

FREMONT COUNTY, IOWA

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

JUNE 30, 2020

Fremont County
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Fremont County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Terry Graham	Board of Supervisors	January, 2021
Randy Hickey	Board of Supervisors	January, 2023
Dustin Sheldon	Board of Supervisors	January, 2023
Dee Owen	County Auditor	January, 2021
Alise Snyder	County Treasurer	January, 2023
Jenny McAllister	County Recorder	January, 2023
Kevin Aistrope	County Sheriff	January, 2021
Naeda Elliott	County Attorney	January, 2023
Brenda Mintle	County Assessor	January, 2022

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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, 2020, and 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 accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America 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, 2020 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fremont County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 0.4%, or approximately \$54,000, from Fiscal 2019 to Fiscal 2020. Property and other County Taxes and Local Option Sales Tax increased approximately \$457,000. Operating Grants and Contributions decreased approximately \$113,000, and Capital Grants and Contributions decreased by approximately \$41,000.
- Program expenses of the County's governmental activities decreased 16.1%, or approximately \$2,057,000, less in Fiscal 2020 than in Fiscal 2019. Public Safety and Legal Services decreased \$852,000, County Environment and Education decreased \$62,000, Roads and Transportation decreased \$1,761,000, and Administration increased \$522,000.
- The County's net position increased 9.9%, or approximately \$2,190,000, from June 30, 2019 to June 30, 2020.

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 (Custodial 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, the County's proportionate share of the net pension liability, related contributions and the County's OPEB liability and related ratios and notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial 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, deferred outflows of resources, liabilities and deferred inflows of resources 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, deferred outflows of resources, 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 periods.

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, and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 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) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for E911, joint disaster services, and the County Assessor, to name a few.

The required financial statements for fiduciary funds is a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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. Fremont County's combined net position increased from \$22.02 million to \$24.21 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2020
Current and Other Assets	\$ 12,403	\$ 13,493
Capital Assets	25,193	26,439
Total Assets	37,596	39,932
Deferred Outflows of Resources	845	709
Long-Term Liabilities	9,854	9,068
Other Liabilities	390	826
Total Liabilities	10,244	9,894
Deferred Inflows of Resources	6,174	6,534
Net Position:		
Net Investment in Capital Assets	19,083	20,744
Restricted	5,085	4,229
Unrestricted	(2,145)	(760)
Total Net Position	\$ 22,023	\$ 24,213

Net position of Fremont County's governmental activities increased approximately \$2,190,000, or 9.9% during the year. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets, since they are unavailable for future spending. 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 approximately \$(2,145,000) at June 30, 2019 to approximately (\$760,000) at the end of this year.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2020
Revenues		
Program Revenues:		
Charges for Services	\$ 654	\$ 709
Operating Grants, Contributions, and Restricted Interest	3,677	3,564
Capital Grants, Contributions, and Restricted Interest	1,847	1,806
General Revenues:		
Property and Other County Tax	5,281	5,756
Penalty and Interest on Property Tax	42	15
State Tax Credits	384	367
Local Option Sales Tax	362	344
Hotel/motel tax	120	86
Unrestricted Investment Earnings	121	95
Miscellaneous	328	128
Total Revenues	<u>12,816</u>	<u>12,870</u>
Program Expenses		
Public Safety and Legal Services	4,037	3,185
Physical Health and Social Services	184	202
Mental Health	156	172
County Environment and Education	451	389
Roads and Transportation	5,891	4,130
Governmental Services to Residents	438	458
Administration	1,436	1,958
Interest on long-term debt	144	186
Total Expenses	<u>12,737</u>	<u>10,680</u>
Change in Net Position	79	2,190
Net Position, Beginning of Year	<u>21,944</u>	<u>22,023</u>
Net Position, End of Year	<u>\$ 22,023</u>	<u>\$ 24,213</u>

Revenues of the County's governmental activities increased 0.4%, or approximately \$54,000, from Fiscal 2019 to Fiscal 2020. State Tax Credits decreased approximately \$17,000. Operating Grants and Contributions decreased approximately \$113,000, and Capital Grants and Contributions decreased by \$41,000.

Fiscal 2020 saw an increase in total taxable valuation of \$20,779,000, which is a 3.5% increase, with the total tax asking increasing by \$457,906, or 8.5%.

The cost of all governmental activities this year was \$10.68 million, a decrease of \$2.06 million when compared to last year. However, as shown in the Statement of Activities on page 6, the amount taxpayers ultimately financed for these activities was \$4.60 million because some of the cost was paid by those directly benefited from the programs (\$709,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,370,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased from approximately \$6,178,000 in 2019 to \$6,079,000 in 2020, principally due to the decrease in Capital Grants, Contributions, and Restricted Interest. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$6,790,000 in property and local option taxes (some of which could only be used for certain programs) and other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Fremont County completed the year, its governmental funds reported a combined fund balance of \$6.67 million, an increase of approximately \$414,000 from last year's total of \$6.26 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund, the operating fund for Fremont County, ended Fiscal Year 2020 with a fund balance totaling \$2,178,970. This was an increase from Fiscal Year 2019 of \$39,791
- The Rural Services Fund ended Fiscal Year 2020 with a fund balance of \$292,806. This was a decrease from Fiscal Year 2019 of \$221,635.
- The Secondary Roads Fund ended Fiscal Year 2020 with a fund balance of \$2,698,289, up \$784,727 when compared to the ending balance for Fiscal Year 2019. The County continues to work for Federal and State grants and shared funding projects, such as FEMA, EWP, etc., to help offset the maintenance costs to local taxpayers.
- The Debt Service Fund balance at year end decreased by \$70,075 from the prior year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following a required public notice and hearing for all funds except Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Fremont County amended its budget November 27, 2019 by \$1,058,000 and March 13, 2020 by \$475,000. The majority of increases were in the Public Safety and Legal Services (\$45,000); Roads and Transportation (\$1,046,000), Debt Service (\$23,000); and Capital Projects (\$401,000) functions.

The County's total receipts of \$11,966,003 were \$1,082,654 less than budgeted. The County's total disbursements of \$11,789,573 were \$2,134,183 less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Fremont County had approximately \$26.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is an approximate \$1,246,000 increase (including additions and deletions) from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2019	2020
Land	\$ 198	\$ 198
Infrastructure, road network	1,384	3,109
Construction in Progress	691	2,323
Buildings and Improvements	7,095	6,958
Equipment and Vehicles	2,629	2,448
Infrastructure	13,196	11,403
	<u>\$ 25,193</u>	<u>\$ 26,439</u>

The County had depreciation expense of \$1,527,682 in Fiscal Year 2020 and total accumulated depreciation of \$11,496,093 at June 30, 2020. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

Fremont County has general obligation bonds and notes outstanding as of the end of FY20 totaling \$6,655,000 compared to \$7,140,000 at the end of FY19. Principal payments due during FY21 total \$500,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Fremont County's Board of Supervisors considered many factors for the fiscal year 2021 budget, tax rates, the local economic conditions and funding of various County services. One of those factors was the economy. The population of Fremont County as estimated for 2019 was 6,946. The County budgeted approximately \$19,363,000 in revenues and \$19,766,000 in expenditures for FY2021.

The County attempts to keep all departmental budgets to as small an increase as practical to help alleviate the difference between revenue and expenditures in an effort to maintain all current county programs.

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 show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Fremont County Auditor's office, Fremont County Courthouse, Sidney, IA 51652, telephone (712)374-2031.

Fremont County
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,728,886
Receivables:	
Property tax:	
Delinquent	134,857
Succeeding year	5,834,000
Interest and penalty on property tax	44,460
Accounts	6,676
Accrued interest	5,673
Loan	960,000
Due from other funds	7,429
Due from other governments	1,133,378
Inventories	313,910
Prepaid insurance	323,609
Capital assets (net of accumulated depreciation)	26,439,136
Total assets	<u>39,932,014</u>
Deferred Outflows of Resources	
Pension related deferred outflows	703,134
OPEB related deferred outflows	5,365
Total deferred outflows of resources	<u>708,499</u>
Liabilities	
Accounts payable	552,671
Accrued interest payable	16,790
Salaries and benefits payable	256,224
Due to other governments	783
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	500,000
Compensated absences	100,110
Portion due or payable after one year:	
General obligation bonds/notes	6,155,000
Compensated absences	380,235
Net pension liability	1,808,544
Total OPEB liability	123,244
Total liabilities	<u>9,893,601</u>

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Fremont County
Statement of Net Position - continued
June 30, 2020

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	\$ 5,834,000
Pension related deferred inflows	591,168
OPEB related deferred inflows	<u>108,501</u>
Total deferred inflows of resources	<u>6,533,669</u>
Net Position	
Net investment in capital assets	20,744,136
Restricted for:	
Mental health purposes	41,393
Rural service purposes	324,527
Secondary roads purposes	2,402,943
Other purposes	1,459,919
Unrestricted	<u>(759,675)</u>
Total net position	<u>\$ 24,213,243</u>

See notes to financial statements.

Fremont County
Statement of Activities
Year ended June 30, 2020

		<u>Program Revenues</u>
	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 3,185,229	\$ 405,180
Physical health and social services	202,184	38
Mental health	171,843	--
County environment and education	389,031	132,979
Roads and transportation	4,130,014	7,714
Governmental services to residents	457,711	160,938
Administration	1,957,661	2,477
Interest on long-term debt	<u>186,292</u>	<u>--</u>
Total	<u>\$ 10,679,965</u>	<u>\$ 709,326</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Tax increment financing		
Penalty and interest on property tax		
State tax credits and replacements		
Local option sales tax		
Hotel/motel tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
\$ 64,304	\$ --	\$ (2,715,745)
89,359	--	(112,787)
--	--	(171,843)
10,752	--	(245,300)
3,365,553	1,584,516	827,769
12,502	--	(284,271)
21,739	221,917	(1,711,528)
<u>--</u>	<u>--</u>	<u>(186,292)</u>
<u>\$ 3,564,209</u>	<u>\$ 1,806,433</u>	<u>(4,599,997)</u>

5,734,739
 21,602
 15,212
 366,567
 343,755
 85,490
 94,732
127,916

6,790,013

 2,190,016

22,023,227

\$ 24,213,243

Fremont County
Balance Sheet
Governmental Funds

June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Assets		
Cash and pooled investments	\$ 2,277,839	\$ 308,473
Receivables:		
Property tax:		
Delinquent	84,852	31,721
Succeeding year	3,519,000	1,556,000
Interest and penalty on property tax	44,460	--
Accounts	6,676	--
Accrued interest	5,673	--
Loan	--	--
Due from other funds	7,429	--
Due from other governments	117,300	--
Inventories	--	--
Prepaid insurance	<u>206,546</u>	<u>--</u>
Total assets	<u>\$ 6,269,775</u>	<u>\$ 1,896,194</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 288,306	\$ 9,010
Salaries and benefits payable	153,404	6,657
Due to other governments	783	--
Total liabilities	<u>442,493</u>	<u>15,667</u>
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	3,519,000	1,556,000
Other	<u>129,312</u>	<u>31,721</u>
Total deferred inflows of resources	<u>3,648,312</u>	<u>1,587,721</u>

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 1,525,104	\$ 19,899	\$ 597,571	\$ 4,728,886
--	14,172	4,112	134,857
--	588,000	171,000	5,834,000
--	--	--	44,460
--	--	--	6,676
--	--	--	5,673
--	960,000	--	960,000
--	--	--	7,429
987,506	--	28,572	1,133,378
313,910	--	--	313,910
<u>117,063</u>	<u>--</u>	<u>--</u>	<u>323,609</u>
<u>\$ 2,943,583</u>	<u>\$ 1,582,071</u>	<u>\$ 801,255</u>	<u>\$ 13,492,878</u>
\$ 149,327	\$ --	\$ 106,028	\$ 552,671
95,967	--	196	256,224
--	--	--	783
<u>245,294</u>	<u>--</u>	<u>106,224</u>	<u>809,678</u>
--	588,000	171,000	5,834,000
<u>--</u>	<u>14,172</u>	<u>4,112</u>	<u>179,317</u>
<u>--</u>	<u>602,172</u>	<u>175,112</u>	<u>6,013,317</u>

Fremont County
Balance Sheet
Governmental Funds - continued

June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Fund balances:		
Nonspendable:		
Inventories	\$ --	\$ --
Prepaid insurance	206,546	--
Restricted for:		
Mental health purposes	--	--
Rural services purposes	--	292,806
Secondary roads purposes	--	--
Capital projects	--	--
Debt service	--	--
Other purposes	1,573	--
Unassigned	<u>1,970,851</u>	<u>--</u>
Total fund balances	<u>2,178,970</u>	<u>292,806</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 6,269,775</u>	 <u>\$ 1,896,194</u>

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 313,910	\$ --	\$ --	\$ 313,910
117,063	--	--	323,609
--	--	37,281	37,281
--	--	--	292,806
2,267,316	--	--	2,267,316
--	--	85,983	85,983
--	979,899	--	979,899
--	--	396,655	398,228
--	--	--	1,970,851
<u>2,698,289</u>	<u>979,899</u>	<u>519,919</u>	<u>6,669,883</u>
 <u>\$ 2,943,583</u>	 <u>\$ 1,582,071</u>	 <u>\$ 801,255</u>	 <u>\$ 13,492,878</u>

Fremont County

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

June 30, 2020

Total governmental fund balances (page 8)		\$ 6,669,883
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$37,935,229 and the accumulated depreciation is \$11,496,093.		26,439,136
Other long-term assets are not available to pay for current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		179,317
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources	\$ 708,499	
Deferred inflows of resources	(699,669)	8,830
Long-term liabilities, including accrued interest payable, bonds/notes payable, compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(9,083,923)
Net position of governmental activities (page 5)		<u>\$ 24,213,243</u>

See notes to financial statements.

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

Year ended June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Revenues:		
Property and other county tax	\$ 3,378,235	\$ 1,508,100
Tax increment financing	--	--
Local option sales tax	--	--
Hotel/motel tax	85,490	--
Interest and penalty on property tax	15,212	--
Intergovernmental	945,973	81,149
Licenses and permits	13,449	--
Charges for service	324,714	--
Use of money and property	137,936	--
Miscellaneous	98,140	--
Total revenues	<u>4,999,149</u>	<u>1,589,249</u>
Expenditures:		
Operating:		
Public safety and legal services	2,608,444	390,702
Physical health and social services	182,917	19,267
Mental health	--	--
County environment and education	294,286	94,267
Roads and transportation	--	--
Governmental services to residents	457,429	626
Administration	1,416,282	--
Debt service	--	--
Capital projects	--	--
Total expenditures	<u>4,959,358</u>	<u>504,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,791</u>	<u>1,084,387</u>

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ --	\$ 563,227	\$ 161,476	\$ 5,611,038
--	--	21,602	21,602
--	--	343,755	343,755
--	--	--	85,490
--	--	--	15,212
4,953,784	39,073	20,441	6,040,420
3,999	--	320	17,768
--	--	1,380	326,094
--	--	699	138,635
8,653	--	21,124	127,917
<u>4,966,436</u>	<u>602,300</u>	<u>570,797</u>	<u>12,727,931</u>
--	--	3,200	3,002,346
--	--	--	202,184
--	--	171,843	171,843
--	--	37,817	426,370
5,559,830	--	--	5,559,830
--	--	--	458,055
--	--	253,672	1,669,954
--	672,375	--	672,375
--	--	168,999	168,999
<u>5,559,830</u>	<u>672,375</u>	<u>635,531</u>	<u>12,331,956</u>
<u>(593,394)</u>	<u>(70,075)</u>	<u>(64,734)</u>	<u>395,975</u>

Fremont County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds - continued

Year ended June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Other financing sources (uses):		
Sale of capital assets	\$ --	\$ --
Operating transfers in	--	--
Operating transfers out	<u> --</u>	<u>(1,306,022)</u>
Total other financing sources (uses)	<u> --</u>	<u>(1,306,022)</u>
Change in fund balances	39,791	(221,635)
Fund balances beginning of year	<u>2,139,179</u>	<u>514,441</u>
Fund balances end of year	<u>\$ 2,178,970</u>	<u>\$ 292,806</u>

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 17,600	\$ --	\$ 749	\$ 18,349
1,360,521	--	8,161	1,368,682
<u>--</u>	<u>--</u>	<u>(62,660)</u>	<u>(1,368,682)</u>
<u>1,378,121</u>	<u>--</u>	<u>(53,750)</u>	<u>18,349</u>
784,727	(70,075)	(118,484)	414,324
<u>1,913,562</u>	<u>1,049,974</u>	<u>638,403</u>	<u>6,255,559</u>
<u>\$ 2,698,289</u>	<u>\$ 979,899</u>	<u>\$ 519,919</u>	<u>\$ 6,669,883</u>

Fremont County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds to the Statement of Activities

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 11) \$ 414,324

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	\$ 1,060,061	
Capital assets contributed by the Iowa Department of Transportation	1,718,526	
Depreciation expense	<u>(1,527,682)</u>	1,250,905

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
repayments exceeded issues, as follows:

Principal paid	485,000
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In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources	(5,000)
--	----------

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:

Other	123,701
-------	---------

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflow of resources in the Statement of Net Position	349,708
---	---------

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	7,697	
Interest on long-term debt	1,083	
OPEB expense	(5,451)	
Pension expense	<u>(431,951)</u>	<u>(428,622)</u>

Change in net position of governmental activities (page 6)	<u>\$ 2,190,016</u>
--	---------------------

See notes to financial statements.

Fremont County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2020

Assets

Cash and pooled investments:

County Treasurer	\$ 1,101,305
Other County officials	16,988

Receivables:

Property tax:

Delinquent	281,844
Succeeding year	10,934,000

Accounts	843
----------	-----

Drainage assessments	1,589,805
----------------------	-----------

Due from other governments	49,142
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Prepaid items	18,248
---------------	--------

Total assets	<u>13,992,175</u>
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Liabilities

Accounts payable	23,489
------------------	--------

Salaries and benefits payable	14,421
-------------------------------	--------

Stamped warrants payable	1,590,488
--------------------------	-----------

Due to other funds	7,429
--------------------	-------

Due to other governments	1,172,291
--------------------------	-----------

Trusts payable	23,416
----------------	--------

Compensated absences	15,326
----------------------	--------

Total liabilities	<u>2,846,860</u>
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Deferred Inflows of Resources

Unavailable property tax revenue	<u>10,934,000</u>
----------------------------------	-------------------

Net position	<u>\$ 211,315</u>
--------------	-------------------

See notes to financial statements.

Fremont County
Statement of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2020

Additions:

Property and other county tax	\$ 11,238,342
E911 surcharge	120,878
State tax credits	832,895
Office fees and collections	298,675
Auto licenses, use tax and postage	3,061,800
Trusts	296,656
Miscellaneous	<u>5,373,359</u>

Total additions	<u>21,222,605</u>
-----------------	-------------------

Deductions:

Agency Remittances:

To other funds	50,823
To other governments	21,909,373
Trusts paid out	<u>299,068</u>

Total deductions	<u>22,259,264</u>
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Changes in net position	(1,036,659)
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Net position beginning of year, as restated	<u>1,247,974</u>
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Net position end of year	<u>\$ 211,315</u>
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See notes to financial statements.

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 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 County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts which are managed and supervised by elected trustees. The financial transactions of these districts are reported as a Custodial Fund. Financial information of the individual drainage districts can be obtained from the Fremont County Auditor's office.

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Jointly Governed Organizations - The County also 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 Services Commission and County Joint 911 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 Custodial Funds of the County.

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, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints 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 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, 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Fiduciary Funds - Custodial 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.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund 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 position 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.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

Cash and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are stated at amortized 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 reported as deferred inflows of resources 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 and remaining assessments which are payable but not yet due.

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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, furniture and equipment and intangibles acquired after July 1, 1980 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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs 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.

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

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment and vehicles	2 - 20

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred inflows of resources and deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Fremont County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position applicable to future year(s) which will not be recognized as an inflow of resources (revenue) until that time. 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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense, and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balance - 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.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

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.

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2020 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 ensure 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.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$109,221. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount which may be invested in any one issuer.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Custodial:	
	County Recorder	\$ 5,355
	County Sheriff	<u>2,074</u>
		<u>\$ 7,429</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services Local Option Sales Tax	\$ 1,306,022 54,499 <u>1,360,521</u>
Special Revenue: Low to Moderate Income Assistance	Special Revenue: Tax Increment Financing Rebate	 <u>8,161</u>
		<u>\$ 1,368,682</u>

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

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 197,904	\$ --	\$ --	\$ 197,904
Infrastructure, road network	1,384,069	1,725,548	--	3,109,617
Construction in progress	690,500	2,343,451	711,057	2,322,894
Total capital assets not being depreciated	<u>2,272,473</u>	<u>4,068,999</u>	<u>711,057</u>	<u>5,630,415</u>
Capital assets being depreciated:				
Buildings	8,653,576	46,664	--	8,700,240
Improvements other than buildings	220,533	--	--	220,533
Equipment and vehicles	7,340,359	435,137	195,813	7,579,683
Infrastructure, road network	16,469,665	664,392	1,725,548	15,408,509
Infrastructure, other	395,849	--	--	395,849
Total capital assets being depreciated	<u>33,079,982</u>	<u>1,146,193</u>	<u>1,921,361</u>	<u>32,304,814</u>
Less accumulated depreciation for:				
Buildings	1,667,819	174,239	--	1,842,058
Improvements other than buildings	110,670	9,874	--	120,544
Equipment and vehicles	4,711,667	611,241	190,813	5,132,095
Infrastructure, road network	3,489,585	719,216	--	4,208,801
Infrastructure, other	179,483	13,112	--	192,595
Total accumulated depreciation	<u>10,159,224</u>	<u>1,527,682</u>	<u>190,813</u>	<u>11,496,093</u>
Total capital assets being depreciated, net	<u>22,920,758</u>	<u>(381,489)</u>	<u>1,730,548</u>	<u>20,808,721</u>
Governmental activities capital assets, net	<u>\$ 25,193,231</u>	<u>\$3,687,510</u>	<u>\$2,441,605</u>	<u>\$ 26,439,136</u>

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 270,597
County environment and education	43,523
Roads and transportation	1,182,062
Administrative services	<u>31,500</u>
Total depreciation expense - governmental activities	<u>\$1,527,682</u>

NOTE 6 - 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, 2020 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ <u>783</u>
Total for governmental funds		\$ <u>783</u>
Custodial:		
County Assessor	Collections	\$ 404,353
Schools		281,800
Community Colleges		28,787
Corporations		97,327
Townships		8,533
Auto License and Use Tax		323,717
All Other		<u>27,774</u>
Total for custodial funds		\$ <u>1,172,291</u>

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	<u>General Obligation Notes</u>	<u>General Obligation Bonds LEC</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Total OPEB Liability</u>	<u>Total</u>
Balance beginning of year	\$ 2,900,000	\$ 4,240,000	\$ 488,042	\$ 2,058,932	\$ 166,835	\$ 9,853,809
Increases	--	--	430,310	--	--	430,310
Decreases	<u>230,000</u>	<u>255,000</u>	<u>438,007</u>	<u>250,388</u>	<u>43,591</u>	<u>1,216,986</u>
Balance end of year	<u>\$ 2,670,000</u>	<u>\$ 3,985,000</u>	<u>\$ 480,345</u>	<u>\$ 1,808,544</u>	<u>\$ 123,244</u>	<u>\$ 9,067,133</u>
Due within one year	<u>\$ 240,000</u>	<u>\$ 260,000</u>	<u>\$ 100,110</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 600,110</u>

General Obligation Bonds/Notes

On November 1, 2014, the County issued \$520,000 of general obligation refunding capital loan notes for a crossover advance refunding of \$495,000 of the general obligation solid waste disposal bonds dated August 9, 2007 for the purpose of constructing improvements to the Fremont County Landfill Commission facilities. The notes bear interest at .65% to 2.15% per annum and mature June 1, 2022. On April 16, 2019 the County issued \$800,000 general obligation capital loan notes, in order to provide funds to pay the costs of improvements and extensions to the landfill facilities. The notes bear interest at 2.25% to 3.00% per annum and mature June 1, 2032. The Fremont County Landfill Commission agreed to make payments to the County to pay the principal and interest on the general obligation solid waste disposal refunding notes and the general obligation capital loan notes as they came 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.

On October 24, 2018, the County issued \$1,870,000 of general obligation capital loan notes for the purpose of acquiring, constructing and installing peace officer communication equipment and other emergency communication equipment and systems. The notes bear interest of 2.00% to 3.25% per annum and mature June 2029.

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES - Continued

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

Solid Waste Disposal Refunding Notes			
Year ending June 30,	Interest Rates	Principal	Interest
2021	2.15%	\$ 75,000	\$ 3,440
2022	2.15%	85,000	1,828
Total		<u>\$ 160,000</u>	<u>\$ 5,268</u>
Solid Waste Disposal Capital Loan Notes			
Year ending June 30,	Interest Rates	Principal	Interest
2021	2.25%	\$ --	\$ 21,648
2022	2.25%	--	21,647
2023	2.25%	70,000	21,647
2024	2.25%	75,000	20,072
2025	2.45%	75,000	18,385
2026-2030	2.45%-3.00%	400,000	62,307
2031-2032	3.00%	180,000	8,100
Total		<u>\$ 800,000</u>	<u>\$ 173,806</u>
Law Enforcement Center Bonds			
Year ending June 30,	Interest Rates	Principal	Interest
2021	2.00%	\$ 260,000	\$ 121,225
2022	2.00%	265,000	116,025
2023	2.50%	270,000	110,725
2024	2.50%	280,000	103,975
2025	2.75%	285,000	96,975
2026-2030	3.00%-3.50%	1,555,000	352,738
2031-2033	3.50%-3.75%	1,070,000	80,325
Total		<u>\$ 3,985,000</u>	<u>\$ 981,988</u>

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES - Continued

Year ending June 30,	Communication Notes		
	Interest Rates	Principal	Interest
2021	2.00%	\$ 165,000	\$ 55,150
2022	2.00%	170,000	50,200
2023	2.50%	175,000	45,100
2024	2.50%	185,000	39,850
2025	2.75%	190,000	34,300
2026-2030	2.75%-3.25%	<u>825,000</u>	<u>64,800</u>
Total		<u>\$ 1,710,000</u>	<u>\$ 289,400</u>

Year ending June 30,	Total		
	Principal	Interest	Total
2021	\$ 500,000	\$ 201,463	\$ 701,463
2022	520,000	189,700	709,700
2023	515,000	177,472	692,472
2024	540,000	163,897	703,897
2025	550,000	149,660	699,660
2026-2030	2,780,000	479,845	3,259,845
2031-2033	<u>1,250,000</u>	<u>88,425</u>	<u>1,338,425</u>
Total	<u>\$ 6,655,000</u>	<u>\$ 1,450,462</u>	<u>\$ 8,105,462</u>

During the year ended June 30, 2020, the County retired \$485,000 of general obligation bonds/notes.

NOTE 8 - LOAN RECEIVABLE

The County loaned note 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 capital loan notes, detailed in Note 7 of the Notes to Financial Statements. The principal and interest payments from the Fremont County Landfill Commission are credited to the Debt Service Fund.

Fremont County

Notes to Financial Statements

June 30, 2020

NOTE 9 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 9 - PENSION PLAN - Continued

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$349,708.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the County reported a liability of \$1,808,544 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.031232%, which was a decrease of 0.001304% from its proportion measured as of June 30, 2018.

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 9 - PENSION PLAN - Continued

For the year ended June 30, 2020, the County recognized pension expense of \$431,951. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,285	\$ 84,099
Changes of assumptions	303,198	80,777
Net difference between projected and actual earnings on IPERS' investments	--	349,373
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	33,943	76,919
County contributions subsequent to the measurement date	<u>349,708</u>	<u>--</u>
	<u>\$ 703,134</u>	<u>\$ 591,168</u>

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN - Continued

The \$349,708 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 112
2022	(113,288)
2023	(67,563)
2024	(51,417)
2025	(5,586)
Total	<u><u>\$ (237,742)</u></u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 9 - PENSION PLAN - Continued

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 4,109,142	\$ 1,808,544	\$(120,342)

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN - Continued

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by Fremont County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	90
Total	91

Total OPEB Liability - The County's total OPEB liability of \$123,244 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.60% per annum.
Rate of salary increase (effective June 30, 2020)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the S0A Pub-2010 general and public safety headcount weighted mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 166,835
Changes for the year:	
Service cost	20,370
Interest	6,493
Differences between expected and actual experiences	(67,028)
Changes in assumptions	1,056
Benefit payments	(4,482)
Net changes	(43,591)
Total OPEB liability end of year	<u>\$ 123,244</u>

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	<u>1% Decrease (1.66%)</u>	<u>Discount Rate (2.66%)</u>	<u>1% Increase (3.66%)</u>
Total OPEB Liability	\$ 128,884	\$ 123,244	\$ 117,477

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (7.00%)</u>	<u>Healthcare Cost Trend Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Total OPEB Liability	\$ 110,154	\$ 123,244	\$ 138,748

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the County recognized OPEB expense of \$5,451. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ --	\$ 108,501
Changes in assumptions	<u>5,365</u>	<u>--</u>
Total	<u>\$ 5,365</u>	<u>\$ 108,501</u>

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$(16,930)
2022	(16,930)
2023	(16,930)
2024	(16,930)
2025	(16,934)
Thereafter	(18,482)
	<u>\$(103,136)</u>

NOTE 11 - RISK MANAGEMENT

Fremont 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 779 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.

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 expense, 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.

Fremont County
Notes to Financial Statements

June 30, 2020

NOTE 11 - RISK MANAGEMENT - Continued

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 Pool. The County's contributions to the Pool for the year ended June 30, 2020 were approximately \$168,000.

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 \$500,000 per claim. Claims exceeding \$500,000 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 \$250,000 each occurrence, each location. Property risks exceeding \$250,000 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, property loss 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, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, 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 \$1,000,000 and \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 12 - DEVELOPMENT AGREEMENT

The County entered into a development agreement to assist in an urban renewal project, as follows:

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, 2020, \$ - 0 - was rebated to the developer, with a cumulative total of \$286,539 rebated to the developer as of June 30, 2020.

NOTE 13 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

County Tax Abatements

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2020, \$13,464 of property tax was diverted from the County under the urban renewal and economic development projects.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 14 - 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, 2020 are \$1,966,900 and the County's financial assurance obligation amount is \$1,226,723. At June 30, 2020, 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.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into contracts totaling approximately \$452,000, primarily for bridge inspection and flood repair design services to be completed during fiscal year 2021. The projects will be financed with existing funds and the County's farm to market fund.

Subsequent Events

The County has evaluated all subsequent events through June 22, 2021, the date the financial statements were available to be issued.

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 16 - COUNTY FINANCIAL INFORMATION INCLUDED IN THE
SOUTHWEST IOWA MENTAL HEALTH AND DISABILITY SERVICES
REGION

Southwest Iowa Mental Health and Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Cass, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie, Shelby, and Fremont. The financial activity and balances of Fremont County's Special Revenue, Mental Health Fund is included in the Southwest Iowa Mental Health and Disability Services Region for the year ended June 30, 2020 as follows:

	<u>Mental Health</u>
Assets	
Cash and pooled investments	\$ 37,281
Receivables:	
Property Tax:	
Delinquent	4,112
Succeeding year	<u>171,000</u>
Total Assets	<u>\$ 212,393</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Deferred Inflows of Resources:	
Unavailable Revenues:	
Succeeding year property tax	\$ 171,000
Other	<u>4,112</u>
Total deferred inflows of resources	<u>175,112</u>
Fund Balance:	
Restricted for:	
Mental Health purposes	<u>37,281</u>
Total fund balance	<u>37,281</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 212,393</u>

Fremont County
Notes to Financial Statements
June 30, 2020

NOTE 16 - COUNTY FINANCIAL INFORMATION INCLUDED IN THE
SOUTHWEST IOWA MENTAL HEALTH AND DISABILITY SERVICES
REGION - Continued

Revenues:		
Property and other county tax		\$ 161,476
Intergovernmental revenues:		
State tax credits		<u>11,237</u>
Total revenues		<u>172,713</u>
Expenditures:		
General administration:		
Direct administration	843	
Distribution to regional fiscal agent	<u>171,000</u>	<u>171,843</u>
Total expenditures		<u>171,843</u>
Excess of revenues over expenditures		870
Fund balance beginning of the year		<u>36,411</u>
Fund balance end of the year		<u>\$ 37,281</u>

NOTE 17 - ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2020. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2019 as previously reported	\$ --
Change to implement GASBS No. 84	<u>1,247,974</u>
Net position July 1 2019, as restated	<u>\$ 1,247,974</u>

* * *

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, 2020

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other County tax	\$ 5,632,638	\$ --	\$ 5,632,638
Interest and penalty on property tax	15,212	--	15,212
Intergovernmental	5,737,317	--	5,737,317
Licenses and permits	18,219	--	18,219
Charges for service	331,362	--	331,362
Use of money and property	147,258	--	147,258
Miscellaneous	99,006	15,009	83,997
Total receipts	<u>11,981,012</u>	<u>15,009</u>	<u>11,966,003</u>
Disbursements:			
Public safety and legal services	3,018,712	--	3,018,712
Physical health and social services	203,181	--	203,181
Mental health	171,842	--	171,842
County environment and education	405,712	--	405,712
Roads and transportation	5,386,935	--	5,386,935
Governmental services to residents	442,052	--	442,052
Administrative services	1,389,765	--	1,389,765
Non-program	--	--	--
Debt service	602,375	--	602,375
Capital projects	168,999	--	168,999
Total disbursements	<u>11,789,573</u>	<u>--</u>	<u>11,789,573</u>
Excess (deficiency) of receipts over (under) disbursements	191,439	15,009	176,430
Other financing sources, net	<u>18,349</u>	<u>--</u>	<u>18,349</u>
Change in fund balances	209,788	15,009	194,779
Balance beginning of year	<u>4,519,098</u>	<u>26,522</u>	<u>4,492,576</u>
Balance end of year	<u>\$ 4,728,886</u>	<u>\$ 41,531</u>	<u>\$ 4,687,355</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
\$ 6,216,251	\$ 6,216,253	\$ (583,615)
24,045	24,045	(8,833)
4,784,913	6,255,234	(517,917)
20,700	20,700	(2,481)
303,945	308,145	23,217
103,058	103,058	44,200
82,137	121,222	(37,225)
<u>11,535,049</u>	<u>13,048,657</u>	<u>(1,082,654)</u>
3,172,902	3,218,340	199,628
304,411	314,720	111,539
173,700	173,700	1,858
510,174	510,174	104,462
4,399,000	5,445,000	58,065
529,345	529,345	87,293
2,146,620	2,153,320	763,555
10,000	10,000	10,000
677,005	700,215	97,840
468,000	868,942	699,943
<u>12,391,157</u>	<u>13,923,756</u>	<u>2,134,183</u>
(856,108)	(875,099)	1,051,529
<u>174,648</u>	<u>174,648</u>	<u>(156,299)</u>
(681,460)	(700,451)	895,230
<u>3,813,727</u>	<u>3,813,727</u>	<u>678,849</u>
<u>\$ 3,132,267</u>	<u>\$ 3,113,276</u>	<u>\$ 1,574,079</u>

Fremont County
Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 11,981,012	\$ 746,919	\$ 12,727,931
Expenditures	<u>11,789,573</u>	<u>542,383</u>	<u>12,331,956</u>
Net	191,439	204,536	395,975
Other financing sources, net	18,349	--	18,349
Beginning fund balances	<u>4,519,098</u>	<u>1,736,461</u>	<u>6,255,559</u>
Ending fund balances	<u>\$ 4,728,886</u>	<u>\$ 1,940,997</u>	<u>\$ 6,669,883</u>

See accompanying independent auditor's report.

Fremont County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2020

The 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, the Internal Service Fund and Custodial 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 Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,532,599. The budget amendments are 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.

Fremont County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Six Years

Required Supplementary Information

	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability	0.031232%	0.032536%
County's proportionate share of the net pension liability	\$ 1,809,000	\$ 2,059,000
County's covered payroll	\$ 3,699,000	\$ 3,569,000
County's proportionate share of the net pension liability as a percentage of its covered payroll	48.91%	57.69%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

Note: In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year. Amounts reported are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.034730%	0.035688%	0.037198%	0.036244%
\$ 2,313,000	\$ 2,246,000	\$ 1,838,000	\$ 1,437,000
\$ 3,444,000	\$ 3,362,000	\$ 3,080,000	\$ 2,978,000
67.40%	66.81%	59.68%	48.25%
82.21%	81.82%	85.19%	87.61%

Fremont County
Schedule of County Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 350,000	\$ 356,000	\$ 327,000	\$ 316,000
Contributions in relation to the statutorily required contribution	<u>(350,000)</u>	<u>(356,000)</u>	<u>(327,000)</u>	<u>(316,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered payroll	\$ 3,668,000	\$ 3,699,000	\$ 3,569,000	\$ 3,444,000
Contributions as a percentage of covered payroll	9.54%	9.62%	9.16%	9.18%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 310,000	\$ 281,000	\$ 271,000	\$ 253,000	\$ 252,000	\$ 212,000
<u>(310,000)</u>	<u>(281,000)</u>	<u>(271,000)</u>	<u>(253,000)</u>	<u>(252,000)</u>	<u>(212,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 3,362,000	\$ 3,080,000	\$ 2,978,000	\$ 2,844,000	\$ 3,010,000	\$ 2,877,000
9.22%	9.12%	9.10%	8.90%	8.37%	7.37%

Fremont County

Notes to Required Supplementary Information - Pension Liability

Year Ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

Fremont County
Schedule of Changes in the County's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years

Required Supplementary Information

	2020	2019	2018
Service cost	\$ 20,370	\$ 20,562	\$ 15,773
Interest cost	6,493	6,810	7,221
Difference between expected and actual experiences	(67,028)	(19,608)	(56,233)
Changes in assumptions	1,056	3,672	2,701
Benefit payments	(4,482)	--	--
Net change in total OPEB liability	(43,591)	11,436	(30,538)
Total OPEB liability beginning of year	166,835	155,399	185,937
Total OPEB liability end of year	<u>\$ 123,244</u>	<u>\$ 166,835</u>	<u>\$ 155,399</u>
Covered-employee payroll	\$ 3,642,945	\$ 3,472,796	\$ 3,363,483
Total OPEB liability as a percentage of covered-employee payroll	3.4%	4.8%	4.6%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant change in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effect of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

SUPPLEMENTARY INFORMATION

Fremont County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue			
	County Recorder's Records Management	Mental Health	Recorder's Electronic Transaction Fee	Tax Increment Financing Rebate
Assets				
Cash and pooled investments	\$ 34,216	\$ 37,281	\$ 257	\$ --
Receivables:				
Property tax:				
Delinquent	--	4,112	--	--
Succeeding year	--	171,000	--	--
Due from other governments	--	--	--	--
Total assets	<u>\$ 34,216</u>	<u>\$ 212,393</u>	<u>\$ 257</u>	<u>\$ --</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Deferred inflows of resources:				
Succeeding year property tax	--	171,000	--	--
Other	--	4,112	--	--
Total deferred inflows of resources	<u>--</u>	<u>175,112</u>	<u>--</u>	<u>--</u>
Fund balances:				
Restricted for:				
Mental health purposes	--	37,281	--	--
Capital projects	--	--	--	--
Other purposes	34,216	--	257	--
Total fund balances	<u>34,216</u>	<u>37,281</u>	<u>257</u>	<u>--</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,216</u>	<u>\$ 212,393</u>	<u>\$ 257</u>	<u>\$ --</u>

See accompanying independent auditor's report.

Resource Enhancement and Protection	Low to Moderate Income Assistance	Special Revenue				Capital Projects	Total
		County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Local Option Sales Tax	Drainage Districts		
\$ 8,447	\$ 106,435	\$ 1,588	\$ 117,156	\$ 164,677	\$ 41,531	\$ 85,983	\$ 597,571
--	--	--	--	--	--	--	4,112
--	--	--	--	--	--	--	171,000
--	--	--	--	28,572	--	--	28,572
<u>\$ 8,447</u>	<u>\$ 106,435</u>	<u>\$ 1,588</u>	<u>\$ 117,156</u>	<u>\$ 193,249</u>	<u>\$ 41,531</u>	<u>\$ 85,983</u>	<u>\$ 801,255</u>
\$ 53	\$ --	\$ --	\$ --	\$ 105,975	\$ --	\$ --	\$ 106,028
196	--	--	--	--	--	--	196
<u>249</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>105,975</u>	<u>--</u>	<u>--</u>	<u>106,224</u>
--	--	--	--	--	--	--	171,000
--	--	--	--	--	--	--	4,112
--	--	--	--	--	--	--	175,112
--	--	--	--	--	--	--	37,281
--	--	--	--	--	--	85,983	85,983
8,198	106,435	1,588	117,156	87,274	41,531	--	396,655
<u>8,198</u>	<u>106,435</u>	<u>1,588</u>	<u>117,156</u>	<u>87,274</u>	<u>41,531</u>	<u>85,983</u>	<u>519,919</u>
<u>\$ 8,447</u>	<u>\$ 106,435</u>	<u>\$ 1,588</u>	<u>\$ 117,156</u>	<u>\$ 193,249</u>	<u>\$ 41,531</u>	<u>\$ 85,983</u>	<u>\$ 801,255</u>

Fremont County

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

Year ended June 30, 2020

	Special Revenue			
	County Recorder's Records Management	Mental Health	Recorder's Electronic Transaction Fee	Tax Increment Financing Rebate
Revenues:				
Property and other county tax	\$ --	\$ 161,476	\$ --	\$ --
Tax increment financing	--	--	--	21,602
Local option sales tax	--	--	--	--
Intergovernmental	--	11,237	--	23
Licenses and permits	--	--	--	--
Charges for service	1,380	--	--	--
Use of money and property	32	--	--	--
Miscellaneous	--	--	--	--
Total revenues	<u>1,412</u>	<u>172,713</u>	<u>--</u>	<u>21,625</u>
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
Mental health	--	171,843	--	--
County environment and education	--	--	--	13,464
Administration	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>--</u>	<u>171,843</u>	<u>--</u>	<u>13,464</u>
Excess (deficiency) of revenues over (under) expenditures	1,412	870	--	8,161
Other financing sources (uses):				
Sales of capital assets	--	--	--	--
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	(8,161)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(8,161)</u>
Change in fund balances	1,412	870	--	--
Fund balances beginning of year	<u>32,804</u>	<u>36,411</u>	<u>257</u>	<u>--</u>
Fund balances end of year	<u>\$ 34,216</u>	<u>\$ 37,281</u>	<u>\$ 257</u>	<u>\$ --</u>

See accompanying independent auditor's report.

Resource Enhancement and Protection	Low to Moderate Income Assistance	Special Revenue				Capital Projects	Total
		County Attorney Special Law Enforcement	Sheriff Special Law Enforcement	Local Option Sales Tax	Drainage Districts		
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 161,476
--	--	--	--	--	--	--	21,602
--	--	--	--	343,755	--	--	343,755
9,181	--	--	--	--	--	--	20,441
--	--	--	320	--	--	--	320
--	--	--	--	--	--	--	1,380
8	--	--	--	--	--	659	699
720	--	--	5,323	--	15,081	--	21,124
<u>9,909</u>	<u>--</u>	<u>--</u>	<u>5,643</u>	<u>343,755</u>	<u>15,081</u>	<u>659</u>	<u>570,797</u>
--	--	--	3,200	--	--	--	3,200
--	--	--	--	--	--	--	171,843
13,353	11,000	--	--	--	--	--	37,817
--	--	--	--	253,672	--	--	253,672
--	--	--	--	--	--	168,999	168,999
<u>13,353</u>	<u>11,000</u>	<u>--</u>	<u>3,200</u>	<u>253,672</u>	<u>--</u>	<u>168,999</u>	<u>635,531</u>
(3,444)	(11,000)	--	2,443	90,083	15,081	(168,340)	(64,734)
--	--	--	749	--	--	--	749
--	8,161	--	--	--	--	--	8,161
--	--	--	--	(54,499)	--	--	(62,660)
--	8,161	--	749	(54,499)	--	--	(53,750)
(3,444)	(2,839)	--	3,192	35,584	15,081	(168,340)	(118,484)
<u>11,642</u>	<u>109,274</u>	<u>1,588</u>	<u>113,964</u>	<u>51,690</u>	<u>26,450</u>	<u>254,323</u>	<u>638,403</u>
<u>\$ 8,198</u>	<u>\$ 106,435</u>	<u>\$ 1,588</u>	<u>\$ 117,156</u>	<u>\$ 87,274</u>	<u>\$ 41,531</u>	<u>\$ 85,983</u>	<u>\$ 519,919</u>

Fremont County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2020

	<u>County Recorder</u>	<u>County Sheriff</u>	<u>Agricultural Extension Education</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ --	\$ --	\$ 13,976
Other County officials	12,051	4,937	--
Receivables:			
Property tax:			
Delinquent	--	--	4,337
Succeeding year	--	--	180,000
Accounts	843	--	--
Drainage assessments	--	--	--
Due from other governments	--	--	--
Prepaid items	--	--	--
	<u>12,894</u>	<u>4,937</u>	<u>198,313</u>
Total assets			
	<u>12,894</u>	<u>4,937</u>	<u>198,313</u>
Liabilities			
Accounts payable	--	--	--
Salaries and benefits payable	--	--	--
Stamped warrants payable	--	--	--
Due to other funds	5,355	2,074	--
Due to other governments	7,539	1,922	18,313
Trusts payable	--	941	--
Compensated absences	--	--	--
	<u>12,894</u>	<u>4,937</u>	<u>18,313</u>
Total liabilities			
	<u>12,894</u>	<u>4,937</u>	<u>18,313</u>
Deferred Inflows of Resources			
Unavailable revenues	--	--	180,000
Net Position			
Restricted for individuals, organizations and other governments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>
\$ 516,029	\$ 99,522	\$ 10,289	\$ 34,700	\$ 3,317	\$ 323,717
--	--	--	--	--	--
8,849	182,278	18,498	62,627	5,216	--
367,000	7,596,000	767,000	1,767,000	255,000	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
14,448	--	--	--	--	--
<u>906,326</u>	<u>7,877,800</u>	<u>795,787</u>	<u>1,864,327</u>	<u>263,533</u>	<u>323,717</u>
19,210	--	--	--	--	--
11,037	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
404,353	281,800	28,787	97,327	8,533	323,717
--	--	--	--	--	--
15,326	--	--	--	--	--
<u>449,926</u>	<u>281,800</u>	<u>28,787</u>	<u>97,327</u>	<u>8,533</u>	<u>323,717</u>
367,000	7,596,000	767,000	1,767,000	255,000	--
<u>\$ 89,400</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Fremont County
Combining Schedule of Fiduciary Net Position - Continued
Custodial Funds

June 30, 2020

	<u>Drainage District</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Joint Disaster Services</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$(501,196)	\$ --	\$ 32,564
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	2,000	--
Accounts	--	--	--
Drainage assessments	1,589,805	--	--
Due from other governments	5,626	--	20,702
Prepaid items	<u>--</u>	<u>--</u>	<u>3,800</u>
Total assets	<u>1,094,235</u>	<u>2,000</u>	<u>57,066</u>
Liabilities			
Accounts payable	--	--	1,894
Salaries and benefits payable	--	--	3,384
Stamped warrants payable	1,590,488	--	--
Due to other funds	--	--	--
Due to other governments	--	--	--
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>1,590,488</u>	<u>--</u>	<u>5,278</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>--</u>	<u>2,000</u>	<u>--</u>
Net Position			
Restricted for individuals, organizations and other governments	<u>\$(496,253)</u>	<u>\$ --</u>	<u>\$ 51,788</u>

(continued next page)

<u>Property Tax Agency</u>	<u>Tax Redemption</u>	<u>E911 Surcharge</u>	<u>E911 Operating</u>	<u>Anatomical Gift Fund Trust</u>	<u>Recorder's Electronic Fee</u>
\$ 53,217 --	\$ 22,475 --	\$ 491,984 --	\$ 15 --	\$ (106) --	\$ 257 --
39	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	22,814	--	--	--
--	--	--	--	--	--
<u>53,256</u>	<u>22,475</u>	<u>514,798</u>	<u>15</u>	<u>(106)</u>	<u>257</u>
--	--	2,385	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	22,475	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>22,475</u>	<u>2,385</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 53,256</u>	<u>\$ --</u>	<u>\$ 512,413</u>	<u>\$ 15</u>	<u>\$ (106)</u>	<u>\$ 257</u>

Fremont County
Combining Schedule of Fiduciary Net Position - Continued
Custodial Funds

June 30, 2020

	SW Regional Water Special	Total
Assets		
Cash and pooled investments:		
County Treasurer	\$ 545	\$ 1,101,305
Other County officials	--	16,988
Receivables:		
Property tax:		
Delinquent	--	281,844
Succeeding year	--	10,934,000
Accounts	--	843
Drainage assessments	--	1,589,805
Due from other governments	--	49,142
Prepaid items	--	18,248
	<u>545</u>	<u>13,992,175</u>
Total assets		
Liabilities		
Accounts payable	--	23,489
Salaries and benefits payable	--	14,421
Stamped warrants payable	--	1,590,488
Due to other funds	--	7,429
Due to other governments	--	1,172,291
Trusts payable	--	23,416
Compensated absences	--	15,326
	<u>--</u>	<u>2,846,860</u>
Total liabilities		
Deferred Inflows of Resources		
Unavailable revenues	<u>--</u>	<u>10,934,000</u>
Net Position		
Restricted for individuals, organizations and other governments	<u>\$ 545</u>	<u>\$ 211,315</u>

See accompanying independent auditor's report.

Fremont County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2020

	<u>County Recorder</u>	<u>County Sheriff</u>	<u>Agricultural Extension Education</u>
Additions:			
Property and other County tax	\$ --	\$ --	\$ 177,366
E911 surcharge	--	--	--
State tax credits	--	--	12,273
Office fees and collections	172,399	126,276	--
Auto licenses, use tax and postage	--	--	--
Trusts	--	296,656	--
Miscellaneous	--	--	--
Total additions	<u>172,399</u>	<u>422,932</u>	<u>189,639</u>
Deductions:			
Agency Remittances:			
To other funds	50,823	--	--
To other governments	121,576	123,864	189,639
Trusts paid out	--	299,068	--
Total deductions	<u>172,399</u>	<u>422,932</u>	<u>189,639</u>
Changes in net position	--	--	--
Net position beginning of year, as restated	<u>--</u>	<u>--</u>	<u>--</u>
Net position end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>
\$ 362,606	\$ 7,496,007	\$ 756,345	\$ 1,649,327	\$ 255,732	\$ --
--	--	--	--	--	--
24,120	503,205	51,590	228,584	13,012	--
--	--	--	--	--	--
--	--	--	--	--	3,061,800
--	--	--	--	--	--
325	--	--	18,131	--	--
<u>387,051</u>	<u>7,999,212</u>	<u>807,935</u>	<u>1,896,042</u>	<u>268,744</u>	<u>3,061,800</u>
--	--	--	--	--	--
297,651	7,999,212	807,935	1,896,042	268,744	3,061,800
--	--	--	--	--	--
<u>297,651</u>	<u>7,999,212</u>	<u>807,935</u>	<u>1,896,042</u>	<u>268,744</u>	<u>3,061,800</u>
89,400	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 89,400</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Fremont County
Combining Schedule of Changes in Fiduciary Net Position - Continued
Custodial Funds

Year ended June 30, 2020

	<u>Drainage District</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Joint Disaster Services</u>
Additions:			
Property and other County tax	\$ 539,340	\$ --	\$ --
E911 surcharge	--	--	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Trusts	--	--	--
Miscellaneous	<u>2,930,253</u>	--	<u>115,900</u>
Total additions	<u>3,469,593</u>	<u>--</u>	<u>115,900</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	4,436,100	--	89,379
Trusts paid out	--	--	--
Total deductions	<u>4,436,100</u>	<u>--</u>	<u>89,379</u>
Changes in net position	(966,507)	--	26,521
Net position beginning of year, as restated	<u>470,254</u>	<u>--</u>	<u>25,267</u>
Net position end of year	<u><u>\$(496,253)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 51,788</u></u>

(continued next page)

<u>Property Tax Agency</u>	<u>Tax Redemption</u>	<u>E911 Surcharge</u>	<u>Clearing Account Fund</u>	<u>E911 Operating</u>	<u>Anatomical Gift Fund Trust</u>
\$ 1,619	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	120,878	--	--	--
111	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
44,890	185,365	24,380	2,052,000	--	--
<u>46,620</u>	<u>185,365</u>	<u>145,258</u>	<u>2,052,000</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
71,947	185,365	110,204	2,248,340	--	--
--	--	--	--	--	--
<u>71,947</u>	<u>185,365</u>	<u>110,204</u>	<u>2,248,340</u>	<u>--</u>	<u>--</u>
(25,327)	--	35,054	(196,340)	--	--
<u>78,583</u>	<u>--</u>	<u>477,359</u>	<u>196,340</u>	<u>15</u>	<u>(106)</u>
<u>\$ 53,256</u>	<u>\$ --</u>	<u>\$ 512,413</u>	<u>\$ --</u>	<u>\$ 15</u>	<u>\$ (106)</u>

Fremont County

Combining Schedule of Changes in Fiduciary Net Position - Continued
Custodial Funds

Year ended June 30, 2020

	Recorder's Electronic Fee	SW Regional Water Special	Total
Additions:			
Property and other County tax	\$ --	\$ --	\$ 11,238,342
E911 surcharge	--	--	120,878
State tax credits	--	--	832,895
Office fees and collections	--	--	298,675
Auto licenses, use tax and postage	--	--	3,061,800
Trusts	--	--	296,656
Miscellaneous	1,570	545	5,373,359
Total additions	<u>1,570</u>	<u>545</u>	<u>21,222,605</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	50,823
To other governments	1,575	--	21,909,373
Trusts paid out	--	--	299,068
Total deductions	<u>1,575</u>	<u>--</u>	<u>22,259,264</u>
Changes in net position	(5)	545	(1,036,659)
Net position beginning of year, as restated	<u>262</u>	<u>--</u>	<u>1,247,974</u>
Net position end of year	<u>\$ 257</u>	<u>\$ 545</u>	<u>\$ 211,315</u>

See accompanying independent auditor's report.

Fremont County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:					
Property and other					
County tax	\$ 5,611,038	\$ 5,232,660	\$ 5,251,410	\$ 4,954,444	\$ 4,586,033
Local option sales tax	343,755	362,040	254,250	389,525	376,573
Hotel/motel tax	85,490	119,600	115,714	126,307	116,234
Tax increment financing	21,602	46,503	43,764	240,155	252,521
Interest and penalty on					
property tax	15,212	36,662	39,228	31,829	30,307
Intergovernmental	6,040,420	4,292,124	4,029,693	4,007,602	4,059,073
Licenses and permits	17,768	13,506	14,894	14,310	16,015
Charges for service	326,094	334,642	319,784	316,451	316,795
Use of money and					
property	138,635	148,838	138,524	103,908	86,832
Miscellaneous	<u>127,917</u>	<u>257,537</u>	<u>216,228</u>	<u>286,218</u>	<u>173,536</u>
Total	<u>\$ 12,727,931</u>	<u>\$ 10,844,112</u>	<u>\$ 10,423,489</u>	<u>\$ 10,470,749</u>	<u>\$ 10,013,919</u>
Expenditures:					
Operating:					
Public safety and					
legal services	\$ 3,002,346	\$ 3,158,602	\$ 3,095,187	\$ 2,739,758	\$ 2,539,188
Physical health and					
social services	202,184	172,834	192,201	178,874	158,461
Mental health	171,843	143,976	329,537	276,030	353,903
County environment					
and education	426,370	430,479	436,913	664,646	639,068
Roads and transportation	5,559,830	5,151,161	4,261,247	4,217,741	4,411,415
Governmental services					
to residents	458,055	436,560	415,287	392,753	403,046
Administration	1,669,954	1,397,327	1,121,856	1,145,031	1,176,027
Non-program	--	--	--	19,786	15,000
Debt service	672,375	462,730	484,748	459,111	464,679
Capital projects	<u>168,999</u>	<u>1,678,345</u>	<u>3,203</u>	<u>704,551</u>	<u>609,860</u>
Total	<u>\$ 12,331,956</u>	<u>\$ 13,032,014</u>	<u>\$ 10,340,179</u>	<u>\$ 10,798,281</u>	<u>\$ 10,770,647</u>

See accompanying independent auditor's report.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 4,615,221	\$ 4,029,758	\$ 3,974,230	\$ 3,667,670	\$ 3,502,764
496,146	369,605	392,161	339,736	340,242
85,618	85,376	125,396	80,494	109,190
289,238	288,762	311,733	342,040	353,311
33,765	40,599	41,216	47,182	31,395
3,803,013	4,466,015	4,252,581	5,855,574	3,954,807
14,541	15,349	24,093	15,676	10,014
300,019	294,478	322,460	294,534	294,739
85,529	81,631	86,218	80,873	109,033
<u>192,954</u>	<u>102,280</u>	<u>121,124</u>	<u>170,428</u>	<u>113,870</u>
<u>\$ 9,916,044</u>	<u>\$ 9,773,853</u>	<u>\$ 9,651,212</u>	<u>\$ 10,894,207</u>	<u>\$ 8,819,365</u>
\$ 1,972,701	\$ 1,833,658	\$ 1,660,240	\$ 1,700,924	\$ 1,678,496
163,527	171,724	198,747	188,377	232,310
1,351,835	513,198	557,711	1,147,737	986,080
623,256	893,739	857,130	837,439	686,860
3,746,205	4,076,405	3,876,087	4,759,708	3,482,456
367,750	335,342	294,987	291,491	304,531
1,153,983	1,128,976	1,561,724	876,102	1,072,083
--	--	--	--	--
486,975	107,948	142,348	146,693	145,840
<u>4,396,032</u>	<u>1,368,797</u>	<u>26,863</u>	<u>1,454,366</u>	<u>198,276</u>
<u>\$ 14,262,264</u>	<u>\$ 10,429,787</u>	<u>\$ 9,175,837</u>	<u>\$ 11,402,837</u>	<u>\$ 8,786,932</u>

Fremont County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Housing and Urban Development: Iowa Economic Development Authority: Community Development Block Grant National Disaster Resiliency Program	14.272	13-NDRI-004	\$ 187,750
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction (Federal- Aid Highway Program)	20.205	8R-00-EMER-191	161,095
U.S. Election Assistance Commission: Iowa Secretary of State: Help American Vote Act	90.401	FY20	1,500
U.S. Department of Homeland Security: Iowa Homeland Security & Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4421 DRIA	1,321,574
Hazard Mitigation Grant Program	97.039	FEMA-4421 DRIA	<u>2,124</u>
Total			<u>\$ 1,674,043</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Fremont County under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fremont County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Fremont County.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Fremont County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients - No federal grant awards were passed through to subrecipients during the year end June 30, 2020.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental 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, 2020, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 22, 2021.

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.

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. A significant deficiency is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 20-II-A and 20-II-B.

To the Officials of Fremont County, Iowa

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 which are required to be reported under Government Auditing Standards.

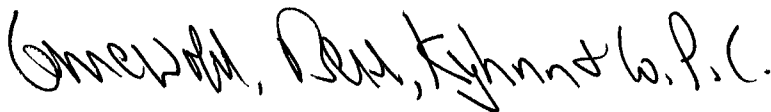
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all 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.

Responses to 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.



Atlantic, Iowa
June 22, 2021

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Officials of Fremont County, Iowa

Report on Compliance for Each Major Federal Program

We have audited Fremont County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the County's major federal program for the year ended June 30, 2020. The 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 the 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 the County's compliance.

Opinion on the 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, 2020.

To the Officials of Fremont County, Iowa

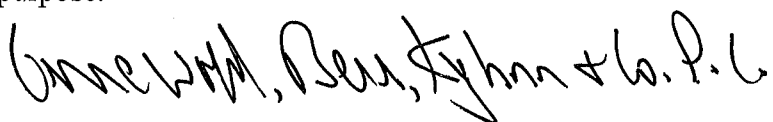
Report on Internal Control Over Compliance

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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Brian W. M. Bell, CPA". The signature is written in a cursive, flowing style.

Atlantic, Iowa
June 22, 2021

Fremont County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any material weaknesses or significant deficiencies in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (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 \$750,000.
- (i) Fremont County did not qualify as a low-risk auditee.

Fremont County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

20-II-A Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition - Generally, one or two individuals in the County have control over the following areas for which no compensating controls exist:

- (1) Responsibilities for opening mail, collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.
- (2) The person responsible for the detailed recordkeeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.

Cause - The County has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - Management should review the control activities to obtain the maximum internal control possible under the circumstances. Management should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response - We will do the best we can with our limited staff.

Conclusion - Response accepted.

Fremont County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part II: Findings Related to the Financial Statements - Continued

20-II-B Timesheets

Criteria - An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours worked. The County Board of Supervisors does not require salaried employees to prepare and file timesheets.

Condition - Timesheets are not prepared by salaried personnel.

Cause - Policies have not been established and procedures have not been implemented to require salaried employees to prepare timesheets.

Effect - Lack of timesheets for salaried personnel increases the risk of inaccurate leave records and the potential for pay for hours not worked. When an employee retires or otherwise leaves employment, the County pays out unused vacation and compensatory time. Without detailed records to support the claim, there is no assurance the claim is proper. In addition, without detailed records, the County may not have the support necessary to ensure compliance with the Fair Labor Standards Act.

Recommendation - Timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and supervisor prior to submission. The timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response - There are two elected official department heads that turn in sheets for time off, but not for bi-weekly time worked. They are elected officials and responsible for the recordkeeping in their respected offices. All other departments turn in bi-weekly timesheets.

Conclusion - Response acknowledged. Timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and supervisor prior to submission. The timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Fremont County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part III: Findings and Questioned Costs For Federal Awards:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Fremont County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting

- 20-IV-A Certified Budget: Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted in any function.
- 20-IV-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 20-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 20-IV-D Business Transactions: No business transactions between the County and County officials or employees were noted.
- 20-IV-E Restricted Donor Activity: No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 20-IV-F 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 that coverage is adequate for current operations.
- 20-IV-G Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.
- 20-IV-H Deposits and Investments: The County has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation: The County should adopt a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa.

Response: We will adopt an investment policy as required.

Conclusion: Response accepted.

- 20-IV-I 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).

Fremont County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting - Continued

- 20-IV-J Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- 20-IV-K Tax Increment Financing (TIF): No instances of non-compliance with the division of taxes in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa were noted.

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