



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ March 23, 2015 _____

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$14,799,592 for the year ended June 30, 2014, which included \$743,665 in tax credits from the state. The County forwarded \$10,559,838 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,239,754 of the local tax revenue to finance County operations, a 1.7% increase over the prior year. Other revenues included charges for service of \$1,010,762, operating grants, contributions and restricted interest of \$3,320,412, capital grants, contributions and restricted interest of \$492,319, tax increment financing of \$288,762, local option sales tax of \$369,605, unrestricted investment earnings of \$18,198 and other general revenues of \$336,112.

Expenses for County operations for the year ended June 30, 2014 totaled \$9,612,290, a 1.4% increase over the prior year. Expenses included \$4,725,223 for roads and transportation, \$1,778,367 for public safety and legal services and \$1,168,456 for administration.

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/1410-0036-B00F.pdf>.

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FREMONT COUNTY

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

JUNE 30, 2014

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Fremont County

Officials

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

Fremont County



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Independent Auditor's Report

To the Officials of Fremont County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County as of June 30, 2014, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 44 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

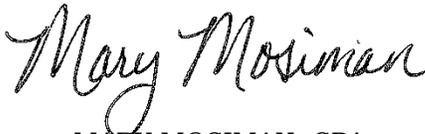
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2015 on our consideration of Fremont County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fremont County's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 2, 2015

Fremont County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fremont County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 11.4%, or \$1,290,692, from fiscal year 2013 to fiscal year 2014. Property and other county tax increased \$58,294 over fiscal year 2013. Operating grants, contributions and restricted interest decreased \$702,151, capital grants, contributions and restricted interest decreased \$749,381 and charges for service increased \$192,887.
- Program expenses of the County's governmental activities in fiscal year 2014 increased 1.4%, or \$135,551, over fiscal year 2013. Roads and transportation expenses increased \$459,053, Public safety and legal services expenses increased \$70,106 and administration expenses decreased \$410,259.
- The County's net assets increased \$463,634 from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Fremont County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Fremont County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Fremont County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities		
	June 30,	
	2014	2013
Current and other assets	\$ 16,624,572	11,197,269
Capital assets	13,343,268	12,073,922
Total assets	<u>29,967,840</u>	<u>23,271,191</u>
Long-term liabilities	6,887,543	1,302,300
Other liabilities	303,442	225,670
Total liabilities	<u>7,190,985</u>	<u>1,527,970</u>
Deferred inflows of resources	<u>4,872,000</u>	<u>4,302,000</u>
Net position:		
Invested in capital assets	12,602,619	12,046,257
Restricted	4,191,763	4,725,761
Unrestricted	1,120,522	669,203
Total net position	<u>\$ 17,914,904</u>	<u>17,441,221</u>

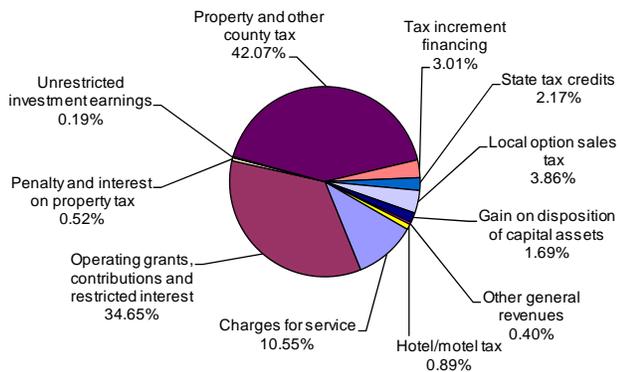
Net position of Fremont County's governmental activities increased 2.7%, or approximately \$463,600, during the year. The largest portion of the County's net position is invested in capital assets (i.e. land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from \$669,203 at June 30, 2013 to \$1,120,522 at the end of this year, an increase of 67.4%.

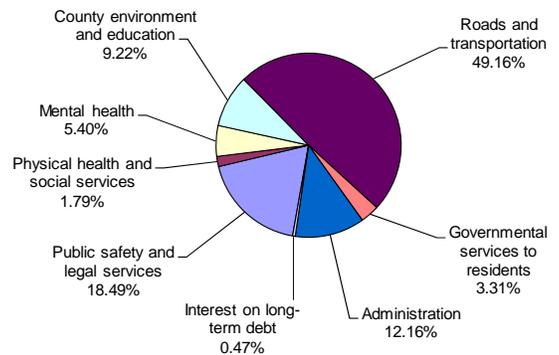
Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2014	2013
Revenues:		
Program revenues:		
Charges for service	\$ 1,010,762	817,875
Operating grants, contributions and restricted interest	3,320,412	4,022,563
Capital grants, contributions and restricted interest	492,319	1,241,700
General revenues:		
Property and other county tax	4,031,540	3,973,246
Tax increment financing	288,762	311,733
Penalty and interest on property tax	50,111	49,090
State tax credits	208,214	196,040
Local option sales tax	369,605	392,161
Hotel/motel tax	85,376	125,396
Unrestricted investment earnings	18,198	22,743
Gain on disposition of capital assets	162,050	155,078
Other general revenues	38,575	58,991
Total revenues	10,075,924	11,366,616
Program expenses:		
Public safety and legal services	1,778,367	1,708,261
Physical health and social services	171,724	197,712
Mental health	518,745	562,883
County environment and education	886,174	825,893
Roads and transportation	4,725,223	4,266,170
Governmental services to residents	317,902	304,757
Administration	1,168,456	1,578,715
Interest on long-term debt	45,699	32,348
Total expenses	9,612,290	9,476,739
Change in net position	463,634	1,889,877
Net position beginning of year	17,441,221	15,551,344
Net position end of year	\$ 17,904,855	17,441,221

Revenues by Source



Expenses by Program



Overall, revenues decreased approximately \$1,290,692, or 11.4%, during the year. The decrease is primarily due to road repairs paid with FEMA funding in the prior year partially offset by an increase in roads and bridges paid by the Iowa Department of Transportation during fiscal year 2014.

Fremont County's overall property tax rate for fiscal year 2014 increased \$.24757 per \$1,000 of taxable valuation. The countywide assessed property taxable valuation increased \$8,428,852. The general basic levy decreased to \$3.50 per \$1,000 of taxable valuation while the general supplemental levy decreased \$.25859 per \$1,000 of taxable valuation. The levy for rural services increased to \$3.20 per \$1,000 of taxable valuation while the mental health levy decreased \$.24685 per \$1,000 of taxable valuation.

The cost of all governmental activities this year was approximately \$9.6 million compared to approximately \$9.5 million last year. This increase is primarily due to a capital project started in fiscal year 2014 to build a new law enforcement center.

INDIVIDUAL MAJOR FUND ANALYSIS

As Fremont County completed the year, its governmental funds reported a combined fund balance of \$10,908,801 compared to \$5,751,287 at June 30, 2013, an increase of \$5,157,514, or 89.7%.

The General Fund, the operating fund for Fremont County, ended fiscal year 2014 with a balance of \$2,544,535, an increase of \$119,530 over the fiscal year 2013 ending balance of \$2,425,005. Total expenditures decreased \$338,572 while total revenues decreased \$340,869. The County incurred demolition costs associated with flooding which were partially reimbursed by FEMA in fiscal year 2013.

The County has continued to look for ways to effectively manage the cost of mental health services. The State has taken over Medicaid funded services. The Special Revenue, Mental Health Fund balance at year-end increased \$183,802, or 24.8%, over the prior year to \$923,456. Total expenditures decreased \$51,960 while total revenues decreased \$126,288.

The Special Revenue, Rural Services Fund ending fund balance increased \$113,065 from the prior year to \$448,644. The increase is primarily due to property tax revenue increasing and a slight decrease in expenditures. Transfers to the Special Revenue, Secondary Roads Fund also increased over the prior year.

The Special Revenue, Secondary Roads Fund ended fiscal year 2014 with a \$2,113,172 fund balance, an increase of \$20,446 compared to the prior year ending fund balance of \$2,092,726. The increase is modest after fiscal year 2013 saw higher capital project expenses and FEMA reimbursements during the year to repair roads damaged by flooding during the summer of 2011.

The Capital Projects, Law Enforcement Center Fund ended fiscal year 2014 with a \$4,684,351 fund balance. The increase is due to bond proceeds received in fiscal year 2014 for the purpose of constructing a new law enforcement center.

BUDGETARY HIGHLIGHTS

Over the course of the year, Fremont County amended its budget once. The amendment was made in April 2014 and resulted in an increase in budgeted disbursements of \$2,880,527, primarily due to an increase in capital projects.

The County's receipts were \$234,303 more than budgeted, a variance of 2.4%. The most significant variance resulted from higher than expected intergovernmental receipts.

Total disbursements were \$2,381,787 less than the amended budget. Actual disbursements for the roads and transportation, administration and capital projects functions were \$416,729, \$273,027 and \$1,206,908, respectively, less than the amounts budgeted. This was due to lower than expected flood repairs during fiscal year 2014 and lower than expected construction disbursements on capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Fremont County had approximately \$13.34 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,269,000, or 10.5%, over last year. The increase was primarily due to \$790,682 of construction in progress for fiscal year 2014 included in buildings (LEC Building construction).

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2014	2013
Land	\$ 197,904	158,404
Intangibles, road network	1,384,069	1,384,069
Buildings	3,076,030	2,348,679
Improvements other than buildings	129,233	137,152
Equipment and vehicles	2,354,866	2,040,566
Infrastructure	6,201,166	6,005,052
Total	<u>\$ 13,343,268</u>	<u>12,073,922</u>

This year's major additions included:

County Sheriff's vehicles	\$ 61,572
Law enforcement center construction	790,682
Infrastructure, roads	492,319
Two Freightliner trucks and other Secondary Road Department equipment and vehicles	717,517
Total	<u>\$ 2,062,090</u>

Fremont County had depreciation expense of \$954,794 in fiscal year 2014 and total accumulated depreciation of \$6,286,151 at June 30, 2014. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

Principal paid on the general obligation bonds totaled \$80,000 during the year ended June 30, 2014. Principal payments made in fiscal year 2014 on the capital lease purchase agreement totaled \$27,665.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Fremont County's constitutional debt limit is approximately \$25.6 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fremont County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 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 2015 operating budget are approximately \$10.1 million. Property tax (including General Fund levies set at \$5.30546 per \$1,000 of taxable valuation) is expected to remain constant with the exception of the debt service levy which increased from \$.23583 per \$1,000 of assessed value to \$.68794 per \$1,000 of assessed value to repay the general obligation bonds used for the Law Enforcement Center construction. Budgeted disbursements for the fiscal year 2015 operating budget are approximately \$16.2 million, an increase of 31% over the final fiscal year 2014 budget, primarily due to an expected increase in capital projects for the Law Enforcement Center.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Fremont County

Basic Financial Statements

Exhibit A

Fremont County
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 9,763,493
Receivables:	
Property tax:	
Delinquent	23,570
Succeeding year	4,872,000
Interest and penalty on property tax	49,196
Accounts	831
Accrued interest	2,010
Drainage assessments	367,673
Loan	575,000
Due from other governments	442,782
Inventories	315,108
Prepaid items	212,909
Capital assets – nondepreciable	2,372,655
Capital assets – depreciable (net)	10,970,613
Total assets	<u>29,967,840</u>
Liabilities	
Accounts payable	165,489
Accrued interest payable	17,751
Salaries and benefits payable	113,841
Due to other governments	6,361
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	295,000
Compensated absences	113,119
Portion due or payable after one year:	
General obligation bonds	5,705,000
Compensated absences	342,030
Drainage warrants	367,673
Net OPEB liability	64,721
Total liabilities	<u>7,190,985</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>4,872,000</u>
Net Position	
Net investment in capital assets	12,602,619
Restricted for:	
Supplemental levy purposes	694,163
Mental health purposes	913,991
Rural services purposes	453,479
Secondary roads purposes	1,939,837
Other purposes	180,244
Unrestricted	1,120,522
Total net position	<u>\$ 17,904,855</u>

See notes to financial statements.

Fremont County
Statement of Activities
Year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	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	\$ 1,778,367	195,090	12,042	-	(1,571,235)
Physical health and social services	171,724	13,944	77,285	-	(80,495)
Mental health	518,745	288,015	68,895	-	(161,835)
County environment and education	886,174	333,169	5,784	-	(547,221)
Roads and transportation	4,725,223	20,743	3,001,336	492,319	(1,210,825)
Governmental services to residents	317,902	147,616	116,460	-	(53,826)
Administration	1,168,456	12,185	-	-	(1,156,271)
Non program	-	-	8,883	-	8,883
Interest on long-term debt	45,699	-	29,727	-	(15,972)
Total	\$ 9,612,290	1,010,762	3,320,412	492,319	(4,788,797)
General Revenues:					
Property and other county tax levied for general purposes					4,031,540
Tax increment financing					288,762
Penalty and interest on property tax					50,111
State tax credits					208,214
Local option sales tax					369,605
Hotel/motel tax					85,376
Unrestricted investment earnings					18,198
Gain on disposition of capital assets					162,050
Miscellaneous					38,575
Total general revenues					5,252,431
Change in net position					463,634
Net position beginning of year					17,441,221
Net position end of year					\$ 17,904,855

See notes to financial statements.

Fremont County
Balance Sheet
Governmental Funds

June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 1,858,463	934,756	432,848	1,660,089
Receivables:				
Property tax:				
Delinquent	15,014	1,719	4,973	-
Succeeding year	2,630,000	314,000	1,303,000	-
Interest and penalty on property tax	49,196	-	-	-
Accounts	831	-	-	-
Accrued interest	2,010	-	-	-
Drainage assessments	-	-	-	-
Loan	575,000	-	-	-
Due from other governments	124,621	58	16,906	298,857
Inventories	-	-	-	315,108
Prepaid items	127,146	1,371	-	83,692
Total assets	\$ 5,382,281	1,251,904	1,757,727	2,357,746
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 74,828	8,594	-	80,599
Salaries and benefits payable	67,739	114	1,248	44,740
Due to other governments	2,261	4,100	-	-
Total liabilities	<u>144,828</u>	<u>12,808</u>	<u>1,248</u>	<u>125,339</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,630,000	314,000	1,303,000	-
Other	62,918	1,640	4,835	119,235
Total deferred inflows of resources	<u>2,692,918</u>	<u>315,640</u>	<u>1,307,835</u>	<u>119,235</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	315,108
Prepaid items	127,146	1,371	-	83,692
Restricted for:				
Supplemental levy purposes	706,199	-	-	-
Mental health purposes	-	922,085	-	-
Rural services purposes	-	-	448,644	-
Secondary roads purposes	-	-	-	1,714,372
Drainage purposes	-	-	-	-
Local option sales tax purposes	230,395	-	-	-
Capital projects	-	-	-	-
Debt service	575,000	-	-	-
Conservation land acquisition/capital improvements	1,573	-	-	-
Other purposes	-	-	-	-
Unassigned	904,222	-	-	-
Total fund balances	<u>2,544,535</u>	<u>923,456</u>	<u>448,644</u>	<u>2,113,172</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 5,382,281	1,251,904	1,757,727	2,357,746

See notes to financial statements.

Capital Projects	Nonmajor	Total
4,684,351	192,986	9,763,493
-	1,864	23,570
-	625,000	4,872,000
-	-	49,196
-	-	831
-	-	2,010
-	367,673	367,673
-	-	575,000
-	2,340	442,782
-	-	315,108
-	700	212,909
<u>4,684,351</u>	<u>1,190,563</u>	<u>16,624,572</u>

-	1,468	165,489
-	-	113,841
-	-	6,361
<u>-</u>	<u>1,468</u>	<u>285,691</u>

-	625,000	4,872,000
-	369,452	558,080
<u>-</u>	<u>994,452</u>	<u>5,430,080</u>

-	-	315,108
-	700	212,909
-	-	706,199
-	-	922,085
-	-	448,644
-	-	1,714,372
-	16,679	16,679
-	-	230,395
4,684,351	-	4,684,351
-	85	575,085
-	-	1,573
-	177,179	177,179
-	-	904,222
<u>4,684,351</u>	<u>194,643</u>	<u>10,908,801</u>
<u>4,684,351</u>	<u>1,190,563</u>	<u>16,624,572</u>

Fremont County

Fremont County

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

June 30, 2014

Total governmental fund balances (page 21)	\$ 10,908,801
<i>Amounts reported for governmental activities in the Statement of Net Position 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 \$19,629,419 and the accumulated depreciation is \$6,286,151.	13,343,268
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	558,080
Long-term liabilities, including bonds payable, compensated absences payable, drainage warrants payable, accrued interest payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(6,905,294)
Net assets of governmental activities (page 18)	<u>\$ 17,904,855</u>

See notes to financial statements.

Fremont County

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

Year ended June 30, 2014

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,500,918	332,635	1,196,120
Local option sales tax	267,175	-	102,430
Hotel/motel tax	85,376	-	-
Tax increment financing	-	-	-
Interest and penalty on property tax	40,599	-	-
Intergovernmental	465,176	356,836	59,677
Licenses and permits	13,504	-	-
Charges for service	293,024	-	-
Use of money and property	79,626	-	-
Miscellaneous	53,698	82	-
Total revenues	<u>3,799,096</u>	<u>689,553</u>	<u>1,358,227</u>
Expenditures:			
Operating:			
Public safety and legal services	1,730,757	-	101,179
Physical health and social services	155,331	-	16,393
Mental health	7,447	505,751	-
County environment and education	206,749	-	80,288
Roads and transportation	-	-	-
Governmental services to residents	334,598	-	744
Administration	1,128,976	-	-
Capital projects	-	-	-
Debt service	107,948	-	-
Total expenditures	<u>3,671,806</u>	<u>505,751</u>	<u>198,604</u>
Excess (deficiency) of revenues over (under) expenditures	127,290	183,802	1,159,623
Other financing sources (uses):			
Sale of capital assets	15,323	-	-
Transfers in	-	-	-
Transfers out	(23,083)	-	(1,046,558)
General obligation bond proceeds	-	-	-
Premium on bonds issued	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>(7,760)</u>	<u>-</u>	<u>(1,046,558)</u>
Change in fund balances	119,530	183,802	113,065
Fund balances beginning of year	2,425,005	739,654	335,579
Fund balances end of year	<u>\$ 2,544,535</u>	<u>923,456</u>	<u>448,644</u>

See notes to financial statements.

Secondary Roads	Capital Projects	Nonmajor	Total
-	-	85	4,029,758
-	-	-	369,605
-	-	-	85,376
-	-	288,762	288,762
-	-	-	40,599
3,538,711	-	45,615	4,466,015
1,845	-	-	15,349
-	-	1,454	294,478
-	1,937	68	81,631
18,898	-	29,602	102,280
3,559,454	1,937	365,586	9,773,853
-	-	1,722	1,833,658
-	-	-	171,724
-	-	-	513,198
-	-	606,702	893,739
4,076,405	-	-	4,076,405
-	-	-	335,342
-	-	-	1,128,976
509,319	859,478	-	1,368,797
-	-	-	107,948
4,585,724	859,478	608,424	10,429,787
(1,026,270)	(857,541)	(242,838)	(655,934)
158	-	2,645	18,126
1,046,558	-	47,008	1,093,566
-	-	(23,925)	(1,093,566)
-	5,425,000	-	5,425,000
-	116,892	-	116,892
-	-	253,430	253,430
1,046,716	5,541,892	279,158	5,813,448
20,446	4,684,351	36,320	5,157,514
2,092,726	-	158,323	5,751,287
2,113,172	4,684,351	194,643	10,908,801

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, 2014

Change in fund balances - Total governmental funds (page 25) \$ 5,157,514

**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	\$ 1,569,771	
Capital assets contributed by the Iowa Department of	492,319	
Depreciation expense	(954,794)	1,107,296

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. 162,050

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

Property tax	1,782	
Other	(362,014)	(360,232)

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

Issued	(5,678,430)	
Repaid	115,598	(5,562,832)

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	(10,263)	
Other postemployment benefits	(12,148)	
Interest on long-term debt	(17,751)	(40,162)

Change in net position of governmental activities (page 19) \$ 463,634

See notes to financial statements.

Fremont County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets

Cash and pooled investments:

County Treasurer	\$ 1,168,539
Other County officials	8,115

Receivables:

Property tax:

Delinquent	64,062
Succeeding year	10,031,000

Accounts	87
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Drainage assessments	567,831
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Due from other governments	21,615
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Prepaid items	2,353
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Total assets	11,863,602
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Liabilities

Accounts payable	373
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Salaries and benefits payable	6,002
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Due to other governments	11,805,022
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Trusts payable	4,673
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Compensated absences	47,532
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Total liabilities	11,863,602
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Net position	\$ -
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See notes to financial statements.

Fremont County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the 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 Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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

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

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment and vehicles	2 - 20

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Position.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements in one department exceeded the amount appropriated before amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2014 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 1,046,558
Low to Moderate Income Assistance	Tax Increment Financing Rebate	23,925
Tax Increment Financing Rebate	General	23,083
Total		<u>\$ 1,093,566</u>

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, 2014 was as follows:

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 158,404	39,500	-	197,904
Intangibles, road network	1,384,069	-	-	1,384,069
Construction in progress	-	1,283,001	(492,319)	790,682
Total capital assets not being depreciated	<u>1,542,473</u>	<u>1,322,501</u>	<u>(492,319)</u>	<u>2,372,655</u>
Capital assets being depreciated:				
Buildings	3,198,883	-	-	3,198,883
Improvements other than buildings	193,236	-	-	193,236
Equipment and vehicles	6,029,259	901,639	(629,916)	6,300,982
Infrastructure, road network	6,710,495	492,319	-	7,202,814
Infrastructure, other	360,849	-	-	360,849
Total capital assets being depreciated	<u>16,492,722</u>	<u>1,393,958</u>	<u>(629,916)</u>	<u>17,256,764</u>
Less accumulated depreciation for:				
Buildings	850,204	63,331	-	913,535
Improvements other than buildings	56,084	7,919	-	64,003
Equipment and vehicles	3,988,693	587,339	(629,916)	3,946,116
Infrastructure, road network	963,314	284,176	-	1,247,490
Infrastructure, other	102,978	12,029	-	115,007
Total accumulated depreciation	<u>5,961,273</u>	<u>954,794</u>	<u>(629,916)</u>	<u>6,286,151</u>
Total capital assets being depreciated, net	<u>10,531,449</u>	<u>439,164</u>	<u>-</u>	<u>10,970,613</u>
Governmental activities capital assets, net	<u>\$ 12,073,922</u>	<u>1,761,665</u>	<u>(492,319)</u>	<u>13,343,268</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 75,255
Mental health	5,336
County environment and education	19,650
Roads and transportation	813,955
Governmental services to residents	8,450
Administration	32,148
Total depreciation expense - governmental activities	<u>\$ 954,794</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 at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 2,261
Special Revenue:		
Mental Health	Services	4,100
Total for governmental funds		<u>\$ 6,361</u>
Agency:		
County Assessor	Collections	\$ 310,612
Schools		7,249,287
Community Colleges		593,509
Corporations		1,827,257
Townships		213,563
Auto License and Use Tax		204,529
Drainage Districts		1,007,646
All other		398,619
Total for agency funds		<u>\$ 11,805,022</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds	General Obligation Bonds LEC	Compensated Absences	Drainage Warrants	Net OPEB Liability	Total
Balance beginning of year	\$ 27,665	655,000	-	444,886	122,176	52,573	1,302,300
Increases	-	-	5,425,000	406,934	253,430	13,785	6,099,149
Decreases	27,665	80,000	-	396,671	7,933	1,637	513,906
Balance end of year	<u>\$ -</u>	<u>575,000</u>	<u>5,425,000</u>	<u>455,149</u>	<u>367,673</u>	<u>64,721</u>	<u>6,887,543</u>
Due within one year	<u>\$ -</u>	<u>80,000</u>	<u>215,000</u>	<u>113,119</u>	<u>-</u>	<u>-</u>	<u>408,119</u>

Capital Lease Purchase Agreement

On May 20, 2008, the County entered into a capital lease purchase agreement to lease golf and turf equipment for \$153,528 with interest at 4.902% per annum. The County made the final principal payment of \$27,665 during the year ended June 30, 2014.

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 the County to pay the principal and interest on the general obligation solid waste disposal bonds as they come due.

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

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

Year Ending June 30,	Solid Waste Disposal		
	Interest Rates	Principal	Interest
2015	4.125%	\$ 80,000	24,648
2016	4.250	65,000	21,348
2017	4.250	65,000	18,585
2018	4.250	65,000	15,823
2019	4.300	70,000	13,060
2020-2022	4.300-4.400	230,000	20,830
Total		\$ 575,000	114,294

Year Ending June 30,	Law Enforcement Center			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2015	2.000%	\$ 215,000	169,195	295,000	193,843	488,843
2016	2.000	235,000	145,725	300,000	167,073	467,073
2017	2.000	240,000	141,025	305,000	159,610	464,610
2018	2.000	245,000	136,225	310,000	152,048	462,048
2019	2.000	250,000	131,325	320,000	144,385	464,385
2020-2024	2.000-2.500	1,330,000	578,275	1,560,000	599,105	2,159,105
2025-2029	2.750-3.250	1,510,000	398,900	1,510,000	398,900	1,908,900
2030-2033	3.500-3.750	1,400,000	131,138	1,400,000	131,138	1,531,138
Total		\$ 5,425,000	1,831,808	6,000,000	1,946,102	7,946,102

During the year ended June 30, 2014, the County retired \$80,000 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, 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 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$271,317, \$253,141 and \$251,848, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 72 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 13,691
Interest on net OPEB obligation	2,103
Adjustment to annual required contribution	(2,009)
Annual OPEB cost	<u>13,785</u>
Contributions made	(1,637)
Increase in net OPEB obligation	<u>12,148</u>
Net OPEB obligation beginning of year	52,573
Net OPEB obligation end of year	<u><u>\$ 64,721</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$1,637 to the medical plan. Plan members eligible for benefits did not make any contributions.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 16,620	27.2%	\$ 40,360
2013	13,701	10.9	52,573
2014	13,785	11.8	64,721

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$120,211 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$120,211. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,634,000 and the ratio of the UAAL to covered payroll was 4.6%. As of June 30, 2014, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term

volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

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

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

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2014 were \$ 156,206.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through

reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

(11) Development Agreements

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

The County agreed to rebate 100% of the incremental property tax paid by developers and a company organized as an Iowa limited liability company in exchange for the construction and maintenance of certain improvements. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developers and 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, 2014, \$248,452 was rebated to the company on behalf of the developers, with a cumulative total of \$2,716,209 rebated to the developers as of June 30, 2014. The County is in dispute with the developer and the amount rebated may be less.

The County agreed to rebate 62.26% of the incremental property tax paid by the developer in exchange for the construction of certain road, water and sanitary sewer improvements. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed \$300,000. During the year ended June 30, 2014, \$39,468 was rebated to the developer, with a cumulative total of \$140,056 rebated to the developer as of June 30, 2014.

(12) Financial Assurance

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

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-104.26(5) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2014 are \$1,650,503 and the County's financial assurance obligation amount is \$1,160,164. At June 30, 2014, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

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

(13) Litigation

The County is subject to pending litigation resulting from a workers compensation claim. The County carries insurance to cover losses.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

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, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,774,916	-	4,774,916
Interest and penalty on property tax	40,731	-	40,731
Intergovernmental	4,896,105	23,928	4,872,177
Licenses and permits	15,349	-	15,349
Charges for service	295,632	-	295,632
Use of money and property	80,762	-	80,762
Miscellaneous	75,377	27,298	48,079
Total receipts	<u>10,178,872</u>	<u>51,226</u>	<u>10,127,646</u>
Disbursements:			
Public safety and legal services	1,815,042	-	1,815,042
Physical health and social services	171,487	-	171,487
Mental health	513,983	-	513,983
County environment and education	911,732	296,723	615,009
Roads and transportation	4,090,271	-	4,090,271
Governmental services to residents	332,107	-	332,107
Administration	1,076,979	-	1,076,979
Non-program	-	-	-
Debt service	107,948	-	107,948
Capital projects	1,288,092	-	1,288,092
Total disbursements	<u>10,307,641</u>	<u>296,723</u>	<u>10,010,918</u>
Excess (deficiency) of receipts over (under) disbursements	(128,769)	(245,497)	116,728
Other financing sources, net	<u>5,852,599</u>	<u>253,430</u>	<u>5,599,169</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,723,830	7,933	5,715,897
Balance beginning of year	<u>4,039,663</u>	<u>8,746</u>	<u>4,030,917</u>
Balance end of year	<u>\$ 9,763,493</u>	<u>16,679</u>	<u>9,746,814</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,020,277	5,020,277	(245,361)
24,045	24,045	16,686
4,383,467	4,383,467	488,710
26,250	26,250	(10,901)
292,893	292,893	2,739
71,662	71,662	9,100
74,749	74,749	(26,670)
<u>9,893,343</u>	<u>9,893,343</u>	<u>234,303</u>
1,796,063	1,897,590	82,548
304,442	304,442	132,955
626,143	626,143	112,160
686,592	686,592	71,583
3,768,000	4,507,000	416,729
416,484	416,484	84,377
1,310,006	1,350,006	273,027
1,500	1,500	1,500
107,948	107,948	-
495,000	2,495,000	1,206,908
<u>9,512,178</u>	<u>12,392,705</u>	<u>2,381,787</u>
381,165	(2,499,362)	2,616,090
<u>131,948</u>	<u>5,617,544</u>	<u>(18,375)</u>
513,113	3,118,182	2,597,715
<u>3,935,549</u>	<u>3,935,549</u>	<u>95,368</u>
<u>4,448,662</u>	<u>7,053,731</u>	<u>2,693,083</u>

Fremont County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 10,178,872	(405,019)	9,773,853
Expenditures	10,307,641	122,146	10,429,787
Net	(128,769)	(527,165)	(655,934)
Other financing sources, net	5,852,599	(39,151)	5,813,448
Beginning fund balances	4,039,663	1,711,624	5,751,287
Ending fund balances	\$ 9,763,493	1,145,308	10,908,801

See accompanying independent auditor's report.

Fremont County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements \$2,880,527. 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, 2014, disbursements did not exceed the amounts budgeted by function. However, one department exceeded the amount appropriated prior to amendment.

Fremont County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 125	125	0.00%	\$ 2,818	4.40%
2011	Jul 1, 2009	-	125	125	0.00	2,773	4.40
2012	Jul 1, 2009	-	125	125	0.00	2,594	4.80
2013	Jul 1, 2012	-	120	120	0.00	2,726	4.40
2014	Jul 1, 2012	-	120	120	0.00	2,634	4.60

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

See accompanying independent auditor's report.

Supplementary Information

Fremont County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2014

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts
Assets			
Cash, cash equivalents and pooled investments	\$ 24,699	256	16,679
Receivables:			
Delinquent property tax	-	-	-
Succeeding year property tax	-	-	-
Drainage assessments	-	-	367,673
Due from other governments			
Prepaid items	-	-	-
Total assets	\$ 24,699	256	384,352
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	-	-
Other	-	-	367,673
Total deferred inflows of resources	-	-	367,673
Fund balances:			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Drainage purposes	-	-	16,679
Debt service	-	-	-
Other purposes	24,699	256	-
Total fund balances	24,699	256	16,679
Total liabilities, deferred inflows of resources and fund balances	\$ 24,699	256	384,352

See accompanying independent auditor's report.

Special Revenue							
Tax Increment Financing Rebate	Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Debt Service	Total	
-	66,923	48,476	1,303	34,650	-	192,986	
-	-	-	-	-	1,864	1,864	
284,000	-	-	-	-	341,000	625,000	
-	-	-	-	-	-	367,673	
-	-	2,340	-	-	-	2,340	
-	-	700	-	-	-	700	
284,000	66,923	51,516	1,303	34,650	342,864	1,190,563	
-	-	1,468	-	-	-	1,468	
284,000	-	-	-	-	341,000	625,000	
-	-	-	-	-	1,779	369,452	
284,000	-	-	-	-	342,779	994,452	
-	-	700	-	-	-	700	
-	-	-	-	-	-	16,679	
-	-	-	-	-	85	85	
-	66,923	49,348	1,303	34,650	-	177,179	
-	66,923	50,048	1,303	34,650	85	194,643	
284,000	66,923	50,048	1,303	34,650	342,864	1,189,095	

Fremont County

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

Year ended June 30, 2014

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts
Revenues:			
Property tax	\$ -	-	-
Tax increment financing	-	-	-
Intergovernmental	-	-	23,928
Charges for service	1,454	-	-
Use of money and property	24	-	-
Miscellaneous	-	-	27,298
Total revenues	1,478	-	51,226
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	296,723
Total expenditures	-	-	296,723
Excess (deficiency) of revenues over (under) expenditures	1,478	-	(245,497)
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Drainage warrants issued	-	-	253,430
Total other financing sources (uses)	-	-	253,430
Change in fund balances	1,478	-	7,933
Fund balances beginning of year	23,221	256	8,746
Fund balances end of year	\$ 24,699	256	16,679

See accompanying independent auditor's report.

Special Revenue							
Tax Increment Financing Rebate	Low to Moderate Income Assistance	Resource Enhancement and Protection	County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Debt Service	Total	
-	-	-	-	-	85	85	
288,762	-	-	-	-	-	288,762	
-	-	20,492	-	1,195	-	45,615	
-	-	-	-	-	-	1,454	
-	-	44	-	-	-	68	
-	-	-	384	1,920	-	29,602	
288,762	-	20,536	384	3,115	85	365,586	
-	-	-	-	1,722	-	1,722	
287,920	6,000	16,059	-	-	-	606,702	
287,920	6,000	16,059	-	1,722	-	608,424	
842	(6,000)	4,477	384	1,393	85	(242,838)	
-	-	-	-	2,645	-	2,645	
23,083	23,925	-	-	-	-	47,008	
(23,925)	-	-	-	-	-	(23,925)	
-	-	-	-	-	-	253,430	
(842)	23,925	-	-	2,645	-	279,158	
-	17,925	4,477	384	4,038	85	36,320	
-	48,998	45,571	919	30,612	-	158,323	
-	66,923	50,048	1,303	34,650	85	194,643	

Fremont County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,852	110,501	119,906
Other County officials	8,115	-	-	-
Receivables:	-			
Property tax:				
Delinquent	-	813	1,371	40,381
Succeeding year	-	149,000	251,000	7,089,000
Accounts	46	-	41	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 8,161	152,665	362,913	7,249,287
Liabilities				
Accounts payable	\$ -	-	-	-
Salaries and benefits payable	-	-	4,769	-
Due to other governments	3,488	152,665	310,612	7,249,287
Trusts payable	4,673	-	-	-
Compensated absences	-	-	47,532	-
Total liabilities	\$ 8,161	152,665	362,913	7,249,287

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
7,378	62,691	2,772	204,529	439,815	218,095	1,168,539
-	-	-	-	-	-	8,115
3,131	17,566	791	-	-	9	64,062
583,000	1,747,000	210,000	-	-	2,000	10,031,000
-	-	-	-	-	-	87
-	-	-	-	567,831	-	567,831
-	-	-	-	-	21,615	21,615
-	-	-	-	-	2,353	2,353
593,509	1,827,257	213,563	204,529	1,007,646	244,072	11,863,602
-	-	-	-	-	373	373
-	-	-	-	-	1,233	6,002
593,509	1,827,257	213,563	204,529	1,007,646	242,466	11,805,022
-	-	-	-	-	-	4,673
-	-	-	-	-	-	47,532
593,509	1,827,257	213,563	204,529	1,007,646	244,072	11,863,602

Fremont County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 11,658	144,568	320,638	7,589,823
Additions:				
Property and other county tax	-	149,496	251,990	7,094,746
E911 surcharge	-	-	-	-
State tax credits	-	7,414	9,877	391,498
Drivers license fees	-	-	-	-
Office fees and collections	141,492	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	691,659	-	-	-
Miscellaneous	-	-	1,928	-
Total additions	833,151	156,910	263,795	7,486,244
Deductions:				
Agency remittances:				
To other funds	51,133	-	-	-
To other governments	93,645	148,813	221,520	7,826,780
Trusts paid out	691,870	-	-	-
Total deductions	836,648	148,813	221,520	7,826,780
Balances end of year	\$ 8,161	152,665	362,913	7,249,287

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	Other	Total
482,618	1,852,341	208,194	162,746	563,887	154,591	11,491,064
584,575	1,729,696	212,323	-	-	1,561	10,024,387
-	-	-	-	-	33,712	33,712
24,295	92,299	9,986	-	-	82	535,451
-	-	-	49,852	-	-	49,852
-	-	-	-	-	425	141,917
-	-	-	-	-	1,454	1,454
-	-	-	2,423,689	-	-	2,423,689
-	-	-	-	638,264	-	638,264
-	-	-	-	-	161,643	853,302
-	41,394	-	-	51,950	186,324	281,596
608,870	1,863,389	222,309	2,473,541	690,214	385,201	14,983,624
-	-	-	123,717	-	-	174,850
497,979	1,888,473	216,940	2,308,041	246,455	143,813	13,592,459
-	-	-	-	-	151,907	843,777
497,979	1,888,473	216,940	2,431,758	246,455	295,720	14,611,086
593,509	1,827,257	213,563	204,529	1,007,646	244,072	11,863,602

Fremont County

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

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 4,029,758	3,974,230	3,667,670	3,502,764
Local option sales tax	369,605	392,161	339,736	340,242
Hotel/motel tax	85,376	125,396	80,494	109,190
Tax increment financing	288,762	311,733	342,040	353,311
Interest and penalty on property tax	40,599	41,216	47,182	31,395
Intergovernmental	4,466,015	4,252,581	5,855,574	3,954,807
Licenses and permits	15,349	24,093	15,676	10,014
Charges for service	294,478	322,460	294,534	294,739
Use of money and property	81,631	86,218	80,873	109,033
Miscellaneous	102,280	121,124	170,428	113,870
Total	\$ 9,773,853	9,651,212	10,894,207	8,819,365
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,833,658	1,660,240	1,700,924	1,678,496
Physical health and social services	171,724	198,747	188,377	232,310
Mental health	513,198	557,711	1,147,737	986,080
County environment and education	893,739	857,130	837,439	686,860
Roads and transportation	4,076,405	3,876,087	4,759,708	3,482,456
Governmental services to residents	335,342	294,987	291,491	304,531
Administration	1,128,976	1,561,724	876,102	1,072,083
Non-program	-	-	-	-
Capital projects	1,368,797	26,863	1,454,366	198,276
Debt service	107,948	142,348	146,693	145,840
Total	\$ 10,429,787	9,175,837	11,402,837	8,786,932

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
3,207,927	2,891,750	2,796,186	2,954,419	2,896,357	2,980,737
276,560	298,869	354,818	366,556	320,013	301,586
104,837	136,810	125,265	-	-	-
331,228	294,230	287,926	249,628	226,431	246,880
36,418	34,779	32,132	32,363	36,374	31,149
3,943,988	3,609,589	3,441,598	3,803,528	3,569,818	3,355,608
14,384	21,737	13,748	11,085	15,238	13,932
297,077	281,712	245,832	266,114	267,302	282,084
143,749	200,421	273,144	295,786	198,819	144,583
242,230	334,715	288,346	70,275	89,066	65,073
8,598,398	8,104,612	7,858,995	8,049,754	7,619,418	7,421,632
1,632,171	1,577,670	1,589,735	1,440,145	1,541,422	1,490,027
225,919	173,847	173,261	160,364	151,511	156,665
1,031,039	1,094,904	1,131,939	1,148,688	1,076,418	1,011,944
709,649	592,200	798,325	569,297	544,600	600,397
3,303,655	3,540,488	3,081,546	2,847,459	3,132,924	4,048,002
305,626	311,891	308,794	283,362	394,944	331,275
966,078	931,847	949,115	904,719	894,836	814,262
-	5,750	-	-	540	1,015
214,622	181,268	197,167	141,305	284,134	45,766
144,740	143,445	133,296	-	-	-
8,533,499	8,553,310	8,363,178	7,495,339	8,021,329	8,499,353

Fremont County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 14,778
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		4,343
Iowa Department of Public Safety:			
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.600	M00P, Task 26-10-00	4,000
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5883BT36	10,882
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Programs	93.566		9
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,265
Foster Care-Title IV-E	93.658		1,664
Adoption Assistance	93.659		560
Social Services Block Grant	93.667		60,780
Children's Health Insurance Program	93.767		18
Medical Assistance Program	93.778		7,167

Fremont County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-IA 1998	446,427
Emergency Management Performance Grants	97.042	EMPG-13-PT-36	22,416
Total indirect			559,531
Total			\$ 574,309

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Fremont County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

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



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Auditor of State

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

To the Officials of Fremont County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-14 and II-D-14 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Fremont County's Responses to the Findings

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

Purpose of this Report

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

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



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 2, 2015

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

Fremont County



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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Officials of Fremont County:

Report on Compliance for Each Major Federal Program

We have audited Fremont County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2014. Fremont County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Fremont County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fremont County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Fremont County's compliance.

Opinion on Each Major Federal Program

In our opinion, Fremont County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of Fremont County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control over compliance we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-14 and III-B-14 to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fremont County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Fremont County's responses were not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the responses.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 2, 2015

Fremont County
Schedule of Findings
Year ended June 30, 2014

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Fremont County did not qualify as a low-risk auditee.

Fremont County

Schedule of Findings

Year ended June 30, 2014

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 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 these offices have control over the following areas for which no compensating controls exist:

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

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, including other elected officials or personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

- (1) County Treasurer - Employees take turns in collecting mail. The Treasurer opens the mail and records it in a spreadsheet, including name, bank, amount and check number. All employees enter receipts. A rotational schedule has been established for reconciling and daily balancing.
- (2) A request for interest quotes is emailed to all banks by a tax deputy (rotated). A quote sheet is prepared for the Treasurer's approval. Only the Treasurer can cash or purchase investments. Spreadsheets are prepared for individual investments by tax deputies (rotated).

Fremont County
Schedule of Findings
Year ended June 30, 2014

- (3) All employees are needed to sign checks, handle or record cash to serve the customers.
- (4) All employees are trained in each division of the office. We rotate daily balancing. To serve our customers, all must handle and receipt money received.

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

II-B-14 Financial Reporting – During the audit, we identified material amounts of receivables and payables not recorded in the correct year in the financial statements. Adjustments were subsequently made by the County to properly reflect these amounts.

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

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

Conclusion – Response accepted.

II-C-14 Accounting Policies and Procedures Manual – The Sherriff’s office does not have a written standardized accounting policies and procedures manual.

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits:

- Aid in training additional or replacement personnel.
- Help achieve uniformity in accounting and in the application of policies and procedures.

Response – The Sheriff’s Office is in contact with a company in Des Moines that is creating the jail policies for the new facility. The same company will be used to create accounting procedures and policies.

Conclusion – Response accepted.

II-D-14 Timesheets – Salaried personnel in the offices of the County Treasurer, the County Auditor, the County Recorder, the County Attorney and the Conservation and Sanitation Departments do not prepare and file timesheets.

Also, while the County Assessor’s office maintains a hand written record of vacation, sick leave and compensatory time used which is reviewed twice each year, individual timesheets are not prepared and reviewed by an independent person each pay period.

In addition, courthouse maintenance and information technology personnel maintain timesheets for each pay period. However, they are not approved by an independent person.

Fremont County

Schedule of Findings

Year ended June 30, 2014

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

Responses –

County Treasurer – The Treasurer’s office will begin using timesheets.

County Auditor – The Auditor’s office will begin using timesheets.

County Assessor – The Assessor’s Conference board will reconvene before the end of this fiscal year, and will direct that all personnel in the Assessor’s office provide timesheets to the County Auditor’s office prior to the processing of payroll each pay period

County Recorder – The Recorder’s office will begin using timesheets.

County Attorney – The Attorney’s office will begin using timesheets.

Conservation – Will continue to provide totals of weekly hours.

Sanitation – The Sanitation’s office will begin using timesheets.

Maintenance and Information Technology – Staff will provide timesheets.

Conclusions – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Fremont County
Schedule of Findings
Year ended June 30, 2014

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 97.036: Disaster Grants – Public Assistance (PA)
Federal Award Year: 2014
U.S. Department of Homeland Security
Passed through the Iowa Department of Homeland Security and Emergency
Management**

III-A-14
(2014-001) Improved Project – FEMA public assistance awards and approved repair work is based upon a FEMA approved Project Worksheet (PW). Project Worksheet (PW) 363 was approved to repair a County owned bridge to pre-disaster condition. The County elected to do an improved project, which is permissible with prior approval. However, the County did not obtain the proper pre-approval.

Recommendation – The County should obtain prior approval before proceeding with an improved project, as required. The County should work with the Iowa Department of Homeland Security and Emergency Management (Department) to resolve this matter.

Response – The County should have gotten approval for an improved project. The Engineer believes the County did their best in trying to explain the situation to the State and FEMA but did not get proper prior approval for the improved project. Bridges seem to be a very difficult situation to explain why wood pilings are not acceptable. The County will work harder to clarify and get approval for any improved project.

Conclusion – Response acknowledged. The County should continue to work with the Department to resolve this matter.

III-B-14
(2014-002) Certification Report – The County is required to make an accounting to the Department for large projects. One Project Completion and Certification Report did not include the total actual project.

Recommendation – The County should ensure reports submitted contain complete and accurate information.

Response – The County will make every effort to make sure totals submitted match the total project costs. In this instance, the County did not add in a piece of equipment which should have been in the total.

Conclusion – Response accepted.

Fremont County
Schedule of Findings
Year ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted for any function. However, disbursements in one department exceeded the amount appropriated before amendment.

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

Response – In the future, amounts will not be spent before appropriated.

Conclusion – Response accepted.

IV-B-14 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.

IV-C-14 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-14 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Nancy Johnson, Secondary Roads employee, her husband Jon is an attorney at Johnson PLC, a law office the County has contracted with for services	Legal services	\$1,730
Nancy Henneman, Mental Health Department Secretary, co-owner with her husband Dennis of Henneman Auto Parts	Parts, fuel and maintenance	7,257

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

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

Fremont County

Schedule of Findings

Year ended June 30, 2014

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

The County will consult legal counsel.

Conclusion – Response accepted.

IV-E-14 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.

IV-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-14 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.

IV-H-14 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).

IV-I-14 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, 2014 for the County Extension Office did not exceed the amount budgeted.

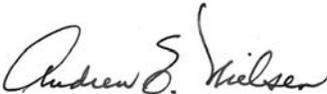
IV-J-14 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

Fremont County

Staff

This audit was performed by:

Ernest H. Ruben Jr., CPA, Manager
Karen J. Kibbe, Senior Auditor II
Tiffany N. Aliprandi, Staff Auditor
Michael A. Chervek, Staff Auditor
Russell G. Jordan, CPA, Staff Auditor
Ryan J. Pithan, Staff Auditor
Luke H. Holman, Assistant Auditor
Nate W. Packer, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State