



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

May 21, 2015

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$18,252,701 for the year ended June 30, 2014, which included \$994,597 in tax credits from the state. The County forwarded \$13,105,735 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,146,966 of the local tax revenue to finance County operations, a 3.3% decrease from the prior year. Other revenues included charges for service of \$1,112,236, operating grants, contributions and restricted interest of \$3,155,278, capital grants, contributions and restricted interest of \$1,426,847, local option sales and services tax of \$363,453, unrestricted investment earnings of \$9,722 and other general revenues of \$110,487.

Expenses for County operations for the year ended June 30, 2014 totaled \$9,857,747, a 5.9% decrease from the prior year. Expenses included \$4,685,497 for roads and transportation, \$1,502,871 for public safety and legal services and \$1,364,213 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0037-B00F.pdf>.

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**GREENE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2014**

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**Greene County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Contner	Board of Supervisors	Jan 2015
Dawn Rudolph	Board of Supervisors	Jan 2015
Mick Burkett	Board of Supervisors	Jan 2017
John Muir	Board of Supervisors	Jan 2017
Guy Richardson	Board of Supervisors	Jan 2017
Jane Heun	County Auditor	Jan 2017
Donna Lawson	County Treasurer	Jan 2015
Marcia Tasler	County Recorder	Jan 2015
Steve Haupert	County Sheriff	Jan 2017
Nicola J. Martino	County Attorney	Jan 2015
Linda Spearman	County Assessor	Jan 2015

**Greene County**



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Independent Auditor's Report

To the Officials of Greene 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 Greene County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

## Opinions

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

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greene County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2015 on our consideration of Greene County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Greene County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 4, 2015

**Greene County**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **2014 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 5.6%, or approximately \$599,000, from fiscal year 2013 to fiscal year 2014. Property tax decreased 3.5%, or approximately \$174,000, from fiscal year 2013. Operating grants, contributions and restricted interest increased approximately \$292,000 and capital grants, contributions and restricted interest increased approximately \$1,145,000.
- Total program expenses of the County's governmental activities decreased 6%, or approximately \$622,000. The greatest program expense decreases were in the areas of non-program (approximately \$622,000, or 68%), governmental services to residents (approximately \$84,000, or 20%), and administration (approximately \$59,000, or 4%). While public safety and legal services expenses increased approximately \$56,000, or 4%, mental health expenses increased approximately \$31,000, or 9.7%, and county environment and education expenses increased approximately \$50,000, or 6%.
- The County's net position increased 6.8%, or approximately \$1,467,000, from June 30, 2013 to June 30, 2014.

### **USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Greene 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 Greene 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 Greene County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services, the County Assessor and all the property tax funds necessary to collect and distribute property tax to schools, cities, townships and all other taxing authorities. Greene County excludes these activities from the government-wide financial statements because these assets cannot be used to finance its operations. Fiduciary funds report a liability, due to other governments, and, therefore, no fund balance is reported.

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Greene County's combined net position was virtually unchanged from a year ago, increasing from approximately \$21.4 million to approximately \$22.9 million. The analysis below focuses on the changes in the County's net position of governmental activities.

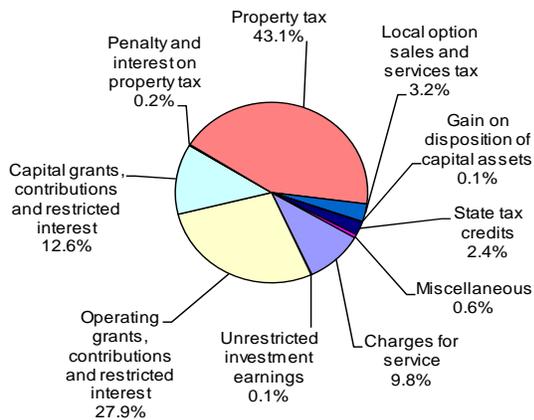
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 11,849	11,697
Capital assets	16,874	15,746
Total assets	<u>28,723</u>	<u>27,443</u>
Long-term liabilities	499	724
Other liabilities	445	5,285
Total liabilities	<u>944</u>	<u>6,009</u>
Deferred inflows of resources	4,878	4,863
Net position:		
Invested in capital assets	16,874	15,746
Restricted	4,354	4,250
Unrestricted	1,673	1,438
Total net position	<u>\$ 22,901</u>	<u>21,434</u>

Net position of Greene County's governmental activities increased approximately \$1,467,000, or 6.8%. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). 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 \$1,438,000 at June 30, 2013 to approximately \$1,673,000 at the end of this year, an increase of 16.3%.

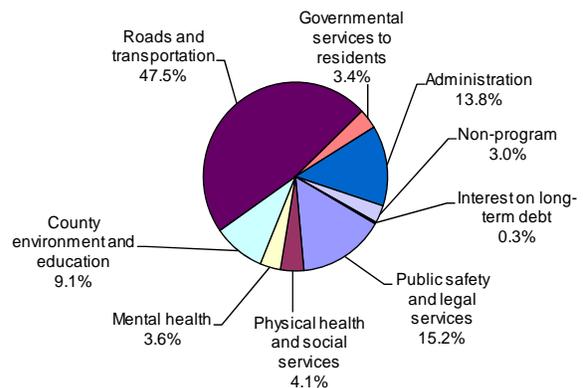
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2014	2013
<b>Revenues:</b>		
Program revenues:		
Charges for service	\$ 1,112	1,807
Operating grants, contributions and restricted interest	3,155	2,863
Capital grants, contributions and restricted interest	1,427	282
General revenues:		
Property tax	4,876	5,050
Penalty and interest on property tax	25	38
State tax credits	271	271
Local option sales and services tax	363	330
Unrestricted investment earnings	10	16
Gain on disposition of capital assets	13	3
Miscellaneous	72	65
<b>Total revenues</b>	<b>11,324</b>	<b>10,725</b>
<b>Program expenses:</b>		
Public safety and legal services	1,503	1,447
Physical health and social services	403	399
Mental health	351	320
County environment and education	900	850
Roads and transportation	4,685	4,672
Governmental services to residents	331	415
Administration	1,364	1,423
Non-program	294	916
Interest on long-term debt	26	37
<b>Total expenses</b>	<b>9,857</b>	<b>10,479</b>
Change in net position	1,467	246
Net position beginning of year	21,434	21,188
Net position end of year	<b>\$ 22,901</b>	<b>21,434</b>

**Revenues by Source**



**Expenses by Program**



Greene County's net position of governmental activities increased approximately \$1,467,000 during the year. Overall, revenues for governmental activities increased approximately \$599,000 over the prior year and expenses decreased by \$622,000. Capital grants, contributions and restricted interest increased approximately \$1,145,000, primarily due to an increase in capital contributions from the Iowa Department of Transportation. Charges for service decreased approximately \$695,000, primarily due to less drainage assessment collections. Operating grants, contributions and restricted interest increased approximately \$292,000, primarily due to increased road use tax revenue, FEMA reimbursements and underground storage cleanup revenue. Property tax revenue decreased approximately \$174,000, or 3.5%, from the prior year. Non-program expenses decreased approximately \$622,000 from the prior fiscal year, largely due to less expense in the Internal Service Fund.

Greene County decreased property tax levied county-wide \$112,027, or 3%, and decreased rural property tax levied \$64,590, or 4.5%. Taxable valuation (without gas and electric utilities) for each and total dollars levied are as follows:

	For Taxes Levied By Fiscal Year	
	2014	2013
County-wide taxable valuation	\$ 583,673,545	570,640,790
Dollars levied county-wide	3,566,244	3,678,271
Rural taxable valuation	423,435,471	411,644,405
Dollars levied rural area only	1,376,165	1,440,755
Total dollars levied	4,942,409	5,119,026

County-wide property tax revenue is budgeted to increase approximately \$63,600 in fiscal year 2015 while rural services property tax revenue is budgeted to decrease approximately \$200. The county-wide taxable valuation (without gas and electric utilities) increased in fiscal year 2015 to \$599,980,565, or 2.8%.

### INDIVIDUAL MAJOR FUND ANALYSIS

As Greene County completed the year, its governmental funds reported a combined fund balance of approximately \$5.8 million, an increase of approximately \$88,000 over last year's total of approximately \$5.7 million. The following are reasons for the more significant changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$86,000 while expenditures decreased approximately \$90,000. The ending fund balance increased approximately \$26,000 over the prior year to approximately \$1,720,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$353,000, an increase of 10% over the prior year. The Special Revenue, Mental Health Fund ending fund balance increased approximately \$166,000 over the prior year ending fund balance to \$445,213. The mental health levy rate was set at its maximum.
- The Special Revenue, Rural Services Fund balance decreased approximately \$24,000. Revenues decreased approximately \$70,000 while expenditures decreased approximately \$2,000 and other financing uses remained the same.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$451,000 over the prior year while revenues increased \$257,000. The largest increase in expenditures occurred within the roadway maintenance program. The Secondary Roads Fund balance at year end decreased approximately \$19,000.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Greene County amended its budget twice. The first amendment was made in February 2014 and increased budgeted receipts by \$248,418 and budgeted disbursements by \$352,817. The amendment included an increase in intergovernmental receipts for FEMA funds. Public safety and legal services budgeted disbursements were increased by \$46,450 for the purchase of in-car computers and a new canine. County environment and education and roads and transportation budgeted disbursements were increased by \$108,660 and \$156,707, respectively, for FEMA funded disaster repair work. Administration and capital projects function budgeted disbursements increased \$11,000 and \$30,000, respectively, for labor relations and completion of a cabin.

The second amendment was made in May 2014 and resulted in an increase in budgeted receipts of \$24,000 and an increase in budgeted disbursements of \$17,000. Public safety and legal services budgeted disbursements were increased due to high inmate-related costs while physical health and social services budgeted disbursements were reduced due to less than expected flow-through grant costs.

During the year, the following situations/actions impacted the County's budget:

- County-wide taxable valuation rose approximately \$13 million, or 2.3%, over the prior year's taxable valuation. Likewise, rural taxable valuation increased approximately \$11.8 million, or 2.9%.
- Local option sales tax to be disbursed for rural tax relief and rural betterment included transfers and disbursements of \$231,700. A transfer of \$175,000 was made to the Special Revenue, Secondary Roads Fund and a transfer of \$5,000 was made to the General Fund to cover bike trail repair work. \$51,700 was disbursed for two Sheriff's vehicles, in-car computers and equipment.

The County's cash basis receipts were \$75,380 less than the amended budget, a variance of less than one percent.

Total cash basis disbursements were \$580,555 less than the amended budget, a variance of 5.9%. The largest variance occurred within the roads and transportation function where disbursements were approximately \$180,000 less than budgeted due to fewer road and bridge/culvert repairs being completed than originally planned. The county environment and education function was approximately \$123,000 less than budgeted due to less FEMA disaster repair work occurring than was originally planned.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, Greene County had approximately \$16.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,128,000, or 7.2%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2014	2013
Land and land improvements	\$ 1,547	1,547
Construction in progress	-	86
Buildings	1,390	1,351
Equipment and vehicles	2,689	2,447
Infrastructure	11,248	10,315
Total	\$ 16,874	15,746

This year's major additions included (in thousands):

Capital assets contributed by the	
Iowa Department of Transportation	\$ 1,427
Gradall excavator	279
2014 Freightliner dump truck and dump body	117
2014 Freightliner dump truck and dump body	117
Conservation park cabin	85
Total	\$ 2,025

This year's major additions include completion of a bridge deck overlay project and resurfacing projects for Secondary Roads totaling approximately \$1,427,000.

The County had depreciation expense of \$1,028,932 in fiscal year 2014 and total accumulated depreciation of \$13,771,740 at June 30, 2014. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2014, Greene County had \$119,517 of outstanding installment purchase agreement and drainage warrants payable compared to \$364,794 at June 30, 2013, as shown below.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2014	2013
Installment purchase agreement	\$ 29,513	41,077
Drainage warrants	90,004	323,717
Total	\$ 119,517	364,794

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Greene County's elected and appointed officials carefully considered many factors when setting the fiscal year 2015 budget, tax rates and fees charged for various County activities. County-wide and rural taxable valuations rose slightly more than 2.7% and 3.1%, respectively, over the previous year's valuations. The County was able to lower the general supplemental and mental health levies by \$.03 per \$1,000 of taxable valuation and the rural services levy by \$.10 per \$1,000 of taxable valuation.

During the year, the County completed a second cabin at Spring Lake Park. The cabins have been well received and enhance the recreational experience at the park for residents and visitors.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Greene County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Greene County Auditor's Office, 114 N. Chestnut, Jefferson, Iowa 50129-2144.

## **Basic Financial Statements**

**Exhibit A**

Greene County  
Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 5,092,740
Receivables:	
Property tax:	
Delinquent	4,043
Succeeding year	4,878,000
Interest and penalty on property tax	18,038
Accounts	5,329
Accrued interest	668
Drainage assessments	90,003
Due from other governments	445,348
Inventories	1,314,273
Capital assets, net of accumulated depreciation	16,874,444
<b>Total assets</b>	<u>28,722,886</u>
<b>Liabilities</b>	
Accounts payable	425,461
Salaries and benefits payable	3,574
Due to other governments	15,592
Long-term liabilities:	
Portion due or payable within one year:	
Installment purchase agreement	12,600
Compensated absences	216,381
Portion due or payable after one year:	
Installment purchase agreement	16,913
Drainage warrants	90,004
Compensated absences	39,560
Net OPEB liability	123,600
<b>Total liabilities</b>	<u>943,685</u>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	<u>4,878,000</u>
<b>Net Position</b>	
Net investment in capital assets	16,874,444
Restricted for:	
Supplemental levy purposes	423,349
Mental health	446,798
Rural services	421,974
Secondary roads purposes	2,074,792
Drainage improvements	414,324
Other purposes	572,205
Unrestricted	1,673,315
<b>Total net position</b>	<u>\$ 22,901,201</u>

See notes to financial statements.

Greene County

Statement of Activities

Year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,502,871	179,433	24,907	-	(1,298,531)
Physical health and social services	402,809	6,975	90,961	-	(304,873)
Mental health	350,689	61,537	20,766	-	(268,386)
County environment and education	900,381	134,266	81,236	-	(684,879)
Roads and transportation	4,685,497	254,586	2,937,408	1,426,847	(66,656)
Governmental services to residents	331,475	211,507	-	-	(119,968)
Administration	1,364,213	19,259	-	-	(1,344,954)
Non-program	293,651	217,933	-	-	(75,718)
Interest on long-term debt	26,161	26,740	-	-	579
<b>Total</b>	<b>\$ 9,857,747</b>	<b>1,112,236</b>	<b>3,155,278</b>	<b>1,426,847</b>	<b>(4,163,386)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					4,875,601
Penalty and interest on property tax					24,941
Local option sales and services tax					363,453
State tax credits					271,365
Unrestricted investment earnings					9,722
Gain on disposition of capital assets					13,634
Miscellaneous					71,912
<b>Total general revenues</b>					<b>5,630,628</b>
Change in net position					1,467,242
Net position beginning of year					21,433,959
Net position end of year					<b>\$22,901,201</b>

See notes to financial statements.

Greene County  
Balance Sheet  
Governmental Funds

June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 1,765,484	450,410	432,082	822,311
Receivables:				
Property tax:				
Delinquent	3,049	411	583	-
Succeeding year	3,123,000	405,000	1,350,000	-
Interest and penalty on property tax	18,038	-	-	-
Accounts	450	812	-	1,901
Accrued interest	657	-	-	7
Drainage assessments	-	-	-	-
Due from other funds	-	-	-	6,956
Due from other governments	25,417	16,682	11,826	363,074
Inventories	-	-	-	1,314,273
<b>Total assets</b>	<b>\$ 4,936,095</b>	<b>873,315</b>	<b>1,794,491</b>	<b>2,508,522</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 44,131	15,295	3,458	266,931
Salaries and benefits payable	3,292	-	282	-
Due to other funds	2,986	-	3,970	-
Due to other governments	13,062	1,474	-	1,056
Total liabilities	63,471	16,769	7,710	267,987
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,123,000	405,000	1,350,000	-
Other	29,339	6,333	583	1,731
Total deferred inflows of resources	3,152,339	411,333	1,350,583	1,731
Fund balances:				
Nonspendable - inventories	-	-	-	1,314,273
Restricted for:				
Supplemental levy purposes	426,041	-	-	-
Mental health purposes	-	445,213	-	-
Rural services purposes	-	-	436,198	-
Secondary roads purposes	-	-	-	924,531
Drainage warrants	-	-	-	-
Conservation land acquisition	2,931	-	-	-
Other purposes	-	-	-	-
Assigned for capital improvement projects	439,392	-	-	-
Assigned for election equipment	15,000	-	-	-
Unassigned	836,921	-	-	-
Total fund balances	1,720,285	445,213	436,198	2,238,804
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,936,095</b>	<b>873,315</b>	<b>1,794,491</b>	<b>2,508,522</b>

See notes to financial statements.

Nonmajor	Total
985,989	4,456,276
-	4,043
-	4,878,000
-	18,038
-	3,163
4	668
90,003	90,003
-	6,956
28,349	445,348
-	1,314,273
<u>1,104,345</u>	<u>11,216,768</u>

30,743	360,558
-	3,574
-	6,956
-	15,592
<u>30,743</u>	<u>386,680</u>

-	4,878,000
90,003	127,989
<u>90,003</u>	<u>5,005,989</u>

-	1,314,273
-	426,041
-	445,213
-	436,198
-	924,531
414,325	414,325
-	2,931
569,274	569,274
-	439,392
-	15,000
-	836,921
<u>983,599</u>	<u>5,824,099</u>

<u>1,104,345</u>	<u>11,216,768</u>
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**Greene County**

Greene County

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

June 30, 2014

<b>Total governmental fund balances (page 21)</b>	\$ 5,824,099
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$30,646,184 and the accumulated depreciation is \$13,771,740.	16,874,444
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	127,989
The Internal Service Fund is used by management to charge the costs of health insurance to individual departments and funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	573,727
Long-term liabilities, including installment purchase agreement, drainage warrants, compensated absences and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(499,058)
<b>Net position of governmental activities (page 18)</b>	<u><u>\$ 22,901,201</u></u>

See notes to financial statements.

Greene County

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

Year ended June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 3,095,195	417,028	1,363,791	-
Local option sales and services tax	-	-	-	-
Interest and penalty on property tax	23,963	-	-	-
Intergovernmental	314,180	100,761	192,100	2,937,408
Licenses and permits	6,225	-	-	44,044
Charges for service	386,083	-	-	-
Use of money and property	20,893	-	-	28,440
Miscellaneous	36,764	918	39	210,854
Total revenues	<u>3,883,303</u>	<u>518,707</u>	<u>1,555,930</u>	<u>3,220,746</u>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	1,087,228	-	327,560	-
Physical health and social services	402,455	-	-	-
Mental health	-	353,076	-	-
County environment and education	488,477	-	292,284	-
Roads and transportation	-	-	-	4,424,435
Governmental services to residents	337,782	-	-	-
Administration	1,451,872	-	-	-
Debt service	-	-	-	-
Capital projects	44,027	-	-	-
Total expenditures	<u>3,811,841</u>	<u>353,076</u>	<u>619,844</u>	<u>4,424,435</u>
Excess (deficiency) of revenues over (under) expenditures	71,462	165,631	936,086	(1,203,689)
<b>Other financing sources (uses):</b>				
Drainage warrants issued	-	-	-	-
Transfers in	5,000	-	-	1,185,000
Transfers out	(50,000)	-	(960,000)	-
Total other financing sources (uses)	<u>(45,000)</u>	<u>-</u>	<u>(960,000)</u>	<u>1,185,000</u>
Change in fund balances	26,462	165,631	(23,914)	(18,689)
Fund balances beginning of year	1,693,823	279,582	460,112	2,257,493
Fund balances end of year	<u>\$ 1,720,285</u>	<u>445,213</u>	<u>436,198</u>	<u>2,238,804</u>

See notes to financial statements.

Nonmajor	Total
-	4,876,014
363,453	363,453
-	23,963
12,808	3,557,257
-	50,269
2,053	388,136
38	49,371
328,416	576,991
<u>706,768</u>	<u>9,885,454</u>
87,149	1,501,937
-	402,455
-	353,076
60,000	840,761
-	4,424,435
-	337,782
-	1,451,872
349,820	349,820
181,183	225,210
<u>678,152</u>	<u>9,887,348</u>
<u>28,616</u>	<u>(1,894)</u>
89,946	89,946
-	1,190,000
(180,000)	(1,190,000)
<u>(90,054)</u>	<u>89,946</u>
(61,438)	88,052
<u>1,045,037</u>	<u>5,736,047</u>
<u>983,599</u>	<u>5,824,099</u>

Greene County

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

Year ended June 30, 2014

**Change in fund balances - Total governmental funds (page 25)** \$ 88,052

**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	\$ 717,601	
Capital assets contributed by the Iowa Department of	1,426,847	
Depreciation expense	(1,028,932)	1,115,516

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 13,322

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

Property tax	(413)	
Other	(218,154)	(218,567)

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

Issued	(89,946)	
Repaid	335,223	245,277

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	3,311	
Other postemployment benefits	(23,600)	(20,289)

The Internal Service Fund is used by management to charge the costs of health insurance to individual departments and funds. The change in net position of the Internal Service Fund is reported with governmental activities. 243,931

**Change in net position of governmental activities (page 19)** \$ 1,467,242

See notes to financial statements.

Greene County  
Statement of Net Position  
Proprietary Fund  
June 30, 2014

	<u>Internal Service – Employee Group Health</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 636,464
Accounts receivable	2,166
<b>Total current assets</b>	<u>638,630</u>
<b>Current Liabilities</b>	
Accounts payable	<u>64,903</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 573,727</u>

See notes to financial statements.

**Exhibit H**

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## Greene County

Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Fund

Year ended June 30, 2014

		<u>Internal Service – Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 961,625
Reimbursements from employees and others		150,463
Insurance reimbursements		30,941
Total operating revenues		<u>1,143,029</u>
Operating expenses:		
Medical claims	\$ 356,514	
Insurance premiums	332,319	
Administrative and other fees	29,865	
Prescription charges	180,400	899,098
Operating income	<u>                    </u>	<u>243,931</u>
Net position beginning of year		329,796
Net position end of year		<u>\$ 573,727</u>
See notes to financial statements.		

Greene County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2014

	Internal Service – Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 1,112,087
Cash received from insurance reimbursements	69,650
Cash paid to suppliers for services	(933,947)
Net cash provided by operating activities	247,790
Cash and cash equivalents beginning of year	388,674
Cash and cash equivalents end of year	\$ 636,464
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 243,931
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	38,709
Decrease in accounts payable	(34,850)
Net cash provided by operating activities	\$ 247,790

See notes to financial statements.

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

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 848,452
Other County officials	135,329

Receivables:

Property tax:

Delinquent	15,258
Succeeding year	12,384,000
Accounts	15,199
Special assessments	27,956

<b>Total assets</b>	<u>13,426,194</u>
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**Liabilities**

Accounts payable	314
Due to other governments	13,371,433
Trusts payable	43,466
Compensated absences	10,981

<b>Total liabilities</b>	<u>13,426,194</u>
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<b>Net position</b>	<u><u>\$ -</u></u>
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See notes to financial statements.

Greene County

Notes to Financial Statements

June 30, 2014

**(1) Summary of Significant Accounting Policies**

Greene 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, Greene 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 Greene 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 Greene 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 an Agency Fund. Financial information for the individual drainage districts can be obtained from the Greene County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Greene County Assessor’s Conference Board, County Emergency Management Commission and Greene County E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Central Iowa Juvenile Detention Center, Region V Hazardous Materials Response Commission and Region XII Council of Governments, jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa. In addition, the County participates in the following jointly governed organizations: Second Judicial District Department of Correctional Services, M & M Divide Resource Conservation & Development, Inc. and Greene County Development Corporation.

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, 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.

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

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position 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, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the proprietary fund are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

The government-wide, 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 positions 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be

collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

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, 2014, 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, equipment and vehicles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	25 - 50
Infrastructure	10 - 65
Equipment	2 - 20
Vehicles	5 - 15

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, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. Upon retirement, an employee is paid \$10 per day for up to 90 days of accumulated sick leave. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

Assigned – Amounts the County intends to use for specific purposes as determined by the County Auditor.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2014, the County had the following investments:

Investment	Fair Value	Maturity
Federal National Mortgage Association (FNMA) interest only strip	<u>\$ 7</u>	February 2017

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$10,968 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated.

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.

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

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	General	\$ 2,986
	Special Revenue: Rural Services	3,970
Total		\$ 6,956

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.

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales Tax	\$ 5,000
Special Revenue: Secondary Roads	General Special Revenue: Rural Services Local Option Sales Tax	50,000 960,000 175,000
		<u>1,185,000</u>
Total		<u>\$ 1,190,000</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,547,199	-	-	1,547,199
Construction in progress	85,956	1,426,847	(1,512,803)	-
Total capital assets not being depreciated	<u>1,633,155</u>	<u>1,426,847</u>	<u>(1,512,803)</u>	<u>1,547,199</u>
Capital assets being depreciated:				
Buildings	2,519,270	84,792	-	2,604,062
Equipment and vehicles	8,108,603	812,715	(282,666)	8,638,652
Infrastructure, road network	16,429,424	1,426,847	-	17,856,271
Total capital assets being depreciated	<u>27,057,297</u>	<u>2,324,354</u>	<u>(282,666)</u>	<u>29,098,985</u>
Less accumulated depreciation for:				
Buildings	1,168,339	45,443	-	1,213,782
Equipment and vehicles	5,662,072	489,714	(202,038)	5,949,748
Infrastructure, road network	6,114,435	493,775	-	6,608,210
Total accumulated depreciation	<u>12,944,846</u>	<u>1,028,932</u>	<u>(202,038)</u>	<u>13,771,740</u>
Total capital assets being depreciated, net	<u>14,112,451</u>	<u>1,295,422</u>	<u>(80,628)</u>	<u>15,327,245</u>
Governmental activities capital assets, net	<u>\$ 15,745,606</u>	<u>2,722,269</u>	<u>(1,593,431)</u>	<u>16,874,444</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 68,237
County environment and education	43,347
Roads and transportation	894,734
Governmental services to residents	1,700
Administration	20,914
Total depreciation expense - governmental activities	<u>\$ 1,028,932</u>

**(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, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 13,062
Special Revenue:		
Mental Health	Services	1,474
Secondary Roads	Services	1,056
		<u>2,530</u>
Total for governmental funds		<u>\$ 15,592</u>
Agency:		
County Assessor	Collections	\$ 663,013
Schools		7,278,571
Community Colleges		521,682
Corporations		2,401,875
Auto License and Use Tax		283,097
County Hospital		1,621,221
All other		601,974
Total for agency funds		<u>\$ 13,371,433</u>

**(7) Long-Term Liabilities**

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

	Installment Purchase Agreement	Drainage Warrants	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 41,077	323,717	259,252	100,000	724,046
Increases	-	89,946	290,719	35,600	416,265
Decreases	11,564	323,659	294,030	12,000	641,253
Balance end of year	<u>\$ 29,513</u>	<u>90,004</u>	<u>255,941</u>	<u>123,600</u>	<u>499,058</u>
Due within one year	<u>\$ 12,600</u>	<u>-</u>	<u>216,381</u>	<u>-</u>	<u>228,981</u>

Installment Purchase Agreement

The County has entered into a no interest installment purchase agreement to purchase a vote tabulation system. A summary of the installment purchase agreement is as follows:

Year Ending June 30,	Principal
2015	\$ 12,600
2016	16,913
Total	<u>\$ 29,513</u>

### Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties and grant money for emergency repairs.

## **(8) Contingent Liabilities**

### E911 Loan Agreement

On May 17, 2013, the E911 Service Board and the County, as cosigner on the note, entered into a loan agreement to borrow \$141,000 from Home State Bank to be used to update radio computers, software, switching equipment, database computers and software and to pay off a loan agreement from November 11, 2005. The loan agreement is to be repaid in four annual installments of \$32,000, beginning June 1, 2014, and a payment of \$23,492 on June 1, 2018, including interest at 2.50% per annum. During the year ended June 30, 2014, the E911 Service Board paid principal of \$29,943 and interest of \$2,057 on the loan, for a total of \$32,000. The balance outstanding at June 30, 2014 is \$111,057

The County is contingently liable on the \$111,057 loan outstanding at June 30, 2014. Since the interest and principal is currently paid from E911 Service Board revenues, this liability has not been recorded in the Statement of Net Position. However, since the County has cosigned the note, if the revenues of the E911 Service Board are not adequate, a tax may be levied on all taxable property in the County to repay the loan.

The transactions for this loan are accounted for in an Agency Fund. The assets and liabilities of the E911 Service Board Fund, an Agency Fund included as part of Other Agency Funds, are reported on the modified accrual basis. Accordingly, the assets purchased and the bank note payable by the E911 Service Board have not been reported in the Agency, E911 Service Board Fund.

## **(9) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$307,798, \$296,557 and \$269,035, respectively, equal to the required contributions for each year.

**(10) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 72 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 35,400
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	(3,800)
Annual OPEB cost	<u>35,600</u>
Contributions made	(12,000)
Increase in net OPEB obligation	<u>23,600</u>
Net OPEB obligation beginning of year	<u>100,000</u>
Net OPEB obligation end of year	<u><u>\$ 123,600</u></u>

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

For the year ended June 30, 2014, the County contributed \$12,000 to the medical plan. Plan members eligible for benefits contributed \$15,785, or 57% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 32,800	32.9%	\$ 72,800
2013	35,400	23.2	100,000
2014	35,400	33.7	123,600

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was approximately \$289,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$289,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,153,000 and the ratio of the UAAL to covered payroll was 9.2%. As of June 30, 2014, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$1,100 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(11) Risk Management**

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

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 no to exceed 300% of basis rate or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2014 were \$141,953.

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

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(12) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established January 1, 2010 to account for the partial self-funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to the County’s Administrator from the Employee Group Health Fund. The County’s contribution for the year ended June 30, 2014 was \$961,625.

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$64,903, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$573,727 at June 30, 2014 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 99,753
Incurred claims (including claims incurred but not reported at June 30, 2014)	536,914
Payments on claims during the year	(571,764)
Unpaid claims end of year	<u>\$ 64,903</u>

**(13) Prospective Accounting Change**

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

**Greene County**

**Required Supplementary Information**

Greene County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances –  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 5,266,149	-	5,266,149
Interest and penalty on property tax	23,632	-	23,632
Intergovernmental	3,556,086	138,580	3,417,506
Licenses and permits	50,179	-	50,179
Charges for service	388,425	-	388,425
Use of money and property	49,789	-	49,789
Miscellaneous	580,034	260,454	319,580
Total receipts	<u>9,914,294</u>	<u>399,034</u>	<u>9,515,260</u>
<b>Disbursements:</b>			
Public safety and legal services	1,496,285	-	1,496,285
Physical health and social services	400,793	-	400,793
Mental health	352,959	-	352,959
County environment and education	776,203	-	776,203
Roads and transportation	4,267,843	-	4,267,843
Governmental services to residents	338,007	-	338,007
Administration	1,455,077	-	1,455,077
Non-program	60,000	-	60,000
Debt service	26,160	26,160	-
Capital projects	221,774	153,515	68,259
Total disbursements	<u>9,395,101</u>	<u>179,675</u>	<u>9,215,426</u>
Excess (deficiency) of receipts over (under) disbursements	519,193	219,359	299,834
Other financing uses	(233,713)	(233,713)	-
Excess (deficiency) of receipts over (under) disbursements and other financing uses	285,480	(14,354)	299,834
Balance beginning of year	4,170,796	432,991	3,737,805
Balance end of year	<u>\$ 4,456,276</u>	<u>418,637</u>	<u>4,037,639</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,238,262	5,235,262	30,887
5,000	15,000	8,632
3,328,929	3,582,297	(164,791)
56,725	56,725	(6,546)
357,500	372,500	15,925
49,081	41,281	8,508
282,725	287,575	32,005
9,318,222	9,590,640	(75,380)
1,437,035	1,519,485	23,200
490,465	460,465	59,672
392,486	392,486	39,527
785,135	898,795	122,592
4,291,220	4,447,927	180,084
341,325	347,325	9,318
1,563,998	1,574,998	119,921
60,000	60,000	-
-	-	-
64,500	94,500	26,241
9,426,164	9,795,981	580,555
(107,942)	(205,341)	505,175
-	-	-
(107,942)	(205,341)	505,175
3,530,780	3,716,050	21,755
3,422,838	3,510,709	526,930

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Greene County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,914,294	(28,840)	9,885,454
Expenditures	9,395,101	492,247	9,887,348
Net	519,193	(521,087)	(1,894)
Other financing sources (uses), net	(233,713)	323,659	89,946
Beginning fund balances	4,170,796	1,565,251	5,736,047
Ending fund balances	\$ 4,456,276	1,367,823	5,824,099

See accompanying independent auditor's report.

Greene County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$369,817. 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.

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted by function.

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Greene County

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

Required Supplementary Information

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Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 262	262	0.0%	\$ 2,729	9.6%
2011	Jul 1, 2009	-	262	262	0.0	2,882	9.1
2012	Jul 1, 2009	-	262	262	0.0	2,984	8.8
2013	Jul 1, 2012	-	289	289	0.0	3,122	9.3
2014	Jul 1, 2012	-	289	289	0.0	3,153	9.2

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**Supplementary Information**

Greene County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2014

	County Recorder's Records		
	Management	REAP	Forfeiture
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 7,224	13,251	1,266
Receivables:			
Accrued interest	1	3	-
Drainage assessments	-	-	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 7,225</b>	<b>13,254</b>	<b>1,266</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	6,311	494
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for:			
Drainage warrants	-	-	-
Other purposes	7,225	6,943	772
Total fund balances	7,225	6,943	772
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,225</b>	<b>13,254</b>	<b>1,266</b>

See accompanying independent auditor's report.

Special Revenue				
Drainage Districts	Local Option Sales Tax	K-9	Ethanol Plant Agreement	Total
418,637	468,006	5,620	71,985	985,989
-	-	-	-	4
90,003	-	-	-	90,003
-	28,349	-	-	28,349
508,640	496,355	5,620	71,985	1,104,345
4,312	19,626	-	-	30,743
90,003	-	-	-	90,003
414,325	-	-	-	414,325
-	476,729	5,620	71,985	569,274
414,325	476,729	5,620	71,985	983,599
508,640	496,355	5,620	71,985	1,104,345

Greene County

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

Year ended June 30, 2014

	County Recorder's Records		
	Management	REAP	Forfeiture
<b>Revenues:</b>			
Local option sales and services tax	\$ -	-	-
Intergovernmental	-	12,808	-
Charges for service	2,053	-	-
Use of money and property	9	29	-
Miscellaneous	-	-	3,369
Total revenues	<u>2,062</u>	<u>12,837</u>	<u>3,369</u>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	-	-	5,823
County environment and education	-	-	-
Debt service	-	-	-
Capital projects	-	24,307	-
Total expenditures	<u>-</u>	<u>24,307</u>	<u>5,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,062</u>	<u>(11,470)</u>	<u>(2,454)</u>
<b>Other financing sources (uses):</b>			
Drainage warrants issued	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	2,062	(11,470)	(2,454)
Fund balances beginning of year	<u>5,163</u>	<u>18,413</u>	<u>3,226</u>
Fund balances end of year	<u>\$ 7,225</u>	<u>6,943</u>	<u>772</u>

See accompanying independent auditor's report.

Special Revenue				
Drainage Districts	Local Option Sales Tax	K-9	Ethanol Plant Agreement	Total
-	363,453	-	-	363,453
-	-	-	-	12,808
-	-	-	-	2,053
-	-	-	-	38
260,454	-	14,593	50,000	328,416
260,454	363,453	14,593	50,000	706,768
-	71,326	10,000	-	87,149
-	-	-	60,000	60,000
349,820	-	-	-	349,820
156,876	-	-	-	181,183
506,696	71,326	10,000	60,000	678,152
(246,242)	292,127	4,593	(10,000)	28,616
89,946	-	-	-	89,946
-	(180,000)	-	-	(180,000)
89,946	(180,000)	-	-	(90,054)
(156,296)	112,127	4,593	(10,000)	(61,438)
570,621	364,602	1,027	81,985	1,045,037
414,325	476,729	5,620	71,985	983,599

Greene County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,485	332,021	109,313
Other County officials	18,232	-	-	-
Receivables:				
Property tax:				
Delinquent	-	170	287	7,258
Succeeding year	-	175,000	342,000	7,162,000
Accounts	15,199	-	-	-
Special assessments	-	-	-	-
<b>Total assets</b>	<b>\$ 33,431</b>	<b>177,655</b>	<b>674,308</b>	<b>7,278,571</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	314	-
Due to other governments	30,226	177,655	663,013	7,278,571
Trusts payable	3,205	-	-	-
Compensated absences	-	-	10,981	-
<b>Total liabilities</b>	<b>\$ 33,431</b>	<b>177,655</b>	<b>674,308</b>	<b>7,278,571</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
7,185	33,501	3,047	3,641	283,097	22,671	51,491	848,452
-	-	-	-	-	-	117,097	135,329
497	5,374	120	-	-	1,550	2	15,258
514,000	2,363,000	229,000	-	-	1,597,000	2,000	12,384,000
-	-	-	-	-	-	-	15,199
-	-	-	27,956	-	-	-	27,956
521,682	2,401,875	232,167	31,597	283,097	1,621,221	170,590	13,426,194
-	-	-	-	-	-	-	314
521,682	2,401,875	232,167	31,597	283,097	1,621,221	130,329	13,371,433
-	-	-	-	-	-	40,261	43,466
-	-	-	-	-	-	-	10,981
521,682	2,401,875	232,167	31,597	283,097	1,621,221	170,590	13,426,194

Greene County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 28,123	174,405	578,730	7,571,886
Additions:				
Property and other county tax	-	175,427	342,533	7,182,273
State tax credits	-	9,723	16,440	425,366
E911 surcharge	-	-	-	-
Office fees and collections	280,505	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	222,977	-	-	-
Miscellaneous	-	-	35	-
Total additions	503,482	185,150	359,008	7,607,639
Deductions:				
Agency remittances:				
To other funds	119,277	-	-	-
To other governments	156,251	181,900	263,430	7,900,954
Trusts paid out	222,646	-	-	-
Total deductions	498,174	181,900	263,430	7,900,954
Balances end of year	\$ 33,431	177,655	674,308	7,278,571

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
503,489	2,432,872	214,094	33,013	223,419	1,592,939	103,880	13,456,850
514,583	2,337,112	229,428	-	-	1,599,250	1,897	12,382,503
28,122	143,086	11,670	-	-	88,718	107	723,232
-	-	-	-	-	-	133,799	133,799
-	-	-	-	-	-	-	280,505
-	-	-	-	3,313,575	-	-	3,313,575
-	-	-	18,133	-	-	-	18,133
-	-	-	-	-	-	14,214	237,191
-	-	-	-	-	-	185,314	185,349
542,705	2,480,198	241,098	18,133	3,313,575	1,687,968	335,331	17,274,287
-	-	-	-	121,697	-	-	240,974
524,512	2,511,195	223,025	19,549	3,132,200	1,659,686	257,096	16,829,798
-	-	-	-	-	-	11,525	234,171
524,512	2,511,195	223,025	19,549	3,253,897	1,659,686	268,621	17,304,943
521,682	2,401,875	232,167	31,597	283,097	1,621,221	170,590	13,426,194

Greene County

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

For the Last Ten Years

	2014	2013	2012	2011
<b>Revenues:</b>				
Property and other county tax	\$ 4,876,014	5,050,566	4,651,181	4,964,479
Local option sales and services tax	363,453	330,372	335,478	334,826
Interest and penalty on property tax	23,963	22,814	24,080	32,089
Intergovernmental	3,557,257	3,480,544	3,756,555	4,767,583
Licenses and permits	50,269	50,377	56,797	49,114
Charges for service	388,136	344,026	410,704	410,474
Use of money and property	49,371	52,357	38,425	47,782
Miscellaneous	576,991	1,031,202	719,594	677,114
<b>Total</b>	<b>\$ 9,885,454</b>	<b>10,362,258</b>	<b>9,992,814</b>	<b>11,283,461</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,501,937	1,388,685	1,340,259	1,345,041
Physical health and social services	402,455	399,292	365,858	397,472
Mental health	353,076	319,807	1,422,092	1,226,104
County environment and education	840,761	804,143	815,295	780,196
Roads and transportation	4,424,435	3,973,101	3,834,991	4,137,876
Governmental services to residents	337,782	454,932	347,980	323,357
Administration	1,451,872	1,454,755	1,394,137	1,338,824
Non-program	-	-	26,000	36,692
Debt service	349,820	719,667	224,505	263,106
Capital projects	225,210	541,880	654,489	642,159
<b>Total</b>	<b>\$ 9,887,348</b>	<b>\$ 10,056,262</b>	<b>10,425,606</b>	<b>10,490,827</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
4,438,624	4,220,867	3,956,141	4,069,403	3,986,253	3,640,552
359,816	356,170	281,558	127,529	-	-
26,982	26,415	24,310	24,353	35,501	29,058
4,010,169	4,300,228	3,746,259	3,796,036	3,914,161	3,441,682
40,939	41,346	43,750	37,922	35,578	32,157
345,286	351,902	328,665	339,564	343,893	318,495
45,248	70,207	161,155	198,307	122,668	80,580
618,629	358,326	577,460	297,837	252,281	185,920
9,885,693	9,725,461	9,119,298	8,890,951	8,690,335	7,728,444
1,333,360	1,225,669	1,155,960	1,073,381	1,019,817	964,140
432,946	340,039	269,015	275,513	259,664	250,503
1,087,399	1,240,352	1,437,086	1,362,286	1,276,025	1,189,201
839,485	734,774	1,078,820	964,617	739,948	691,979
4,315,317	3,700,267	3,950,150	3,399,286	3,325,074	2,999,673
318,275	321,528	291,266	273,210	340,250	271,529
1,247,531	1,185,034	1,100,080	1,213,871	1,086,544	1,044,304
-	-	-	4,296	28,753	7,601
218,979	137,275	147,472	12,604	369,683	48,197
367,625	477,540	370,306	223,843	425,752	222,409
10,160,917	9,362,478	9,800,155	8,802,907	8,871,510	7,689,536

**Greene County**



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Officials of Greene County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greene County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greene 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 Greene County's internal control. Accordingly, we do not express an opinion on the effectiveness of Greene County's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) through (D) to be significant deficiencies.

## Compliance and Other Matters

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

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

## Greene County's Responses to the Findings

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

## Purpose of this Report

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

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

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 4, 2015

Greene County  
Schedule of Findings  
Year ended June 30, 2014

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – opening and listing mail receipts (at least on a test basis), collecting, depositing, posting and daily reconciling and change fund custodian.	County Treasurer, County Sheriff and County Extension Office
(2) Disbursements – preparing and signing checks.	County Recorder
(3) Independent review of the bank reconciliation was not documented by the signature or initials of the preparer and the reviewer and the date of the review.	County Sheriff

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The officials should utilize current personnel, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

County Treasurer – I will continue to work on segregation of duties in the operation of the office.

County Sheriff – The Sheriff will contact the County Auditor’s office for reconciliation support. Additionally, the Sheriff’s office hired a second person at the front reception area. She will be instructed to assist with reconciliations.

County Recorder – I will continue to work on segregation of duties in the operation of the office.

County Extension Office – We will continue to work with the number of staff we have to segregate duties as best we can and will periodically evaluate our procedures for maximum control and efficiency.

Conclusions – Responses accepted.

Greene County

Schedule of Findings

Year ended June 30, 2014

- (B) Compensated Absences – Certain employees have accumulated vacation and compensatory time hours in excess of the maximum hours allowed to be carried forward to the next year under the County's personnel policy and union agreement.

Recommendation – The County should comply with its personnel policy and union agreement.

Response – We agree and will continue to work to adhere to our policy and union agreement. Additionally, in October 2014 the Board addressed this issue and set maximum accumulation hours for non-collective bargaining employees which will be monitored through the payroll system.

Conclusion – Response accepted.

- (C) County Sheriff – After taking the deposit to the bank, the bank deposit receipt received from the bank should be compared to the cash receipt journal to ensure proper recording. The Sheriff's Office does not compare the bank deposit receipt to the cash receipt journal.

Recommendation – The bank deposit receipt should be compared to the cash receipt journal and the review should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will ask the County Auditor to assist with comparing receipts.

Conclusion – Response accepted.

- (D) Bike Trail Receipts – The Conservation department charges a permit fee for use of the County portion of the Raccoon River Valley Bike Trail. Bike trail users fill out an envelope and insert payment either at the courthouse, which are collected in the County Recorder's Office, or on the trail, which are put into a drop box. Conservation periodically picks up the envelopes from each location, fills out the permit log and deposits the fees with the County Treasurer. During testing, we noted instances where the total of the permit log did not agree to the corresponding deposit.

Recommendation – The Conservation Department should develop procedures to ensure the amount entered in the permit log and deposited with the County Treasurer agree.

Response – We will have County Treasurer staff initial off on the permit log deposit sub-total lines to indicate they are in agreement with the amount remitted to the County Treasurer.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Greene County  
Schedule of Findings  
Year ended June 30, 2014

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mike Wyatt, Custodian, owner of Wyatt Water Conditioning	Supplies	\$ 699
Russ Cousins and Greg Ruth, Owners of C&R Construction, father and husband of Treasurer’s Office employee Maralie Ruth	Conservation Department construction project	21,250

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Wyatt Water Conditioning do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

The transaction with C&R Construction for the Conservation Department construction project does not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(d) since Maralie Ruth’s employment is not directly affected as a result of the contract and the duties of her employment do not directly involve procurement or preparation of any part of the contract.

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

Greene County

Schedule of Findings

Year ended June 30, 2014

- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

Greene County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager  
Leanna J. Showman, Staff Auditor  
Melissa A. Hastert, Staff Auditor  
Ryan J. Magill, Assistant Auditor  
Erin J. Sietstra, Assistant Auditor  
Ryan P. Swanson, Assistant Auditor  
Gabriela N. Davila, Auditor Intern

A handwritten signature in cursive script that reads "Andrew E. Nielsen". The signature is written in black ink and is positioned above the printed name and title.

Andrew E. Nielsen, CPA  
Deputy Auditor of State