



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

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NEWS RELEASE

FOR RELEASE

June 3, 2008

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 \$15,103,002 for the year ended June 30, 2007, which included \$1,225,142 in tax credits from the state. The County forwarded \$10,789,742 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,313,260 of the local tax revenue to finance County operations, a less than one percent increase over the prior year. Other revenues included charges for service of \$750,164, operating grants, contributions and restricted interest of \$3,225,271, capital grants, contributions and restricted interest of \$1,655,603, local option sales tax of \$127,529, unrestricted investment earnings of \$171,954 and other general revenues of \$159,151.

Expenses for County operations totaled \$9,083,073, a 3.2 percent decrease from the prior year. Expenses included \$3,807,423 for roads and transportation, \$1,362,286 for mental health and \$1,116,728 for public safety and legal services.

The significant decrease in expenses is due primarily to decreases in maintenance and construction on road and bridge projects.

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, 2007

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Greene County

Officials

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

Greene County



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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, 2007, 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, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

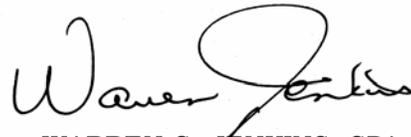
In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2008 on our consideration of Greene County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 six years ended June 30, 2006 (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

March 26, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 1.7%, or approximately \$173,000, from fiscal 2006 to fiscal 2007. Property tax increased 2.1%, or approximately \$83,000, from fiscal 2006. Charges for service decreased approximately \$5,000 and capital grants, contributions and restricted interest increased approximately \$182,000. The County received local option sales tax for the first time in March 2007 after the 1% tax became effective January 1, 2007.
- The program expenses of the County's governmental activities decreased 3.2%, or approximately \$303,000. Roads and transportation expenses decreased approximately \$226,000 and non-program expenses decreased approximately \$230,000. County environment and education expenses increased approximately \$156,000.
- The County's net assets increased 8.1%, or approximately \$1,320,000, from June 30, 2006 to June 30, 2007.

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 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 governmental 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 districts, 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 government-wide financial statements because these assets cannot be used to finance its operations. Fiduciary funds report a liability, due to other governments, and, therefore, no fund balance is reported.

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

Reconciliations between the government-wide financial statements and the 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 of governmental activities.

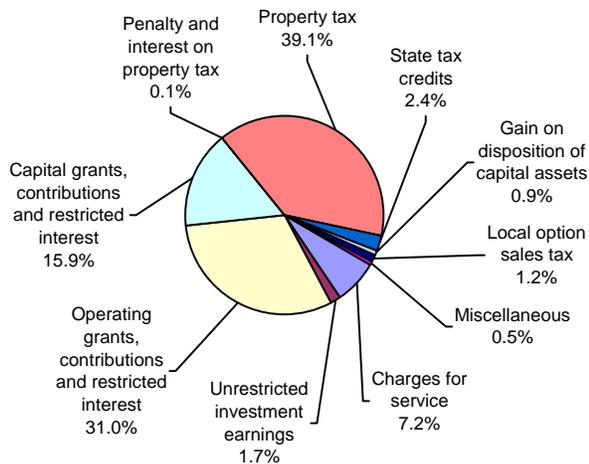
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2007	2006
Current and other assets	\$ 8,544	8,415
Capital assets	13,856	12,817
Total assets	22,400	21,232
Long-term liabilities	385	292
Other liabilities	4,392	4,637
Total liabilities	4,777	4,929
Net assets:		
Invested in capital assets, net of related debt	13,850	12,806
Restricted	2,442	2,363
Unrestricted	1,331	1,134
Total net assets	\$ 17,623	16,303

Net assets of Greene County’s governmental activities increased approximately \$1,320,000, or 8.1%. 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 – increased from approximately \$1,134,000 at June 30, 2006 to approximately \$1,331,000 at the end of this year, an increase of 17.4%.

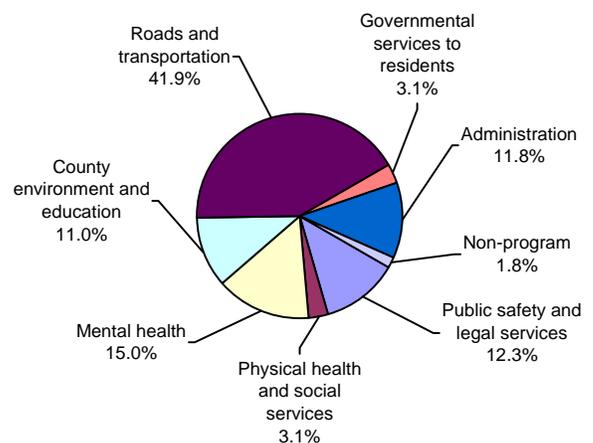
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 750	755
Operating grants, contributions and restricted interest	3,225	3,236
Capital grants, contributions and restricted interest	1,656	1,474
General revenues:		
Property tax	4,063	3,980
Penalty and interest on property tax	9	40
Local option sales tax	128	-
State tax credits	250	292
Unrestricted investment earnings	172	110
Gain on disposition of capital assets	94	300
Miscellaneous	56	43
Total revenues	10,403	10,230
Program expenses:		
Public safety and legal services	1,117	1,057
Physical health and social services	281	257
Mental health	1,362	1,276
County environment and education	1,000	844
Roads and transportation	3,807	4,033
Governmental services to residents	282	341
Administration	1,073	1,184
Non-program	161	391
Interest on long-term debt	-	3
Total expenses	9,083	9,386
Increase in net assets	1,320	844
Net assets beginning of year	16,303	15,459
Net assets end of year	\$ 17,623	16,303

Revenue by Source



Expenditures by Program



Greene County decreased property taxes levied county-wide by \$39,359, or 1.3%, and increased rural property taxes levied by \$108,414, or 9.43%. Taxable value (without gas and electric utilities) for each and total dollars levied are as follows:

	For Taxes Levied	
	FY 2007	FY 2006
County-wide taxable value	\$ 403,095,695	389,631,138
Dollars levied county-wide	2,920,299	2,959,658
Rural taxable value	276,792,960	261,401,302
Dollars levied rural area only	1,258,580	1,150,166
Total dollars levied	4,178,879	4,109,824

County-wide property tax revenue is budgeted to decrease approximately \$56,000 in FY08, while rural services property tax revenue is budgeted to increase approximately \$36,000. County-wide taxable value (w/o gas and electric utilities) increased slightly in FY08 to \$406,244,971 (.78%).

INDIVIDUAL MAJOR FUND ANALYSIS

As Greene County completed the year, its governmental funds reported a combined fund balance of approximately \$3.86 million, an increase of approximately \$230,000 above last year's total of approximately \$3.63 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 \$93,000 while expenditures decreased approximately \$31,000. The ending fund balance increased approximately \$100,000 over the prior year to approximately \$1,429,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. The County maintained its mental health levy rate at 100% of the maximum allowable levy. The ending fund balance decreased approximately \$10,000, or 7.6%, from the prior year to approximately \$128,000.
- The Rural Services Fund balance increased approximately \$56,000, while transfers to the Secondary Roads Fund from the Rural Services Fund increased nearly \$46,000. In the second half of the fiscal year, the County began receiving local option sales tax, which bolstered this fund balance.
- Secondary Roads Fund expenditures increased approximately \$28,000 from the prior year. Capital projects expenditures decreased from approximately \$179,000 during the prior year to approximately \$133,000 during the current year. High fuel prices continued to impact operations.

BUDGETARY HIGHLIGHTS

Over the course of the year, Greene County amended its budget two times. A January 2007 amendment resulted in an increase in budgeted receipts of \$54,932 and a decrease in budgeted disbursements of \$768. The amendment incorporated the addition of local option sales tax receipts of \$99,000. Flow-through housing program grant receipts and disbursements increased. The Lincoln Highway Interpretive Site was reclassified to the county environment and education function from the capital projects function. County farm debt budgeted to be paid in the current year, subsequently paid after the budget was set in March 2006, was removed from the current budget. Dental insurance was added as a result of unionization in the Sheriff's Department and Phase 2 courthouse electrical upgrade costs were adjusted for final completion. The June 2007 amendment raised receipt estimates \$29,000 and overall disbursements \$21,000. Mental health disbursements increased \$110,000 while capital projects disbursements decreased \$68,000.

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

- County-wide taxable valuation rose nearly \$13.5 million (3.5%) from the prior year's taxable valuation. Likewise, rural taxable valuation gained approximately \$15.4 million (5.9%). Although county-wide and rural valuations increased, the Board of Supervisors felt it was necessary to continue with the general and rural basic levies above the statutory limits. The County lost nearly \$100 million in county-wide valuation and \$105 million in rural valuation from fiscal year 2004 to fiscal year 2005, creating the need to exceed maximum levies beginning in fiscal year 2005. Discretionary funding of outside agencies was again held mostly to prior year levels.
- Elected officials received varying salary increases, \$2,000 for Supervisors, \$3,000 each for the Auditor, Recorder and Treasurer, \$4,000 for the Sheriff and \$2,766 for the Attorney.
- A local option sales and services tax became effective January 1, 2007 after an election as to whether to impose the tax was successful in August of 2006. The County is to use the tax for rural tax relief and rural betterment.

The County's cash basis receipts were approximately \$96,000 more than budgeted, a variance of 1.1%. A budget amendment in early June brought actual receipts on target with budgeted receipts.

Total cash basis disbursements were approximately \$406,000 less than the amended budget, a variance of 4.4%. The largest variance occurred within the county environment and education function where \$200,000 was budgeted for work on the Lincoln Highway Interpretive Site. The project was begun late in the fiscal year and only \$12,627 was disbursed for this project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Greene County had approximately \$13.8 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 \$1,039,000, or 8.1%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2007	2006
Land	\$ 1,325	1,279
Buildings and improvements	1,128	1,105
Equipment and vehicles	3,041	3,120
Construction in progress	1,354	985
Infrastructure	7,008	6,328
Total	\$ 13,856	12,817

This year's major additions include capital assets contributed by the Iowa Department of Transportation totaling \$1,353,893 and \$201,000 for electrical improvements to the courthouse.

The County had depreciation expense of \$869,392 in FY07 and total accumulated depreciation of \$8,254,982 at June 30, 2007. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2007, Greene County had \$183,482 of outstanding debt compared to \$132,804 at June 30, 2006, as shown below.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2007	2006
Capital lease purchase agreement	\$ 5,517	10,690
Drainage warrants	177,965	122,114
Total	\$ 183,482	132,804

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 2008 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 FY08 countywide and rural valuations (w/o gas and electric utilities) rose slightly by .78% and 1.38%, respectively. Since fiscal year 2005, the County's budget has exceeded the maximum rates in both general and rural services, as permitted by Iowa Code due to the extraordinary circumstances clause.

In fiscal year 2004, the county-wide valuation was \$480,697,522 and the rural valuation was \$363,979,781. For fiscal year 2008, the county-wide valuation is \$406,244,971 and the rural valuation is \$280,604,477. While the valuations have slowly increased since fiscal year 2005, they remain much lower than fiscal 2004 levels, thus providing justification for levy rates above maximums.

The Board of Supervisors agreed in fiscal year 2007 to provide \$45,000 per year for a total of five years to match funds being sought for the City of Jefferson Streetscape project. The Board agreed funds for this project would be for improvements to the courthouse square area, i.e., property owned by the county, not the city.

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, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 3,186,547
Receivables:	
Property tax:	
Delinquent	1,549
Succeeding year	3,959,000
Interest and penalty on property tax	1,811
Accounts	3,912
Accrued interest	8,943
Drainage assessments	177,733
Due from other governments	379,132
Inventories	825,618
Capital assets (net of accumulated depreciation)	<u>13,855,872</u>
Total assets	<u>22,400,117</u>
Liabilities	
Accounts payable	265,066
Accrued interest payable	368
Salaries and benefits payable	6,314
Due to other governments	161,766
Deferred revenue:	
Succeeding year property tax	3,959,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	5,517
Compensated absences	144,514
Portion due or payable after one year:	
Drainage warrants	177,965
Compensated absences	<u>56,969</u>
Total liabilities	<u>4,777,479</u>
Net Assets	
Invested in capital assets, net of related debt	13,850,355
Restricted for:	
Supplemental levy purposes	273,347
Mental health purposes	128,584
Secondary roads purposes	1,537,984
Other purposes	502,061
Unrestricted	<u>1,330,307</u>
Total net assets	<u>\$ 17,622,638</u>

See notes to financial statements.

Greene County

Statement of Activities

Year ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,116,728	119,011	26,482	-	(971,235)
Physical health and social services	280,725	8,192	46,498	-	(226,035)
Mental health	1,362,286	40,474	682,257	-	(639,555)
County environment and education	1,000,203	105,551	10,861	300,560	(583,231)
Roads and transportation	3,807,423	192,821	2,459,173	1,353,893	198,464
Governmental services to residents	281,812	191,900	-	1,150	(88,762)
Administration	1,072,438	10,641	-	-	(1,061,797)
Non-program	161,294	81,574	-	-	(79,720)
Interest on long-term debt	164	-	-	-	(164)
Total	\$ 9,083,073	750,164	3,225,271	1,655,603	(3,452,035)
General Revenues:					
Property and other county tax levied for general purposes					4,063,170
Penalty and interest on property tax					9,195
Local option sales and services tax					127,529
State tax credits					250,090
Unrestricted investment earnings					171,954
Gain on disposition of capital assets					94,246
Miscellaneous					55,710
Total general revenues					4,771,894
Change in net assets					1,319,859
Net assets beginning of year					16,302,779
Net assets end of year					\$ 17,622,638

See notes to financial statements.

Greene County
Balance Sheet
Governmental Funds

June 30, 2007

Assets	General	Mental Health
Cash and pooled investments	\$ 1,531,850	331,848
Receivables:		
Property tax:		
Delinquent	874	229
Succeeding year	2,359,000	417,000
Interest and penalty on property tax	1,811	-
Accounts	826	-
Accrued interest	8,112	-
Drainage assessments	-	-
Due from other funds	-	-
Due from other governments	15,937	1,297
Inventories	-	-
Total assets	\$ 3,918,410	750,374
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 101,390	56,648
Salaries and benefits payable	4,948	-
Due to other funds	2,477	-
Due to other governments	12,125	148,143
Deferred revenue:		
Succeeding year property tax	2,359,000	417,000
Other	9,638	613
Total liabilities	2,489,578	622,404
Fund balances:		
Reserved for:		
Supplemental levy purposes	274,762	-
Inventories	-	-
Drainage warrants	-	-
Unreserved, reported in:		
General fund	1,154,070	-
Special revenue funds	-	127,970
Capital projects fund	-	-
Total fund balances	1,428,832	127,970
Total liabilities and fund balances	\$ 3,918,410	750,374

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
234,543	623,114	465,192	3,186,547
446	-	-	1,549
1,183,000	-	-	3,959,000
-	-	-	1,811
-	3,086	-	3,912
-	810	21	8,943
-	-	177,733	177,733
-	4,085	-	4,085
5,556	318,346	37,996	379,132
-	825,618	-	825,618
1,423,545	1,775,059	680,942	8,548,330
5,090	101,025	913	265,066
1,367	-	-	6,315
1,608	-	-	4,085
-	1,498	-	161,766
1,183,000	-	-	3,959,000
446	99,388	177,733	287,818
1,191,511	201,911	178,646	4,684,050
4,471	-	-	279,233
-	825,618	-	825,618
-	-	352,820	352,820
-	-	-	1,154,070
227,563	747,530	144,473	1,247,536
-	-	5,003	5,003
232,034	1,573,148	502,296	3,864,280
1,423,545	1,775,059	680,942	8,548,330

Greene County

Greene County

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

June 30, 2007

Total governmental fund balances (page 19) \$ 3,864,280

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 \$22,110,854 and the accumulated depreciation is \$8,254,982. 13,855,872

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 287,818

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. (385,332)

Net assets of governmental activities (page 16) \$ 17,622,638

See notes to financial statements.

Greene County

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

Year ended June 30, 2007

	General	Mental Health
Revenues:		
Property and other county tax	\$ 2,255,296	591,059
Interest and penalty on property tax	24,353	-
Intergovernmental	527,164	759,101
Licenses and permits	7,892	-
Charges for service	337,035	-
Use of money and property	182,569	-
Miscellaneous	21,727	1,659
Total revenues	<u>3,356,036</u>	<u>1,351,819</u>
Expenditures:		
Operating:		
Public safety and legal services	790,439	-
Physical health and social services	275,513	-
Mental health	-	1,362,286
County environment and education	703,333	-
Roads and transportation	-	-
Governmental services to residents	273,210	-
Administration	1,213,871	-
Non-program	4,296	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>3,260,662</u>	<u>1,362,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>95,374</u>	<u>(10,467)</u>
Other financing sources (uses):		
Sale of capital assets	75,000	-
Drainage warrants issued	-	-
Operating transfers in	-	-
Operating transfers out	(70,000)	-
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>
Net change in fund balances	100,374	(10,467)
Fund balances beginning of year	<u>1,328,458</u>	<u>138,437</u>
Fund balances end of year	<u>\$ 1,428,832</u>	<u>127,970</u>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
1,315,255	-	35,322	4,196,932
-	-	-	24,353
136,625	2,359,785	13,361	3,796,036
-	30,030	-	37,922
-	-	2,529	339,564
-	15,493	245	198,307
200	241,041	33,210	297,837
1,452,080	2,646,349	84,667	8,890,951
281,447	-	1,495	1,073,381
-	-	-	275,513
-	-	-	1,362,286
261,284	-	-	964,617
-	3,399,286	-	3,399,286
-	-	-	273,210
-	-	-	1,213,871
-	-	-	4,296
-	-	12,604	12,604
-	132,630	91,213	223,843
542,731	3,531,916	105,312	8,802,907
909,349	(885,567)	(20,645)	88,044
-	-	-	75,000
-	-	68,292	68,292
-	878,000	45,000	923,000
(853,000)	-	-	(923,000)
(853,000)	878,000	45,000	143,292
56,349	(7,567)	24,355	231,336
175,685	1,580,715	409,649	3,632,944
232,034	1,573,148	434,004	3,864,280

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, 2007

Net change in fund balances - Total governmental funds (page 23) \$ 231,336

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	\$ 652,594	
Capital assets contributed by the Iowa Department of Transportation	1,353,893	
Depreciation expense	<u>(869,392)</u>	1,137,095

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (98,081)

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	(6,232)	
Other	<u>148,325</u>	142,093

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	(68,292)	
Repaid	<u>17,614</u>	(50,678)

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	(42,250)	
Interest on long-term debt	<u>344</u>	<u>(41,906)</u>

Change in net assets of governmental activities (page 17) \$ 1,319,859

See notes to financial statements.

Greene County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Cash and pooled investments:	
County Treasurer	\$ 689,912
Other County officials	17,596
Receivables:	
Property tax:	
Delinquent	3,822
Succeeding year	10,171,000
Accounts	108
Special assessments	4,561
Total assets	<u>10,886,999</u>

Liabilities

Accounts payable	702
Due to other funds	215
Due to other governments	10,863,549
Trusts payable	10,733
Compensated absences	11,800
Total liabilities	<u>10,886,999</u>

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

Greene County

Notes to Financial Statements

June 30, 2007

(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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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, 2007, 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, 2007. 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, 2007 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, 2007 the County had the following investments:

Type	Fair Value	Maturity
Federal Home Loan Mortgage Corporation (FHLMC) note	\$ 499,350	July 2007
Federal Home Loan Mortgage Corporation (FHLMC) note	497,000	August 2007
Federal Home Loan Mortgage Corporation (FHLMC) note	494,750	September 2007
Federal Home Loan Mortgage Corporation (FNMA) note	492,550	October 2007
FNMA interest only strip	<u>142</u>	February 2017
Total	<u>\$ 1,983,792</u>	

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$163 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 investments at June 30, 2007 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, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 2,477
	Special Revenue:	
	Rural Services	<u>1,608</u>
Total		<u>\$ 4,085</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, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 25,000
	Special Revenue:	
	Rural Services	853,000
Conservation Land Acquisition	General	40,000
Capital Projects	General	5,000
Total		<u>\$ 923,000</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,278,533	46,673	-	1,325,206
Construction in progress	985,483	1,485,323	(1,116,913)	1,353,893
Total capital assets not being depreciated	<u>2,264,016</u>	<u>1,531,996</u>	<u>(1,116,913)</u>	<u>2,679,099</u>
Capital assets being depreciated:				
Buildings	2,235,977	201,981	(461,782)	1,976,176
Improvements other than buildings	83,059	-	-	83,059
Equipment and vehicles	6,843,123	505,007	(496,316)	6,851,814
Infrastructure, road network	9,446,789	1,073,917	-	10,520,706
Total capital assets being depreciated	<u>18,608,948</u>	<u>1,780,905</u>	<u>(958,098)</u>	<u>19,431,755</u>
Less accumulated depreciation for:				
Buildings	1,214,064	40,671	(323,247)	931,488
Equipment and vehicles	3,722,856	435,337	(347,269)	3,810,924
Infrastructure, road network	3,119,186	393,384	-	3,512,570
Total accumulated depreciation	<u>8,056,106</u>	<u>869,392</u>	<u>(670,516)</u>	<u>8,254,982</u>
Total capital assets being depreciated, net	<u>10,552,842</u>	<u>911,513</u>	<u>(287,582)</u>	<u>11,176,773</u>
Governmental activities capital assets, net	<u>\$ 12,816,858</u>	<u>2,443,509</u>	<u>(1,404,495)</u>	<u>13,855,872</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 49,057
Physical health and social services	600
County environment and education	29,268
Roads and transportation	686,527
Governmental services to residents	850
Administration	103,090
Total depreciation expense - governmental activities	<u>\$ 869,392</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	\$ 12,125
Special Revenue:		
Mental Health	Services	148,143
Secondary Roads	Services	1,498
		<u>149,641</u>
Total for governmental funds		<u>\$ 161,766</u>
Agency:		
County Assessor	Collections	\$ 353,316
Schools		6,147,305
Community Colleges		268,420
Corporations		2,272,466
Auto License and Use Tax		201,367
County Hospital		1,254,617
All other		<u>366,058</u>
Total for agency funds		<u>\$ 10,863,549</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Capital Lease Purchase Agreement	Drainage Warrants	Compensated Absences	Total
Balance beginning of year	\$ 10,690	122,114	159,233	292,037
Increases	-	68,292	169,924	238,216
Decreases	5,173	12,441	127,674	145,288
Balance end of year	\$ 5,517	177,965	201,483	384,965
Due within one year	\$ 5,517	-	144,514	150,031

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, 2007:

Year ending June 30,	Amount
2008	\$ 5,884
Total minimum lease payments	5,884
Less amount representing interest	<u>(367)</u>
Present value of net minimum lease payments	<u>\$ 5,517</u>

E911 Loan Agreement

On November 11, 2005, the E911 Service Board and the County, as cosigner on the note, entered into a loan agreement to borrow up to \$243,000 from 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 June 1, 2007. During the year ended June 30, 2007, the E911 Service Board paid principal of \$28,304 on the loan.

The County is contingently liable on the \$210,000 note outstanding at June 30, 2007. 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 to repay the note.

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 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.

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, 2007 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
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		\$ 895,000	108,743	1,003,743

(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, 2007, 2006 and 2005 were \$163,127, \$153,879 and \$150,669, 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 556 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, 2007 were \$132,117.

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 \$3,000,000 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, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, 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.

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, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,161,671	-	4,161,671
Interest and penalty on property tax	24,320	-	24,320
Intergovernmental	3,874,957	-	3,874,957
Licenses and permits	37,041	-	37,041
Charges for service	339,465	-	339,465
Use of money and property	203,552	-	203,552
Miscellaneous	276,140	25,365	250,775
Total receipts	8,917,146	25,365	8,891,781
Disbursements:			
Public safety and legal services	1,066,724	-	1,066,724
Physical health and social services	277,058	-	277,058
Mental health	1,348,019	-	1,348,019
County environment and education	992,777	-	992,777
Roads and transportation	3,393,299	-	3,393,299
Governmental services to residents	272,967	-	272,967
Administration	1,206,417	-	1,206,417
Non-program	6,196	-	6,196
Debt service	163	163	-
Capital projects	238,294	72,568	165,726
Total disbursements	8,801,914	72,731	8,729,183
Excess (deficiency) of receipts over (under) disbursements	115,232	(47,366)	162,598
Other financing sources, net	130,853	55,853	75,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	246,085	8,487	237,598
Balance beginning of year	2,940,462	347,430	2,593,032
Balance end of year	\$ 3,186,547	355,917	2,830,630

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
4,047,179	4,146,179	15,492
20,000	14,000	10,320
3,711,447	3,845,789	29,168
7,940	34,440	2,601
338,625	338,625	840
77,871	195,371	8,181
265,500	221,500	29,275
8,468,562	8,795,904	95,877
1,072,528	1,093,828	27,104
304,369	304,369	27,311
1,238,400	1,348,400	381
777,504	1,185,846	193,069
3,409,450	3,409,450	16,151
290,930	280,930	7,963
1,188,552	1,288,552	82,135
37,000	14,000	7,804
318,410	-	-
478,000	210,000	44,274
9,115,143	9,135,375	406,192
(646,581)	(339,471)	502,069
318,410	75,000	-
(328,171)	(264,471)	502,069
2,080,435	2,561,914	31,118
1,752,264	2,297,443	533,187

Greene County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,917,146	(26,195)	8,890,951
Expenditures	8,801,914	993	8,802,907
Net	115,232	(27,188)	88,044
Other financing sources, net	130,853	12,439	143,292
Beginning fund balances	2,940,462	692,482	3,632,944
Ending fund balances	\$ 3,186,547	677,733	3,864,280

See accompanying independent auditor's report.

Greene County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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, two budget amendments increased budgeted disbursements by \$20,232. 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, 2007, disbursements did not exceed the amounts budgeted.

Greene County

Other Supplementary Information

Greene County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	Special Revenue			
	County Recorder's Records Management	REAP	Forfeiture	Drainage Districts
Assets				
Cash and pooled investments	\$ 13,773	35,281	4,126	352,820
Receivables:				
Accrued interest	17	4	-	-
Drainage assessments	-	-	-	177,733
Due from other governments	-	2,674	-	-
Total assets	\$ 13,790	37,959	4,126	530,553
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	798	115	-
Deferred revenue	-	-	-	177,733
Total liabilities	-	798	115	177,733
Fund equity:				
Fund balances:				
Reserved for drainage warrants	-	-	-	352,820
Unreserved, reported in:				
Special revenue funds	13,790	37,161	4,011	-
Capital projects fund	-	-	-	-
Total fund equity	13,790	37,161	4,011	352,820
Total liabilities and fund equity	\$ 13,790	37,959	4,126	530,553

See accompanying independent auditor's report.

Conservation Land Acquisition	Local Option Sales Tax	K-9	Raccoon River Valley Trail Foundation	Capital Projects	Total
51,012	-	80	3,097	5,003	465,192
-	-	-	-	-	21
-	-	-	-	-	177,733
-	35,322	-	-	-	37,996
51,012	35,322	80	3,097	5,003	680,942
-	-	-	-	-	913
-	-	-	-	-	177,733
-	-	-	-	-	178,646
-	-	-	-	-	352,820
51,012	35,322	80	3,097	-	144,473
-	-	-	-	5,003	5,003
51,012	35,322	80	3,097	5,003	502,296
51,012	35,322	80	3,097	5,003	680,942

Greene County

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

Year ended June 30, 2007

	Special Revenue			
	County Recorder's Records Management	REAP	Forfeiture	Drainage Districts
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	11,861	-	-
Charges for service	2,529	-	-	-
Use of money and property	177	65	-	-
Miscellaneous	-	3,500	2,025	25,365
Total revenues	<u>2,706</u>	<u>15,426</u>	<u>2,025</u>	<u>25,365</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	1,495	-
Debt service	-	-	-	12,604
Capital projects	-	6,512	-	68,292
Total expenditures	<u>-</u>	<u>6,512</u>	<u>1,495</u>	<u>80,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,706</u>	<u>8,914</u>	<u>530</u>	<u>(55,531)</u>
Other financing sources:				
Operating transfers in	-	-	-	-
Drainage warrants issued	-	-	-	68,292
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,292</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>2,706</u>	<u>8,914</u>	<u>530</u>	<u>12,761</u>
Fund balances beginning of year	<u>11,084</u>	<u>28,247</u>	<u>3,481</u>	<u>340,059</u>
Fund balances end of year	<u>\$ 13,790</u>	<u>37,161</u>	<u>4,011</u>	<u>352,820</u>

See accompanying independent auditor's report.

Conservation Land Acquisition	Local Option Sales Tax	K-9	Raccoon River Valley Trail Foundation	Capital Projects	Total
-	35,322	-	-	-	35,322
1,500	-	-	-	-	13,361
-	-	-	-	-	2,529
-	-	-	3	-	245
2,270	-	50	-	-	33,210
3,770	35,322	50	3	-	84,667
-	-	-	-	-	1,495
-	-	-	-	-	12,604
12,132	-	-	4,277	-	91,213
12,132	-	-	4,277	-	105,312
(8,362)	35,322	50	(4,274)	-	(20,645)
40,000	-	-	-	5,000	45,000
-	-	-	-	-	68,292
40,000	-	-	-	5,000	113,292
31,638	35,322	50	(4,274)	5,000	92,647
19,374	-	30	7,371	3	409,649
51,012	35,322	80	3,097	5,003	502,296

Greene County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,893	115,718	97,900
Other County officials	17,596	-	-	-
Receivables:				
Property tax:				
Delinquent	-	46	99	2,405
Succeeding year	-	118,000	250,000	6,047,000
Accounts	108	-	-	-
Special assessments	-	-	-	-
Total assets	\$ 17,704	119,939	365,817	6,147,305
Liabilities				
Accounts payable	\$ -	-	701	-
Due to other funds	215	-	-	-
Due to other governments	13,209	119,939	353,316	6,147,305
Trusts payable	4,280	-	-	-
Compensated absences	-	-	11,800	-
Total liabilities	\$ 17,704	119,939	365,817	6,147,305

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
4,316	30,633	2,659	862	201,367	171,362	63,202	689,912
-	-	-	-	-	-	-	17,596
104	833	79	-	-	255	1	3,822
264,000	2,241,000	167,000	-	-	1,083,000	1,000	10,171,000
-	-	-	-	-	-	-	108
-	-	-	4,561	-	-	-	4,561
268,420	2,272,466	169,738	5,423	201,367	1,254,617	64,203	10,886,999
-	-	-	-	-	-	1	702
-	-	-	-	-	-	-	215
268,420	2,272,466	169,738	5,423	201,367	1,254,617	57,749	10,863,549
-	-	-	-	-	-	6,453	10,733
-	-	-	-	-	-	-	11,800
268,420	2,272,466	169,738	5,423	201,367	1,254,617	64,203	10,886,999

Greene County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 10,053	120,222	327,650	6,195,364
Additions:				
Property and other county tax	-	113,505	239,586	5,834,481
State tax credits	-	11,456	24,740	595,386
E911 surcharge	-	-	-	-
Office fees and collections	285,897	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	248,347	-	-	-
Miscellaneous	-	-	6,974	-
Total additions	534,244	124,961	271,300	6,429,867
Deductions:				
Agency remittances:				
To other funds	128,953	-	-	-
To other governments	151,893	125,244	233,133	6,477,926
Trusts paid out	245,747	-	-	-
Total deductions	526,593	125,244	233,133	6,477,926
Balances end of year	\$ 17,704	119,939	365,817	6,147,305

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
274,315	2,238,050	166,718	5,090	192,160	1,163,463	106,991	10,800,076
254,487	2,160,947	161,541	-	-	1,049,630	513	9,814,690
26,105	205,563	15,396	-	-	96,253	153	975,052
-	-	-	-	-	-	87,654	87,654
-	-	-	-	-	-	2,314	288,211
-	-	-	-	2,465,592	-	-	2,465,592
-	-	-	4,790	-	-	-	4,790
-	-	-	-	-	-	-	248,347
-	-	-	-	-	-	21,937	28,911
280,592	2,366,510	176,937	4,790	2,465,592	1,145,883	112,571	13,913,247
-	-	-	-	-	-	-	128,953
286,487	2,332,094	173,917	4,457	2,456,385	1,054,729	155,359	13,451,624
-	-	-	-	-	-	-	245,747
286,487	2,332,094	173,917	4,457	2,456,385	1,054,729	155,359	13,826,324
268,420	2,272,466	169,738	5,423	201,367	1,254,617	64,203	10,886,999

Schedule 5

Greene County

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

For the Last Seven Years

	Modified Accrual Basis						
	2007	2006	2005	2004	2003	2002	2001
Revenues:							
Property and other county tax	\$ 4,196,932	3,986,253	3,640,552	3,877,732	3,902,119	3,919,675	3,810,728
Interest and penalty on property tax	24,353	35,501	29,058	27,398	27,660	22,838	20,086
Intergovernmental	3,796,036	3,914,161	3,441,682	3,694,585	3,860,912	3,809,673	3,754,997
Licenses and permits	37,922	35,578	32,157	17,760	8,082	2,722	1,517
Charges for service	339,564	343,893	318,495	331,423	378,589	277,477	282,444
Use of money and property	198,307	122,668	80,580	44,253	65,497	101,981	161,709
Fines, forfeitures and defaults	-	-	-	-	-	4,475	11,984
Miscellaneous	297,837	252,281	185,920	218,601	787,417	531,250	382,774
Total	\$ 8,890,951	8,690,335	7,728,444	8,211,752	9,030,276	8,670,091	8,426,239
Expenditures:							
Operating:							
Public safety and legal services	\$ 1,073,381	1,019,817	964,140	1,039,041	1,007,160	1,005,995	967,785
Physical health and social services	275,513	259,664	250,503	279,004	163,267	146,692	159,243
Mental health	1,362,286	1,276,025	1,189,201	1,195,522	1,305,554	1,204,554	1,331,577
County environment and education	964,617	739,948	691,979	648,394	700,151	642,927	684,435
Roads and transportation	3,399,286	3,325,074	2,999,673	3,368,306	2,967,035	3,934,224	2,745,011
Governmental services to residents	273,210	340,250	271,529	234,034	223,006	216,302	216,062
Administration	1,213,871	1,086,544	1,044,304	991,378	965,603	985,066	146,189
Non-program	4,296	28,753	7,601	12,717	89,196	88,079	328,630
Debt service	12,604	369,683	48,197	59,597	514,055	344,386	903,977
Capital projects	223,843	425,752	222,409	601,710	613,615	744,749	373,195
Total	\$ 8,802,907	8,871,510	7,689,536	8,429,703	8,548,642	9,312,974	7,856,104

See accompanying independent auditor's report.

Greene County
 Schedule of Expenditures of Federal Award
 Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture: Wetlands Reserve Program	10.072	66-6114-1-1434	\$ 2,270
U.S. Department of Justice: Public Safety Partnership and Community Policing Grants	16.710	2004UMWX0015	22,224
Total direct			<u>24,494</u>
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		<u>2,704</u>
U.S. Housing and Urban Development: Iowa Department of Economic Development: HOME Investment Partnerships Program	14.239	03-HM-152	<u>300,560</u>
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	BROS-CO37(58)- -8J-37	<u>105,144</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau: Safety Incentive Grants for Use of Seatbelts	20.604	PAP 07-157, Task 72	<u>2,016</u>
U.S. Environmental Protection Agency: Linn County, Iowa: State Indoor Radon Grants	66.032	5889RC02	<u>900</u>
U.S. Election Assistance Commission: Iowa Secretary of State: Help America Vote Act Requirements Payments	90.401	06-HAVA-37-100	<u>1,150</u>

Schedule 6

Greene County
 Schedule of Expenditures of Federal Award
 Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		3,676
Refugee and Entrant Assistance - State Administered Programs	93.566		6
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		819
Foster Care - Title IV-E	93.658		2,004
Adoption Assistance	93.659		409
State Children's Insurance Program	93.767		24
Medical Assistance Program	93.778		4,784
Social Services Block Grant	93.667		2,416
Social Services Block Grant	93.667		40,474
			42,890
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	HSGP 2004	649
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	073-99073-00	89,670
Total indirect			557,405
Total			\$ 581,899

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.



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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, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 26, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greene County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greene County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Greene County's financial statements that is more than inconsequential will not be prevented or detected by Greene County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Greene County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-07 and II-G-07 are material weaknesses.

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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Greene County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Greene County's responses and, accordingly, we express no opinion on them.

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

March 26, 2008



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

**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 its major federal program for the year ended June 30, 2007. Greene County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to 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 OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 its major federal program for the year ended June 30, 2007.

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

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

March 26, 2008

Greene County
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (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 program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the 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 program was CFDA Number 14.239 – HOME Investments Partnerships Program.
- (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, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07 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 – I will continue to work on the segregation of duties issue concerning receipts and disbursements.

County Sheriff – I have continued to maintain a part-time secretary who is assisting with the opening of the daily mail and checking our receipts and cash book. She will start recording her secondary review of each month’s reconciliation of the bank statements.

I also review the financial transactions, reconciliations and monthly bills and reports. I also will make a better attempt to sign off on that paperwork for evidence of review.

Additionally I will continue to 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 will do the best we can with the limited staff we have to perform these duties.

Conclusion – Responses accepted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-B-07 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 – We will make every effort to comply.

Conclusion – Response accepted.

II-C-07 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 – We will make a real effort to comply.

Conclusion – Response accepted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-D-07 County Treasurer – Monthly reconciliations of the Treasurer’s general ledger accounts to the bank were not prepared. The general ledger balance exceeded the bank balance by \$583 at June 30, 2006 and \$405 at June 30, 2007.

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 – I will continue to work on the reconciliation variances and investigate book and bank balances in a timely manner.

Conclusion – Response accepted.

II-E-07 Inventory – Purchased steel is not recorded on the Secondary Roads inventory listing. Also inventory counts are not performed by an individual who does not handle inventory records.

Recommendation – Purchased steel should be recorded on the inventory listing. Also, inventory counts should be performed periodically by an individual who does not handle the inventory records.

Response – Purchased steel will be added to the inventory listing and counts will be performed periodically by a designated individual not responsible for the inventory.

Conclusion – Response accepted.

II-F-07 Timecard approval – Timesheets for Secondary Roads and Roadside Department are not approved by a supervisor for each pay period.

Recommendation – Timesheets should be reviewed and approved by a supervisor for each pay period as a control procedure.

Response – Timesheets will be reviewed for each pay period and approved by the engineer.

Conclusion – Response accepted.

II-G-07 Capital Assets – A physical inventory of equipment was not performed, at least on a test basis, by an independent person. The sale, transfer or scrapping of equipment does not require written approval prior to disposal. The capital asset listing was not current. Equipment identification numbers are not routinely assigned to capital assets. Four of the five equipment items tested did not have identification numbers assigned to them.

Recommendation – A physical inventory of capital assets should be performed periodically, at least on a test basis, by a person not responsible for the assets. The sale, transfer or scrapping of equipment should be approved in writing prior to the disposal of the asset. The capital asset listing should be kept on a current basis. Equipment identification numbers should be placed promptly on all capital asset acquisitions.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Responses –

Engineer – A physical inventory of equipment will be performed periodically by a designated individual not responsible directly for the equipment. The capital asset listing will be updated as assets are added or deleted. Deletions will only occur after written approval. Identification numbers will be promptly placed on all assets not currently identified and any future assets at the time of receipt.

Auditor – We will comply.

Conclusion – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No significant deficiencies in internal control over the major program were noted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted.

IV-B-07 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-07 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-07 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mike Wyatt, Custodian, owner of Wyatt Water Conditioning	Supplies	\$ 784

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

IV-E-07 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-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-07 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-07 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-07 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.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

The County Extension's board minutes were not signed in fiscal year 2007.

Recommendation – The board minutes should be signed by the Chair on a timely basis to authenticate the minutes.

Response – We can begin to have the Chair sign the board minutes.

Conclusion – Response accepted.

Greene County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Heather L. Templeton, Senior Auditor
Janet K. Mortvedt, Staff Auditor
Delynn M. Kroeger, Assistant Auditor


Andrew E. Nielsen, CPA
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