written disaster recovery plan addressing data processing issues.

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. Also, a written disaster recovery plan should be developed covering data processing issues and included with the above policies.

Response – The Data Processing Coordinator is working on this.

Conclusion – Response accepted.

- (C) County Board of Supervisors – The County owns vehicles for use by various employees while on County business. However, the County has not established a formal policy to regulate the use of these vehicles, including specifics regarding incidental personal use or additional compensation for employees as required by IRS regulations.

Recommendation – The County should develop a written policy to regulate the use of County vehicles. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted vehicle uses and compensation for employees. The policy should be applied consistently for all County employees.

Response – The secondary road personnel with vehicles are being taxed for \$3.00 per day for use of county vehicles. A written policy will be included in the new manual being prepared by VonBokern Associates.

Conclusion – Response accepted.

- (D) Supporting Documentation – A warrant for \$64,226 for mental health services was written at the end of the fiscal year prior to the receipt of supporting documentation. The warrant amount was based on an estimate of services received. The amount paid exceeded the invoiced amount by \$8,551. This amount is reported as a prepaid expense in the financial statements.

Recommendation – Bills for services should not be approved for payment prior to obtaining supporting documentation.

Response – This will not happen again. All departments are informed.

Conclusion – Response accepted.

Fremont County
 Schedule of Findings
 Year ended June 30, 2002

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

However, when the Board of Supervisors adopted a new depository resolution for the County Recorder's accounts at the time that United National Bank of Iowa became Citizens Bank, no maximum deposit amount was set for the institution.

Recommendation – A new depository resolution should be approved for the maximum deposit amount for the Citizen's Bank to ensure continued coverage.

Response – A resolution on December 10, 2002, was approved with the maximum deposit amount.

Conclusion – Response accepted.

- (2) Certified Budget – Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted.
- (3) Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- (4) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rick Mount, Part-time Deputy, County Sheriff's Office, owner of weapons/ammunition business	Purchase of ammunition, per bid	\$1,082
Joan Gibson, wife of Conservation Director and Golf Course Manager	Services	480
Brian Spurlock, son of Deputy County Treasurer	Services	50

In addition, Jack Gibson, employee of the County Conservation Board, operates a golf pro shop, sells food and liquor and rents golf carts at the County-owned golf course. Such operations are conducted as a private business rather than a County activity.

Fremont County

Schedule of Findings

Year ended June 30, 2002

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with the wife of the Conservation Director and the son of the Deputy County Treasurer do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year. Also, the ammunition purchased from the part-time Deputy does not represent a conflict of interest since these purchases were entered into through competitive bidding.

The County Attorney has opined that the contract to use county property as a pro-shop negotiated in 1967 as an inducement for Mr. Gibson to enter into professional employment as a golf pro for Fremont County is not prohibited under Chapter 331.342 of the Code of Iowa.

- (6) Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (7) Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

However, minutes of the March 6, 2002 meeting were not published in accordance with Chapter 349.18 of the Code of Iowa.

Recommendation - The County should insure that all minutes are properly published in accordance with Chapter 349.18 of the Code of Iowa.

Response - We will insure all minutes are published. This was an off day meeting and was missed.

Conclusion - Response accepted.

- (8) Deposits and Investments - Except as noted above, 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 policies were noted.
- (9) Resource Enhancement and Protection Certification - The County did not properly dedicate 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).
- (10) County Ordinances - The County Board of Supervisors has not completed a compilation of County ordinances within the past five years.

Recommendation - A compilation of County ordinances should be prepared and published as required by Chapter 331.302(9) of the Code of Iowa.

Response - Ordinance No. 2003-1, An Ordinance to Adopt the Compiled Book of Ordinances of Fremont County, was adopted on the 4th day of February, 2003.

Conclusion - Response accepted.

Fremont County

Schedule of Findings

Year ended June 30, 2002

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

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

Response - The Chairperson of the Emergency Management Commission was contacted to get his budget done on time. He was on time for 2002/03.

Conclusion - Response accepted.

- (12) 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, 2002 for the County Extension Office did not exceed the amount budgeted.

The County Extension Office received money from several sources for a 4-H trip to Washington D.C. These receipts were recorded in the agency fund and have not been included in the annual budget or monthly financial reports for the operating fund.

Recommendation - This activity should be recorded in the operating fund and included in the Extension Council's annual budget and financial statements. All disbursements should be approved by the Council prior to payment.

Response - In response to your concerns about our county and agency funds, we feel it is not appropriate to commingle tax and donation dollars. We are an elected board and feel that our constituents would not approve combining the two. As a council we do monitor all agency disbursements.

Conclusion - Response acknowledged. All operating receipts should be recorded in the operating fund. If necessary, the use of sub-accounts would provide a mechanism for the separation of tax and donation dollars.

Fremont County

Staff

This audit was performed by:

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