



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

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**NEWS RELEASE**

FOR RELEASE

March 30, 2007

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Greene County, Iowa.

The County had local tax revenue of \$15,022,217 for the year ended June 30, 2006, which included \$1,322,863 in tax credits from the state. The County forwarded \$10,749,491 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,272,726 of the local tax revenue to finance County operations, an 8.8 percent increase over the prior year. Other revenues included charges for service of \$754,723, operating grants, contributions and restricted interest of \$3,235,745, capital grants, contributions and restricted interest of \$1,473,506, unrestricted investment earnings of \$110,254 and other general revenues of \$383,048.

Expenses for County operations totaled \$9,386,395, a 22.4 percent increase over the prior year. Expenses included \$4,032,861 for roads and transportation, \$1,276,025 for mental health and \$1,184,190 for administration.

The significant increase in expenses is due primarily to increases in maintenance and construction on road and bridge projects, fuel costs and secondary road material inventory costs.

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/reports.htm>.

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**GREENE COUNTY**

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

**JUNE 30, 2006**

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**Greene County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Terrance F. Adams	Board of Supervisors	Jan 2007
Duane Larson	Board of Supervisors	Jan 2007
Mary Jane Fields	Board of Supervisors	Jan 2009
John Muir	Board of Supervisors	Jan 2009
Guy Richardson	Board of Supervisors	Jan 2009
Jane Heun	County Auditor	Jan 2009
Donna Lawson	County Treasurer	Jan 2007
Marcia Tasler	County Recorder	Jan 2007
Thomas F. Heater	County Sheriff	Jan 2009
Nicola J. Martino	County Attorney	Jan 2007
Linda Spearman	County Assessor	Jan 2011

**Greene County**



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

Independent Auditor's Report

To the Officials of Greene County:

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, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Greene County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Greene County at June 30, 2006, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2006 on our consideration of Greene County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 40 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greene County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 20, 2006

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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, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2006 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 24.3%, or approximately \$2,000,000, from fiscal 2005 to fiscal 2006. Property tax increased approximately \$328,000 from fiscal 2005, primarily because of the need to replenish fund balances and increased costs related to new election equipment. Operating grants, contributions and restricted interest increased approximately \$357,000 and capital grants, contributions and restricted interest increased approximately \$886,000.
- The program expenses of the County's governmental activities increased 22.4%, or approximately \$1,718,000. Roads and transportation expenses increased approximately \$1,034,000 and county environment and education expenses increased approximately \$96,000
- The County's net assets increased 5.46%, or approximately \$844,000, from June 30, 2005 to June 30, 2006.

### **USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of 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 statements by providing information about the most significant funds. The remaining statements provide financial 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 that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

### *Fund Financial Statements*

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can 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) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage district funds, emergency management services, the County Assessor and all the property tax funds necessary to collect and distribute the taxes to schools, cities, townships and all other taxing authorities. Greene County excludes these activities from the county-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 fund financial statements follow the fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis below focuses on the changes in the County's net assets for governmental activities.

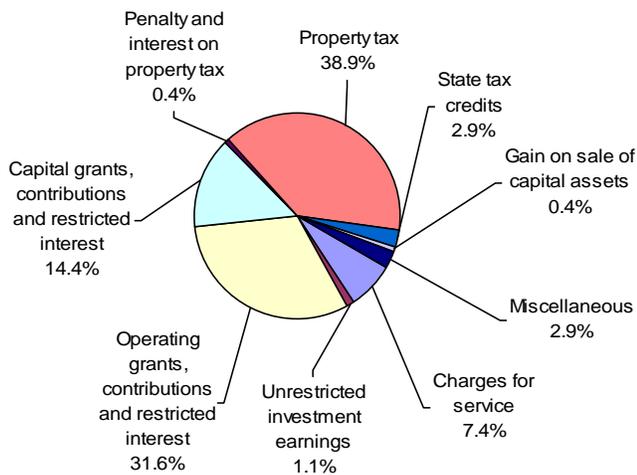
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2006	2005
Current and other assets	\$ 8,415	8,228
Capital assets	12,817	12,172
Total assets	<u>21,232</u>	<u>20,400</u>
Long-term liabilities	292	297
Other liabilities	4,637	4,644
Total liabilities	<u>4,929</u>	<u>4,941</u>
Net assets:		
Invested in capital assets, net of related debt	12,806	12,155
Restricted	2,363	1,974
Unrestricted	1,134	1,330
Total net assets	<u>\$ 16,303</u>	<u>15,459</u>

Net assets of Greene County's governmental activities increased by approximately \$844,000, or 5.46%. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$1,330,000 at June 30, 2005 to approximately \$1,134,000 at the end of this year, a decrease of 14.74%.

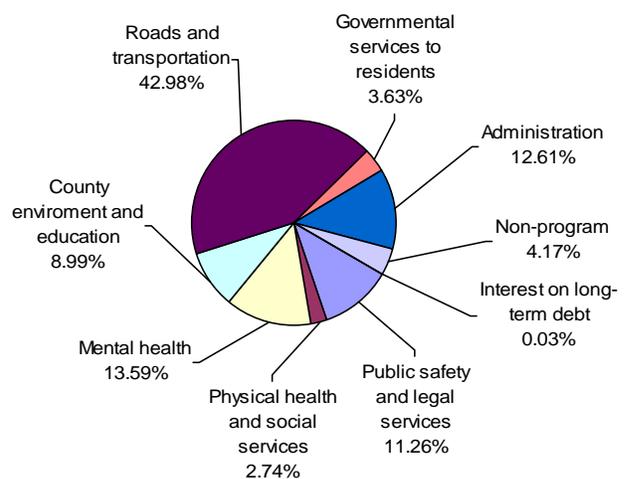
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2006	2005
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 755	632
Operating grants, contributions and restricted interest	3,236	2,879
Capital grants, contributions and restricted interest	1,474	588
<b>General revenues:</b>		
Property tax	3,980	3,652
Penalty and interest on property tax	40	37
State tax credits	292	274
Unrestricted investment earnings	110	47
Gain on sale of capital assets	300	80
Miscellaneous	43	41
<b>Total revenues</b>	<b>10,230</b>	<b>8,230</b>
<b>Program expenses:</b>		
Public safety and legal services	1,057	1,019
Physical health and social services	257	253
Mental health	1,276	1,189
County environment and education	844	748
Roads and transportation	4,033	2,999
Governmental services to residents	341	275
Administration	1,184	1,122
Non-program	391	57
Interest on long-term debt	3	6
<b>Total expenses</b>	<b>9,386</b>	<b>7,668</b>
<b>Increase in net assets</b>	<b>844</b>	<b>562</b>
<b>Net assets beginning of year</b>	<b>15,459</b>	<b>14,897</b>
<b>Net assets end of year</b>	<b>\$ 16,303</b>	<b>15,459</b>

**Revenue by Source**



**Expenditures by Program**



Greene County increased property taxes levied county-wide by \$343,246, or 13.12%, and decreased rural property taxes levied by \$18,397, or 1.57%. Taxable value (without gas and electric utilities) for each and total dollars levied are as follows:

	For Taxes Levied	
	FY 2006	FY 2005
County-wide taxable value	\$ 389,631,138	383,543,736
Dollars levied county-wide	2,959,658	2,616,412
Rural taxable value	261,401,302	259,680,567
Dollars levied rural area only	1,150,166	1,168,563
Total dollars levied	4,109,824	3,784,975

County-wide property tax revenue is budgeted to decrease by approximately \$41,000 in FY07, while rural services property tax revenue is budgeted to increase by \$108,000. County-wide taxable value (w/o gas and electric utilities) increases slightly in FY07 to \$403,095,695 (3.46%) after the severe decrease in rural valuation statewide in FY05 and 1.59% increase in FY06.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Greene County completed the year, its governmental funds reported a combined fund balance of \$3.63 million, an increase of approximately \$159,000 above last year's total of \$3.47 million. The increase in fund balance is primarily attributable to holding total expenditures below revenues. 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 \$419,000 while expenditures also increased approximately \$546,000. The ending fund balance increased approximately \$173,000 over the prior year to approximately \$1,328,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. The County raised its mental health levy rate to 100% of the maximum allowable levy from the previous year's 70% levy dollars in an effort to leverage additional state funds. The ending fund balance increased approximately \$86,000, or 163%, from the prior year to approximately \$138,000.
- The Rural Services Fund balance decreased approximately \$59,000, while transfers to the Secondary Roads Fund from the Rural Services Fund remained nearly unchanged.
- Secondary Roads Fund expenditures increased approximately \$505,000 from the prior year, due mainly to construction on road projects during fiscal year 2006. Capital projects expenditures increased from zero during the prior year to approximately \$179,000 during the current year due to two bridge projects, one of which was shared with Guthrie County. Greatly rising fuel costs and stockpiling of metal pipe and blades in anticipation of rising steel prices also contributed to the increase in expenditures.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Greene County amended its budget three times. The first amendment was made in October 2005 and resulted in an increase in budgeted receipts of \$493,281 and an increase in budgeted disbursements of \$513,281. This amendment was made to increase housing grant flow through funds, wetland development receipts/disbursements and for the Lion's Club Tree Park project. The beginning fund balance was also adjusted to reflect actual. The second amendment was made in January 2006 to increase receipt estimates by

\$30,000 and increase overall disbursements by \$73,500, mostly on behalf of the Sheriff's Department. The third amendment was made in April 2006 to increase receipts by \$415,079 and increase disbursements by \$340,960. Repayment of debt from the County's residential care facility of \$318,410 with proceeds from the sale of County farm ground and funds from the County's reserves was the catalyst for this amendment.

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

- County-wide taxable valuation rose nearly \$6.1M (1.59%) from the prior year's taxable valuation. Likewise, rural taxable valuation gained approximately \$1.7M (.66%). These barely rising increases in county-wide and rural valuations compelled the Board of Supervisors to continue with the general and rural basic levies above the statutory limits. Discretionary funding of outside agencies was again held mostly to prior year levels.
- Elected officials did receive varying salary increases, from \$750 for Supervisors, \$1,200 each for the Auditor, Recorder and Treasurer, \$2,500 for the Sheriff and \$5,640 for the Attorney.
- Additional uniform patrol costs of the Sheriff were moved from the General Fund budget to the Rural Services Fund budget (from \$170,000 in FY05 to \$250,000 in FY06).

The County's actual receipts were \$265,753 less than budgeted, a variance of 3%. The variance resulted from the County receiving less intergovernmental receipts than anticipated. \$134,000 of anticipated housing grant funds for the fiscal year was not received until the next year when the funds were actually expended and \$300,000 for the Lincoln Highway Interpretive Site was budgeted but not received since the project was not completed during the fiscal year.

Total actual disbursements were \$723,751 less than the amended budget, a variance of 7.8%. Actual disbursements for the county environment and education and capital projects functions were \$149,895 and \$322,806, respectively, less than budgeted. As related to the receipt variance above, \$134,000 for a housing grant (county environment) was not disbursed until the next fiscal year. Again, \$300,000 was budgeted for the Lincoln Highway Interpretive Site (capital projects), but the project only had \$21,000 disbursed during the fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2006, Greene County had approximately \$12.8 million invested in a broad range of capital assets, including public safety equipment, building, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$645,000, or 5.3%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2006	2005
Land	\$ 1,279	1,279
Buildings and improvements	1,105	1,059
Equipment and vehicles	3,120	3,377
Construction in progress	985	-
Infrastructure	6,328	6,457
Total	\$ 12,817	12,172

This year's major additions included the capital assets contributed by the Iowa Department of Transportation totaling \$1,161,838, and \$43,000 for electrical improvements to the courthouse which are to be completed in FY07.

The County had depreciation expense of \$807,296 in FY06 and total accumulated depreciation of \$8,056,106 at June 30, 2006. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

**Long-Term Debt**

At June 30, 2006, Greene County had \$132,804 of outstanding debt compared to \$108,442 at June 30, 2005, as shown below.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2006	2005
Capital lease purchase agreement	\$ 10,690	16,481
Drainage warrants	122,114	91,961
Total	\$ 132,804	108,442

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

Greene County's elected and appointed officials and citizens considered many factors when setting the fiscal 2007 budget, tax rates and fees charged for various County activities. After weathering the effects of a 28% drop in the rural valuation from FY04 to FY05, the County's FY07 countywide and rural valuations (w/o gas and electric utilities) rose slightly by 3.46% and 5.89% respectively. As in fiscal 2006, the Board's budget exceeded the maximum levies in both general and rural services as permitted by Iowa Code due to the extraordinary circumstances clause. Property tax is anticipated to increase approximately \$67,000. Expenditures for 2007 include completion of the Lincoln Highway Interpretive Site and completion of the Phase 2 electrical upgrade to the courthouse, estimated to cost a total of \$179,000.

Greene County will also vote on whether or not to impose a 1% local options sales and services tax in all areas of the county other than the City of Churdan, which previously passed this tax.

**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.

**Greene County**

## **Basic Financial Statements**

**Exhibit A**

Greene County  
Statement of Net Assets  
June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 2,940,462
Receivables:	
Property tax:	
Delinquent	7,840
Succeeding year	4,065,000
Interest and penalty on property tax	16,936
Accounts	6,436
Accrued interest	14,188
Drainage assessments	121,523
Due from other governments	288,853
Inventories	953,724
Capital assets (net of accumulated depreciation)	12,816,858
<b>Total assets</b>	<u>21,231,820</u>
<b>Liabilities</b>	
Accounts payable	287,838
Accrued interest payable	711
Salaries and benefits payable	5,219
Contracts payable	100,379
Due to other governments	177,857
Deferred revenue:	
Succeeding year property tax	4,065,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	5,173
Compensated absences	105,357
Portion due or payable after one year:	
Capital lease purchase agreement	5,517
Drainage warrants	122,114
Compensated absences	53,876
<b>Total liabilities</b>	<u>4,929,041</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	12,806,168
Restricted for:	
Supplemental levy purposes	355,222
Mental health purposes	139,892
Secondary roads purposes	1,458,716
Other purposes	409,058
Unrestricted	1,133,723
<b>Total net assets</b>	<u>\$ 16,302,779</u>

See notes to financial statements.

Greene County

Statement of Activities

Year ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		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	\$ 1,056,728	118,765	27,016	-	(910,947)
Physical health and social services	257,291	8,517	29,100	-	(219,674)
Mental health	1,276,025	40,020	690,970	-	(545,035)
County environment and education	843,666	97,732	9,517	268,672	(467,745)
Roads and transportation	4,032,861	194,107	2,387,130	1,204,834	(246,790)
Governmental services to residents	341,435	179,189	92,012	-	(70,234)
Administration	1,184,190	12,265	-	-	(1,171,925)
Non-program	391,434	104,128	-	-	(287,306)
Interest on long-term debt	2,765	-	-	-	(2,765)
<b>Total</b>	<b>\$ 9,386,395</b>	<b>754,723</b>	<b>3,235,745</b>	<b>1,473,506</b>	<b>(3,922,421)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					3,980,452
Penalty and interest on property tax					40,036
State tax credits					292,274
Unrestricted investment earnings					110,254
Gain on sale of capital assets					299,573
Miscellaneous					43,439
<b>Total general revenues</b>					<b>4,766,028</b>
Change in net assets					843,607
Net assets beginning of year					15,459,172
Net assets end of year					<b>\$ 16,302,779</b>

See notes to financial statements.

Greene County  
Balance Sheet  
Governmental Funds

June 30, 2006

<b>Assets</b>	General	Mental Health
Cash and pooled investments	\$ 1,358,899	328,172
Receivables:		
Property tax:		
Delinquent	5,949	1,531
Succeeding year	2,250,000	590,000
Interest and penalty on property tax	16,936	-
Accounts	405	-
Accrued interest	13,575	-
Drainage assessments	-	-
Due from other funds	-	-
Due from other governments	94,592	713
Inventories	-	-
<b>Total assets</b>	<b>\$ 3,740,356</b>	<b>920,416</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 117,720	30,613
Salaries and benefits payable	1,988	-
Contracts payable	-	-
Due to other funds	3,131	-
Due to other governments	16,672	159,911
Deferred revenue:		
Succeeding year property tax	2,250,000	590,000
Other	22,387	1,455
Total liabilities	2,411,898	781,979
Fund balances:		
Reserved for:		
Supplemental levy purposes	355,148	-
Inventories	-	-
Drainage warrants	-	-
Unreserved, reported in:		
General fund	973,310	-
Special revenue funds	-	138,437
Capital projects fund	-	-
Total fund balances	1,328,458	138,437
<b>Total liabilities and fund balances</b>	<b>\$ 3,740,356</b>	<b>920,416</b>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
176,967	656,484	419,940	2,940,462
360	-	-	7,840
1,225,000	-	-	4,065,000
-	-	-	16,936
-	6,031	-	6,436
-	592	21	14,188
-	-	121,523	121,523
-	5,488	-	5,488
5,556	183,037	4,955	288,853
-	953,724	-	953,724
1,407,883	1,805,356	546,439	8,420,450
2,480	121,758	15,267	287,838
2,001	1,230	-	5,219
-	100,379	-	100,379
2,357	-	-	5,488
-	1,274	-	177,857
1,225,000	-	-	4,065,000
360	-	121,523	145,725
1,232,198	224,641	136,790	4,787,506
-	-	-	355,148
-	953,724	-	953,724
-	-	340,059	340,059
-	-	-	973,310
175,685	626,991	69,587	1,010,700
-	-	3	3
175,685	1,580,715	409,649	3,632,944
1,407,883	1,805,356	546,439	8,420,450

**Greene County**

Greene County

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

June 30, 2006

**Total governmental fund balances (page 19)** \$ 3,632,944

***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$20,872,964 and the accumulated depreciation is \$8,056,106. 12,816,858

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 145,725

Long-term liabilities, including a capital lease purchase agreement, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (292,748)

**Net assets of governmental activities (page 16)** \$ 16,302,779

See notes to financial statements.

Greene County

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

Year ended June 30, 2006

	General	Mental Health
Revenues:		
Property and other county tax	\$ 2,285,811	587,996
Interest and penalty on property tax	35,501	-
Intergovernmental	478,549	773,788
Licenses and permits	7,167	-
Charges for service	322,102	-
Use of money and property	122,425	-
Miscellaneous	11,810	6
Total revenues	3,263,365	1,361,790
Expenditures:		
Operating:		
Public safety and legal services	765,831	-
Physical health and social services	259,664	-
Mental health	-	1,276,025
County environment and education	478,181	-
Roads and transportation	-	-
Governmental services to residents	333,301	-
Administration	1,086,534	-
Non-program	28,753	-
Debt service	318,410	-
Capital projects	21,017	-
Total expenditures	3,291,691	1,276,025
Excess (deficiency) of revenues over (under) expenditures	(28,326)	85,765
Other financing sources (uses):		
Sale of capital assets	261,214	-
Operating transfers in	-	-
Operating transfers out	(60,000)	-
Drainage warrants issued	-	-
Total other financing sources (uses)	201,214	-
Net change in fund balances	172,888	85,765
Fund balances beginning of year	1,155,570	52,672
Fund balances end of year	\$ 1,328,458	138,437

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
1,112,446	-	-	3,986,253
-	-	-	35,501
149,692	2,387,130	125,002	3,914,161
-	28,411	-	35,578
-	19,209	2,582	343,893
-	-	243	122,668
-	165,696	74,769	252,281
1,262,138	2,600,446	202,596	8,690,335
252,753	-	1,233	1,019,817
-	-	-	259,664
-	-	-	1,276,025
261,767	-	-	739,948
-	3,325,074	-	3,325,074
-	-	6,949	340,250
10	-	-	1,086,544
-	-	-	28,753
-	-	51,273	369,683
-	179,164	225,571	425,752
514,530	3,504,238	285,026	8,871,510
747,608	(903,792)	(82,430)	(181,175)
-	-	-	261,214
-	827,074	40,000	867,074
(807,074)	-	-	(867,074)
-	-	78,661	78,661
(807,074)	827,074	118,661	339,875
(59,466)	(76,718)	36,231	158,700
235,151	1,657,433	373,418	3,474,244
175,685	1,580,715	409,649	3,632,944

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, 2006

**Net change in fund balances - Total governmental funds (page 23)** \$ 158,700

***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	\$ 252,370	
Capital assets contributed by the Iowa Department of Transportation	1,161,838	
Depreciation expense	(807,296)	606,912

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 38,359

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

Property tax	(5,801)	
Other	41,061	35,260

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

Issued	(78,661)	
Repaid	54,299	(24,362)

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	29,356	
Interest on long-term debt	(618)	28,738

**Change in net assets of governmental activities (page 17)** \$ 843,607

See notes to financial statements.

Greene County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2006

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 677,702
Other County officials	10,046
Receivables:	
Property tax:	
Delinquent	35,059
Succeeding year	10,073,000
Accounts	7
Special assessments	4,011
Due from other funds	251
<b>Total assets</b>	<b>10,800,076</b>

**Liabilities**

Accounts payable	1,048
Salaries and benefits payable	2,332
Due to other funds	251
Due to other governments	10,776,268
Trusts payable	11,966
Compensated absences	8,211
<b>Total liabilities</b>	<b>10,800,076</b>

<b>Net assets</b>	<b>\$ -</b>
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See notes to financial statements.

Greene County

Notes to Financial Statements

June 30, 2006

**(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 that 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 that 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.

The Raccoon River Valley Trail Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Greene County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial transactions of the Foundation are reported as a Special Revenue Fund.

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 Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary roads construction and maintenance.

Additionally, the County reports the following funds:

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

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.

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, 2006, 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 in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings 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.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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 Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### E. Budgets and Budgetary Accounting

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

#### **(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2006 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, 2006 the County had the following investments:

Type	Fair Value	Maturity
Federal Home Loan Mortgage Corporation (FHLMC) note	\$ 499,700	July 2006
Federal National Mortgage Association (FNMA) note	495,950	August 2006
Federal National Mortgage Association (FNMA) note	493,600	September 2006
FNMA interest only strip	<u>186</u>	February 2017
Total	<u>\$ 1,489,436</u>	

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$155 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Credit risk. The County's FHLMC and FNMA investments at June 30, 2006 are rated AAA by Moody's Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

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, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 3,131
	Special Revenue:	
	Rural Services	<u>2,357</u>
Total		<u>\$ 5,488</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 20,000
	Special Revenue:	
	Rural Services	807,074
Conservation Land Acquisition	General	40,000
Total		<u>\$ 867,074</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, 2006 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,278,533	-	-	1,278,533
Construction in progress	-	1,204,834	(219,351)	985,483
Total capital assets not being depreciated	<u>1,278,533</u>	<u>1,204,834</u>	<u>(219,351)</u>	<u>2,264,016</u>
Capital assets being depreciated:				
Buildings	2,235,977	-	-	2,235,977
Improvements other than buildings	-	83,059	-	83,059
Equipment and vehicles	6,747,563	187,560	(92,000)	6,843,123
Infrastructure, road network	9,227,438	219,351	-	9,446,789
Total capital assets being depreciated	<u>18,210,978</u>	<u>489,970</u>	<u>(92,000)</u>	<u>18,608,948</u>
Less accumulated depreciation for:				
Buildings	1,177,433	36,631	-	1,214,064
Equipment and vehicles	3,370,166	421,804	(69,114)	3,722,856
Infrastructure, road network	2,770,325	348,861	-	3,119,186
Total accumulated depreciation	<u>7,317,924</u>	<u>807,296</u>	<u>(69,114)</u>	<u>8,056,106</u>
Total capital assets being depreciated, net	<u>10,893,054</u>	<u>(317,326)</u>	<u>(22,886)</u>	<u>10,552,842</u>
Governmental activities capital assets, net	<u>\$ 12,171,587</u>	<u>887,508</u>	<u>(242,237)</u>	<u>12,816,858</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 54,453
Physical health and social services	600
County environment and education	28,551
Roads and transportation	623,792
Governmental services to residents	850
Administration	99,050
Total depreciation expense - governmental activities	<u>\$ 807,296</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 is as follows:

Fund	Description	Amount
General	Services	\$ 16,672
Special Revenue:		
Mental Health	Services	159,911
Secondary Roads	Services	1,274
		<u>161,185</u>
Total for governmental funds		<u>\$ 177,857</u>
Agency:		
County Assessor	Collections	\$ 316,062
Schools		6,195,364
Community Colleges		274,315
Corporations		2,238,050
Auto License and Use Tax		192,160
County Hospital		1,163,463
All other		396,854
Total for agency funds		<u>\$ 10,776,268</u>

**(7) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Capital Lease Purchase Agreement	Drainage Warrants	Compensated Absences	Total
Balance beginning of year	\$ 16,481	91,961	188,589	297,031
Increases	-	78,661	168,200	246,861
Decreases	5,791	48,508	197,556	251,855
Balance end of year	\$ 10,690	122,114	159,233	292,037
Due within one year	\$ 5,173	-	105,357	110,530

Capital Lease Purchase Agreement

On May 11, 2005, the County entered into a capital lease purchase agreement to lease a Toro Groundmaster. The following is a schedule of the future minimum lease payments, including interest at 6.65% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2006:

Year ending June 30,	
2007	\$ 5,884
2008	5,884
Total minimum lease payments	<u>11,768</u>
Less amount representing interest	<u>(1,078)</u>
Present value of net minimum lease payments	<u>\$ 10,690</u>

Drainage Warrants Payable

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 Fund solely from drainage assessments against benefited properties.

**(8) Contingent Liabilities**

Medical Center Revenue Bonds

On March 1, 1998, the County issued \$2,405,000 of general obligation refunding bonds, with interest rates ranging from 3.95% to 4.85% per annum, to refund outstanding general obligation bonds issued in 1991 for the Greene County Medical Center.

The County entered into an irrevocable escrow agreement with Bankers Trust Company and deposited cash sufficient to retire the 1991 bonds when callable on May 1, 2001. These bonds were called on May 1, 2001 and are no longer outstanding.

The County is contingently liable on the general obligation refunding bonds. Since the interest and bond principal are currently paid from an annual tax levy certified by the Hospital Board of Trustees, this liability has not been recorded on the Statement of Net Assets. However, since the bonds are a general obligation of the County, a tax may be levied on all taxable property in the County if the revenues of the Greene County Medical Center in future years are not adequate to pay the bond principal and interest. The transactions for this bond issue are accounted for in an Agency Fund.

Details of this general obligation refunding bond indebtedness at June 30, 2006 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2007	4.50%	\$ 195,000	50,992	245,992
2008	4.60	210,000	42,218	252,218
2009	4.65	220,000	32,557	252,557
2010	4.75	225,000	22,328	247,328
2011	4.85	240,000	11,640	251,640
Total		\$ 1,090,000	159,735	1,249,735

E911 Service Board Loan Agreement

On November 11, 2005, the E911 Service Board and the County, as cosigner on the note, entered into a \$243,000 loan agreement with Home State Bank for the purchase of Digital Data and Digital Products. The loan agreement is to be repaid in 10 annual installments of \$35,000, including interest at 4.80% per annum, beginning on June 1, 2007.

The County is contingently liable on the \$243,000 note outstanding at June 30, 2006. Since the interest and note principal is currently paid out of E911 Service Board revenues, this liability has not been recorded in the Statement of Net Assets. 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.

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 a part of the Other Agency Funds, are reported on the modified accrual basis. Accordingly, the assets purchased and bank note payable by the E911 Service Board have not been reported in the E911 Service Board Fund. A formal amortization schedule for the loan has not yet been established.

**(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 3.70% of their annual covered salary and the County is required to contribute 5.75% 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, 2006, 2005 and 2004 were \$153,879, \$150,669 and \$143,941, respectively, equal to the required contributions for each year.

**(10) Risk Management**

Greene County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 531 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2006 were \$132,040.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, 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 claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

**(11) Repayment Agreement for Cedar Lane Estates Affordable Housing Program**

During the period March through October 1, 2005, the County sought an interested party to take over operation of Cedar Lane Estates, the County's adult residential care facility. In a prior year, the County received a \$318,410 Affordable Housing Program grant. One of the grant provisions was the entire \$318,410 is required to be repaid when the County ceases to fund operations for fifteen years and closes the facility. On October 1, 2005, the County closed Cedar Lane Estates.

On January 6, 2006, the County entered into a repayment agreement with the Federal Home Loan Bank to repay the original grant in three annual installments, with no interest, starting August 1, 2006. The County sold approximately 63 acres of farmland at the care facility for \$261,214 in March 2006. The proceeds from the sale and funds from the General Fund were used to repay the \$318,410 grant in April 2006.

**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, 2006

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 3,985,679	-	3,985,679
Interest and penalty on property tax	35,501	-	35,501
Intergovernmental	3,863,519	-	3,863,519
Licenses and permits	33,630	-	33,630
Charges for service	324,695	-	324,695
Use of money and property	132,300	-	132,300
Miscellaneous	243,688	71,973	171,715
Total receipts	<u>8,619,012</u>	<u>71,973</u>	<u>8,547,039</u>
<b>Disbursements:</b>			
Public safety and legal services	1,046,415	-	1,046,415
Physical health and social services	252,792	-	252,792
Mental health	1,224,667	-	1,224,667
County environment and education	704,373	-	704,373
Roads and transportation	3,228,562	-	3,228,562
Governmental services to residents	343,189	-	343,189
Administration	1,093,816	-	1,093,816
Non-program	76,962	48,508	28,454
Debt service	321,176	2,766	318,410
Capital projects	411,647	83,953	327,694
Total disbursements	<u>8,703,599</u>	<u>135,227</u>	<u>8,568,372</u>
Excess (deficiency) of receipts over (under) disbursements	(84,587)	(63,254)	(21,333)
Other financing sources, net	339,875	78,661	261,214
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	255,288	15,407	239,881
Balance beginning of year	<u>2,685,174</u>	<u>332,023</u>	<u>2,353,151</u>
Balance end of year	<u>\$ 2,940,462</u>	<u>347,430</u>	<u>2,593,032</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
3,992,984	3,992,984	(7,305)
20,000	20,000	15,501
3,623,341	4,260,487	(396,968)
7,940	7,940	25,690
278,700	318,700	5,995
54,281	54,281	78,019
158,400	158,400	13,315
8,135,646	8,812,792	(265,753)
988,435	1,077,216	30,801
302,986	304,036	51,244
1,228,100	1,228,100	3,433
749,768	854,268	149,895
3,252,150	3,252,150	23,588
416,117	416,117	72,928
1,158,826	1,158,826	65,010
7,500	32,500	4,046
-	318,410	-
260,500	650,500	322,806
8,364,382	9,292,123	723,751
(228,736)	(479,331)	457,998
-	261,214	-
(228,736)	(218,117)	457,998
2,077,712	2,328,892	24,259
1,848,976	2,110,775	482,257

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Greene County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,619,012	71,323	8,690,335
Expenditures	8,703,599	167,911	8,871,510
Net	(84,587)	(96,588)	(181,175)
Other financing sources, net	339,875	-	339,875
Beginning fund balances	2,685,174	789,070	3,474,244
Ending fund balances	\$ 2,940,462	692,482	3,632,944

See accompanying independent auditor's report.

Greene County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$927,741. 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, 2006, disbursements did not exceed the amounts budgeted.

**Greene County**

**Other Supplementary Information**

Greene County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2006

	Special Revenue			
	County Recorder's Records Management	REAP	County Recorder's Electronic Transaction Fee	Forfeiture
<b>Assets</b>				
Cash and pooled investments	\$ 11,070	30,667	-	3,499
Receivables:				
Accrued interest	14	7	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	4,955	-	-
<b>Total assets</b>	<b>\$ 11,084</b>	<b>35,629</b>	<b>-</b>	<b>3,499</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	-	7,382	-	18
Deferred revenue	-	-	-	-
Total liabilities	-	7,382	-	18
Fund equity:				
Fund balances:				
Reserved for drainage warrants	-	-	-	-
Unreserved, reported in:				
Special revenue funds	11,084	28,247	-	3,481
Capital projects fund	-	-	-	-
Total fund equity	11,084	28,247	-	3,481
<b>Total liabilities and fund equity</b>	<b>\$ 11,084</b>	<b>35,629</b>	<b>-</b>	<b>3,499</b>

See accompanying independent auditor's report.

Drainage Districts	Conservation Land Acquisition	K-9	Raccoon River Valley Trail Foundation	Capital Projects	Total
340,059	27,241	30	7,371	3	419,940
-	-	-	-	-	21
121,523	-	-	-	-	121,523
-	-	-	-	-	4,955
461,582	27,241	30	7,371	3	546,439
-	7,867	-	-	-	15,267
121,523	-	-	-	-	121,523
121,523	7,867	-	-	-	136,790
340,059	-	-	-	-	340,059
-	19,374	30	7,371	-	69,587
-	-	-	-	3	3
340,059	19,374	30	7,371	3	409,649
461,582	27,241	30	7,371	3	546,439

Greene County

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

Year ended June 30, 2006

	County Recorder's Records Management	REAP	County Recorder's Electronic Transaction Fee
<b>Revenues:</b>			
Intergovernmental	\$ -	32,227	-
Charges for service	2,582	-	-
Use of money and property	191	49	3
Miscellaneous	-	-	-
Total revenues	2,773	32,276	3
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	-	-	-
Governmental services to residents	5,188	-	1,761
Debt service	-	-	-
Capital projects	-	25,982	-
Total expenditures	5,188	25,982	1,761
Excess (deficiency) of revenues over (under) expenditures	(2,415)	6,294	(1,758)
<b>Other financing sources:</b>			
Operating transfers in	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(2,415)	6,294	(1,758)
Fund balances beginning of year	13,499	21,953	1,758
Fund balances end of year	\$ 11,084	28,247	-

See accompanying independent auditor's report.

Special Revenue							
Forfeiture	Drainage Districts	Conservation Land Acquisition	K-9	Raccoon River Valley Trail Foundation	Capital Projects		Total
-	-	92,775	-	-	-		125,002
-	-	-	-	-	-		2,582
-	-	-	-	-	-		243
2,403	63,604	348	45	8,369	-		74,769
2,403	63,604	93,123	45	8,369	-		202,596
1,128	-	-	105	-	-		1,233
-	-	-	-	-	-		6,949
-	51,273	-	-	-	-		51,273
-	78,661	115,635	-	5,293	-		225,571
1,128	129,934	115,635	105	5,293	-		285,026
1,275	(66,330)	(22,512)	(60)	3,076	-		(82,430)
-	-	40,000	-	-	-		40,000
-	78,661	-	-	-	-		78,661
-	78,661	40,000	-	-	-		118,661
1,275	12,331	17,488	(60)	3,076	-		36,231
2,206	327,728	1,886	90	4,295	3		373,418
3,481	340,059	19,374	30	7,371	3		409,649

Greene County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,925	72,945	99,529
Other County officials	10,046	-	-	-
Receivables:				
Property tax:				
Delinquent	-	297	705	16,835
Succeeding year	-	118,000	254,000	6,079,000
Accounts	7	-	-	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 10,053</b>	<b>120,222</b>	<b>327,650</b>	<b>6,195,364</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	1,045	-
Salaries and benefits payable	-	-	2,332	-
Due to other funds	251	-	-	-
Due to other governments	8,122	120,222	316,062	6,195,364
Trusts payable	1,680	-	-	-
Compensated absences	-	-	8,211	-
<b>Total liabilities</b>	<b>\$ 10,053</b>	<b>120,222</b>	<b>327,650</b>	<b>6,195,364</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
5,462	27,202	2,656	1,079	192,160	170,008	104,736	677,702
-	-	-	-	-	-	-	10,046
853	14,848	62	-	-	1,455	4	35,059
268,000	2,196,000	164,000	-	-	992,000	2,000	10,073,000
-	-	-	-	-	-	-	7
-	-	-	4,011	-	-	-	4,011
-	-	-	-	-	-	251	251
274,315	2,238,050	166,718	5,090	192,160	1,163,463	106,991	10,800,076
-	-	-	-	-	-	3	1,048
-	-	-	-	-	-	-	2,332
-	-	-	-	-	-	-	251
274,315	2,238,050	166,718	5,090	192,160	1,163,463	96,702	10,776,268
-	-	-	-	-	-	10,286	11,966
-	-	-	-	-	-	-	8,211
274,315	2,238,050	166,718	5,090	192,160	1,163,463	106,991	10,800,076

Greene County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 11,773	116,671	357,755	6,077,947
Additions:				
Property and other county tax	-	113,704	244,687	5,869,312
State tax credits	-	12,246	29,039	640,085
E911 surcharge	-	-	-	-
Office fees and collections	244,547	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	189,947	-	-	-
Miscellaneous	-	-	210	-
Total additions	434,494	125,950	273,936	6,509,397
Deductions:				
Agency remittances:				
To other funds	128,250	-	-	-
To other governments	114,514	122,399	304,041	6,391,980
Trusts paid out	193,450	-	-	-
Total deductions	436,214	122,399	304,041	6,391,980
Balances end of year	\$ 10,053	120,222	327,650	6,195,364

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
329,619	2,229,547	147,099	19,206	197,452	1,068,254	93,811	10,649,134
256,391	2,115,475	158,642	-	-	959,234	1,457	9,718,902
34,776	202,808	15,605	-	-	95,868	162	1,030,589
-	-	-	-	-	-	316,270	316,270
-	-	-	-	-	-	2,582	247,129
-	-	-	-	2,357,726	-	-	2,357,726
-	-	-	-	-	-	10,286	10,286
-	-	-	-	-	-	-	189,947
-	-	-	-	-	-	10,533	10,743
291,167	2,318,283	174,247	-	2,357,726	1,055,102	341,290	13,881,592
-	-	-	11,715	96,291	-	-	236,256
346,471	2,309,780	154,628	2,401	2,266,727	959,893	328,110	13,300,944
-	-	-	-	-	-	-	193,450
346,471	2,309,780	154,628	14,116	2,363,018	959,893	328,110	13,730,650
274,315	2,238,050	166,718	5,090	192,160	1,163,463	106,991	10,800,076

**Schedule 5**

## Greene County

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

For the Last Six Years

	Modified Accrual Basis					
	2006	2005	2004	2003	2002	2001
<b>Revenues:</b>						
Property and other county tax	\$ 3,986,253	3,640,552	3,877,732	3,902,119	3,919,675	3,810,728
Interest and penalty on property tax	35,501	29,058	27,398	27,660	22,838	20,086
Intergovernmental	3,914,161	3,441,682	3,694,585	3,860,912	3,809,673	3,754,997
Licenses and permits	35,578	32,157	17,760	8,082	2,722	1,517
Charges for service	343,893	318,495	331,423	378,589	277,477	282,444
Use of money and property	122,668	80,580	44,253	65,497	101,981	161,709
Fines, forfeitures and defaults	-	-	-	-	4,475	11,984
Miscellaneous	252,281	185,920	218,601	787,417	531,250	382,774
<b>Total</b>	<b>\$ 8,690,335</b>	<b>7,728,444</b>	<b>8,211,752</b>	<b>9,030,276</b>	<b>8,670,091</b>	<b>8,426,239</b>
<b>Expenditures:</b>						
<b>Operating:</b>						
Public safety and legal services	\$ 1,019,817	964,140	1,039,041	1,007,160	1,005,995	967,785
Physical health and social services	259,664	250,503	279,004	163,267	146,692	159,243
Mental health	1,276,025	1,189,201	1,195,522	1,305,554	1,204,554	1,331,577
County environment and education	739,948	691,979	648,394	700,151	642,927	684,435
Roads and transportation	3,325,074	2,999,673	3,368,306	2,967,035	3,934,224	2,745,011
Governmental services to residents	340,250	271,529	234,034	223,006	216,302	216,062
Administration	1,086,544	1,044,304	991,378	965,603	985,066	146,189
Non-program	28,753	7,601	12,717	89,196	88,079	328,630
Debt service	369,683	48,197	59,597	514,055	344,386	903,977
Capital projects	425,752	222,409	601,710	613,615	744,749	373,195
<b>Total</b>	<b>\$ 8,871,510</b>	<b>7,689,536</b>	<b>8,429,703</b>	<b>8,548,642</b>	<b>9,312,974</b>	<b>7,856,104</b>

See accompanying independent auditor's report.

Greene County  
 Schedule of Expenditures of Federal Award  
 Year Ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Public Safety Partnership and Community Policing Grants	16.710	2004UMWX0015	22,224
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		2,038
U.S. Housing and Urban Development:			
Iowa Department of Economic Development:			
HOME Investment Partnerships Program	14.239	03-HM-152	152,839
U.S. Department of Justice:			
Iowa Department of Public Safety:			
Federal Marijuana Eradication	16.000		424
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO37(54)- -8J-37	126,340
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 05-157, Task 52	4,338
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 06-157, Task 52	327
			4,665
U.S. Environmental Protection Agency:			
Linn County, Iowa:			
State Indoor Radon Grants	66.032	5889RC02	3,000
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401	06-HAVA-37-100	92,013
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		2,465
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		582
Foster Care - Title IV-E	93.658		1,266
Adoption Assistance	93.659		309
Medical Assistance Program	93.778		3,301
Social Services Block Grant	93.667		1,670
Social Services Block Grant	93.667		40,020
			41,690

**Schedule 6**

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Greene County  
Schedule of Expenditures of Federal Award  
Year Ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004		82,603
Total indirect			513,535
Total			\$ 535,759

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

See accompanying independent auditor's report.



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

To the Officials of Greene County:

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, 2006, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated December 20, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-06 is a material weakness.

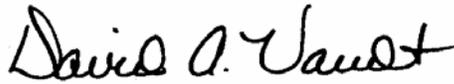
Compliance and Other Matters

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 that are described in the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Greene County and other parties to whom Greene County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 20, 2006

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133**

**Greene County**



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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Greene County:

Compliance

We have audited the compliance of Greene County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Greene County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of Greene County's management. Our responsibility is to express an opinion on Greene County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greene County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Greene County's compliance with those requirements.

In our opinion, Greene County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

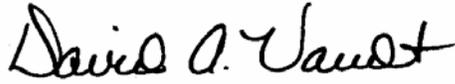
Internal Control Over Compliance

The management of Greene County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Greene County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

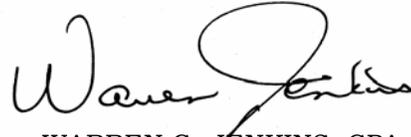
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be

material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Greene County and other parties to whom Greene County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 20, 2006

Greene County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2006

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Number 14.239 – HOME Investments Partnerships Program and CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Greene County did not qualify as a low-risk auditee.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

**Part II: Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

II-A-06 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:

	<u>Applicable Offices</u>
(1) Receipts – opening and listing mail receipts (at least on a test basis), collecting, depositing, posting and daily reconciling.	Treasurer, Sheriff and County Extension Office
(2) Investments – custody, accounting and recording interest earnings.	Treasurer

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 to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

County Treasurer – An effort will be made to get more office personnel involved in receipts and reconciling. Initial listing of receipts will be reviewed in a more timely manner. Office personnel will become more involved in the investments.

County Sheriff – I have continued to maintain a part-time secretary who is assisting with the opening of the daily mail and with checking our receipts and cash book. She also assists with the monthly reconciliation of the bank statements.

I also review the financial transactions, reconciliations and monthly bills and reports. Additionally I spot check the daily and weekend mail and record check numbers and cash so that it can be checked against the cash book.

County Extension Office – We do our best to ensure we mix people with different duties, such as opening mail, checks, handling money, etc. We are a small staffed office, yet are cognizant of the importance of internal controls.

Conclusion – Responses accepted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

II-B-06 Compensated Absences – Certain employees have accumulated unused 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 agreements.

Response – The County will make every effort to comply and intends to review its personnel policy as necessary.

Conclusion – Response accepted.

II-C-06 Electronic Data Processing Systems – During our review of internal control, the existing control activities in the County’s computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the County’s computer based systems were noted:

The County does not have written policies for:

- Requiring password changes because software does not require the user to change passwords periodically.
- Requiring the computer system to log password history so the same password can not be used again.
- Requiring the computer system to deny access to the user after three failed attempts to gain access to the computer system.
- Requiring the computer system to have an automatic log off function, after a certain period of inactivity, and requiring the use of screen saver passwords.
- Requiring password length set at a minimum number of characters.
- Requiring passwords to remain confidential between department heads and staff.

Also, the County does not have a written disaster recovery plan.

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. A written disaster recovery plan should be developed.

Response –

- The County’s written policy for computer use does require periodic password changes. However, our software is not designed to conform to the password control as noted above.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

The County will review these recommendations and implement into its written policy all that is within the County's ability to do so.

- The County will continue to review and make ready its draft disaster recovery plan that remains unfinished.

Conclusion – Response accepted.

II-D-06 County Treasurer – Monthly reconciliations of the Treasurer's general ledger accounts to the bank were not prepared. In addition, the general ledger balance exceeded the bank balance by \$632 at June 30, 2005 and \$583 at June 30, 2006.

Recommendation – Monthly bank reconciliations should be performed and variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control.

Response – Bank reconciliations will be done in a timely manner.

Conclusion – Response acknowledged. Variances between book and bank balances should be investigated and resolved timely.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCE OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over the major programs were noted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

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

- IV-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 did not exceed the amounts budgeted.
- IV-B-06 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-06 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-06 Business Transactions – The following business transaction between the County and County officials or employees was noted:

Name, Title and Business Connection	Transaction Description	Amount
Mike Wyatt, Custodian, owner of Wyatt Water Conditioning	Supplies	\$ 1,545

Recommendation - This transaction may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa. The County should consult legal counsel to determine the disposition of this matter.

Response – Per Nick Martino, County Attorney: Mike Wyatt, custodian, received no benefit as a result of the reimbursement to Wyatt Water Conditioning, as the payment was for the exact cost of the plumbing supplies, i.e. no mark-up. Therefore, we do not believe a conflict of interest existed under Section 331.342 of the Code of Iowa.

Conclusion – Response accepted.

- IV-E-06 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-06 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-06 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).

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-I-06 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, 2006 for the County Extension Office did not exceed the amount budgeted.

IV-J-06 County Assessor – Disbursements during the year ended June 30, 2006 for the Special Appraisers Fund exceeded the amount budgeted.

Recommendation – The budget should have been amended in sufficient amount in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Did not realize this happened.

Conclusion – Response acknowledged. Increases or decreases should be made before disbursements are allowed to exceed the budget.

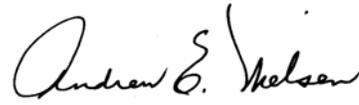
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Greene County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager  
Brian R. Brustkern, CPA, Senior Auditor II  
Heather L. Templeton, Senior Auditor  
Melissa J. Knoll-Speer, Staff Auditor  
Shelley M. Allen, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State